IMPORTANT NOTICE

THIS PROSPECTUS (“PROSPECTUS”) IS BEING DISPLAYED ON THIS WEBSITE TO MAKE THIS PROSPECTUS ACCESSIBLE TO INVESTORS IN THE PHILIPPINES AND IS TO BE VIEWED EXCLUSIVELY WITHIN THE PHILIPPINES.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THEM BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT IS RENDERED EFFECTIVE. THIS COMMUNICATION SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION OF AN OFFER TO BUY.

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Citicore Energy REIT Corp.
(formerly Enfinity Philippines Renewable Resources Inc.)
(*Incorporated in the Republic of the Philippines*)

₽ 3,000,000,000.00 7.0543% p.a. ASEAN Green Bond

with an Oversubscription Option of up to ₽ 1,500,000,000.00

Bonds Due 2028

Offer Price: 100% of Face Value

Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners

Trustee

Security Bank Corporation - Trust and Asset Management Group[1]

THE SECURITIES AND EXCHANGE COMMISSION ("SEC") HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Final Prospectus is January 26, 2023

[1] Security Bank – Trust and Asset Management Group is a division within Security Bank Corporation which is the parent company one SB Capital, one of the Joint Issue Managers, Joint Lead Underwriter and Joint Bookrunner.

Citicore Energy REIT Corp.
11th Floor, Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Philippines
+632 88265698
http://www.creit.com.ph

This Prospectus relates to the public offering (the "**Offer"**) by Citicore Energy REIT Corp. ("**CREIT**" or the "**Issuer**" or the "**Company**") of Peso-denominated fixed rate ASEAN green bonds in the aggregate principal amount of ₱3,000,000,000.00, with an oversubscription option of up to ₱ 1,500,000,000.00 (the "**CREIT ASEAN Green Bonds**" or the "**Bonds**"); to be issued on February 10, 2023 (the "**Issue Date**"). The Bonds will be registered pursuant to the rules on registration of securities of the Securities and Exchange Commission ("**SEC**") and the SEC Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards in the Philippines ("**SEC Guidelines on ASEAN Green Bonds**") and are intended to be listed with the Philippine Dealing & Exchange Corp. ("**PDEx**").

Interest on the CREIT ASEAN Green Bonds shall be payable quarterly in arrears starting on May 10 for the first Interest Payment Date and on August 10, November 10 and February 10 each year for each subsequent Interest Payment Date at which the Bonds are outstanding or the subsequent Business Day, without adjustment, if such Interest Payment Date is not a Business Day.

The CREIT ASEAN Green Bonds shall be repaid at par (or 100% of face value), plus any outstanding interest, on the relevant maturity date on February 10, 2028, unless the Company exercises its early redemption option on the Early Redemption Option dates according to the conditions therefor (see "Description of the Bonds" – "Redemption and Purchase").

The Bonds have been rated PRS Aa+, the second highest PhilRatings classification, with a stable outlook by the Philippine Ratings Services Corp. ("PhilRatings") on December 9, 2022. A PRS Aa rating means that the Bonds are of high qualityand are subject to very low credit risk and the "+" further qualifies the rating. On the other hand, the Company was also assigned a credit rating of PRS Aa+ signifying that it has a strong capacity to meet its financial commitments relative to that of other Philippine companies. However, such rating does not constitute a recommendation to buy, sell, or hold the Bonds, and may be subject to revision, suspension, or withdrawal at any time.

Upon their issuance, the Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Company and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of CREIT, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of the Company's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority executed prior to the Trust Agreement (see "Description of the Bonds").

The CREIT ASEAN Green Bonds are offered to the public at face value through the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners with the Philippine Depository & Trust Corp. ("**PDTC**") as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Electronic Registry of the Bondholders. The Bonds are intended to be listed on PDEx. The Bonds shall be issued in minimum principal denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

CREIT expects to raise gross proceeds amounting to ₱3,000,000,000.00, and up to a maximum of ₱4,500,000,000.00, if the oversubscription option is fully exercised. Without exercising such oversubscription option, the net proceeds are estimated to be approximately ₱2.9 billion, after deducting fees, commissions, and expenses relating to the issuance of the Bonds. If the oversubscription option is fully exercised, the net proceeds are estimated to be approximately ₱4.4 billion, after deducting fees, commissions, and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used to acquire the Solar Rooftops System and acquire parcels of land with a total of 475.3 hectares, which is discussed further in the section entitled "Use of Proceeds" on page 102 of this Prospectus. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall receive a fee of 0.55% on the final aggregate nominal principal amount of the Bonds issued, which is inclusive of underwriting fees and selling commissions.

On October 6, 2022, the Company filed a Registration Statement with the SEC, in connection with the offer and sale to the public of debt securities with an aggregate principal amount of ₱3,000,000,000.00 with an oversubscription option of up to ₱1,500,000,000.00, constituting the CREIT ASEAN Green Bonds.

There is no assurance in respect of: (i) whether CREIT would issue such Bonds at all; (ii) the size or timing of the issuance of such Bonds; or (iii) the specific terms and conditions of any such issuance. Any decision by CREIT to offer the Bonds will depend on a number of factors at the relevant time, many of which are not within CREIT's control, including but not limited to: prevailing interest rates, the financing requirements of CREIT's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine regional and global economies in general.

The Company reserves the right to withdraw the offer and sale of the Bonds at any time, and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners reserve the right to reject any application to purchase the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEx. Any of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and selling agents, if any, may acquire for their own account a portion of the Bonds.

The Bonds will be offered exclusively in the Philippines and pursuant to the requirements under Philippine laws, rules and regulations, which may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the Bonds in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, nor may any offering material relating to the Bonds be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

CREIT confirms that this Prospectus contains all information relating to the Company and its Affiliates, which are, in the context of the issue and offering of the Bonds, material (including all information required by applicable laws of the Republic of the Philippines), true, accurate, and correct in every respect. To the best of its knowledge and belief, there is no material misstatement or omission of fact, which would make any statement in this Prospectus misleading in any material respect. CREIT confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants for inclusion into this Prospectus. CREIT, however, has not independently verified any publicly available information, data, or analyses, including without limitation, information sourced from the DOE and the ERC. Neither the delivery of this Prospectus nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof. Except in accordance with their responsibilities to conduct due diligence and other duties and responsibilities under the Securities Regulation Code and its Implementing Rules and Regulations, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners assume no liability for any information contained in this Prospectus and do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus. Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus.

No dealer, salesman or other person has been authorized by CREIT and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners to give any information or to make any representation concerning the Bonds other than those contained herein, and, if given or made, any such other information or representation should not be relied upon as having been authorized by CREIT or the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds, described in this Prospectus, involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors (see “Risk Factors” on page 58), such as risks inherent to the Company, risks pertinent to the industry, risks pertinent to the Philippines, and risks inherent to securities, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds.

In making an investment decision, investors must rely on their own examination of CREIT and the terms of the Offer, including the material risks involved. These risks include:

- risks relating to the Company’s Business;
- risks relating to the Company’s Properties;
- risks relating to the Philippines;
- risks relating to the Bonds; and
- risks relating to the Presentation of Information in this Bond Prospectus.

The Offer is being made solely on the basis of the information contained and the representations made in this Prospectus.

The contents of this Prospectus are not to be considered legal, business, or tax advice. Each prospective purchaser of the Bonds receiving a copy of this Prospectus acknowledges that he has not relied on the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners in his investigation on the accuracy of any information found in the Prospectus or in his investment decision. Prospective purchasers should consult their own counsels, accountants, or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds, among others. It bears emphasis that investing in the Bonds involves certain risks. (see discussion on factors to be considered in respect of an investment in the Bonds under “Risk Factors” of the Prospectus).

CREIT is organized under the laws of the Philippines. Its principal office address is at 11th Floor, Rockwell Santolan Town Plaza 276 Col. Bonny Serrano Avenue, San Juan City, Philippines with telephone number +632 88265698.

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

Citicore Energy REIT Corp.
By:

Edgar B. Saavedra
Chairman

Oliver Y. Tan
President and Chief Executive Officer

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

SUBSCRIBED AND SWORN to before me this JAN 2 6 2023 day of ____________ in the City of **SAN JUAN CITY**, Philippines, affiants exhibiting to me their competent evidence of identity:

Name	Government ID Number	Issued on / Expiry Date	Issued at
Edgar B. Saavedra			
Oliver Y. Tan			

Doc. No. 47;
Page No. 11;
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

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FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by the use of statements that include words or phrases such as "believes", "expects", "anticipates", ", "estimates", "projects", "will", "shall", "should", "may", "could", "would", "intends", "plans", "foresees," or other words or phrases of similar import. Similarly, statements that describe the Company's objectives, expectations, projections, plans or goals and business prospects are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, and should not be uduly relied upon. The forward-looking statements contained in this Prospectus reflect the Company's current views with respect to future events and are in most cases beyond the Company's control. Important factors that could cause actual results to differ materially from the expectations of the Company include, among others:

- The ability of the Company to successfully implement its strategies;
- The ability of the Company to successfully manage growth;
- General economic and business conditions in the Philippines;
- Intensive capital requirements of the Company and its Affiliates in the course of business;
- Increasing competition in the industry in which the Company and its Affiliates operate;
- Industry risks in the areas in which the Company and its Affiliates operate;
- Changes in laws and regulations that apply to the segments or industry in which the Company and its Affiliates operate;
- Changes in political conditions in the Philippines;
- Changes in foreign exchange control regulations in the Philippines; and
- Changes in the value of the Philippine Peso.

For further discussion of such risks, uncertainties and assumptions, see section "Risk Factors" on page 58. Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Prospectus. Prospective purchasers of the Bonds are urged to consider these factors in evaluating forward-looking statements. The forward-looking statements included herein are made only as of the date of this Prospectus. The Company undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners do not take any responsibility for, or give any representation, warranty, or undertaking in relation to, any such forward-looking statement.

GLOSSARY OF TERMS

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

ACMF	ASEAN Capital Markets Forum.
Affiliate	means with respect to any Person, any other Person (a) directly or indirectly Controlling, Controlled by, or under direct or indirect common Control with, such Person, or who is a director or officer of such Person or (b) any Subsidiary of such Person or of any Person referred to in clause (a) of this definition.
Aggregate Leverage Limit	The limit imposed by the REIT Law on the total borrowings and deferred payments which should not exceed thirty-five percent (35%) of its Deposited Property; provided however, that 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 Property and provided further that in no case shall its fund manager borrow for the REIT from any of the funds under its management.
Agro-Solar	Sustainable development concept pioneered by the Citicore Group which allows solar plants and vegetable farmers to co-exists on the land where the solar plantrs are operated. Various root crops are planted underneath and on the aisle of the solar panels to help the farmers augment their income.
Applicable Law	means any (i) statute, law, regulation, ordinance, rule, judgment, order, decree, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority; and (ii) any directive, guideline, policy or requirement of any Governmental Authority having the force and effect of law.
Applicant	means any person who submits a duly accomplished Application to Purchase, together with all requirements set forth therein.
Application or Application to Purchase	means the application form, substantially in the form attached as Annex B hereof, accomplished and submitted by an Applicant for the purchase of a specified amount of the Bonds, together with all the requirements set forth therein.
Armenia Property	Eleven parcels of land with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac, Tarlac, which are owned by the Company. Citicore Tarlac 1 owns and operates an 8.84MWpDC solar power plant on the Armenia Property.
ASEAN	Association of Southeast Asian Nations.

ASEAN Green Bond	Bonds which comply with the ASEAN GBS, where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects.
ASEAN GBS	ASEAN Green Bond Standards as applicable and as revised from time to time by the ACMF.
ASEAN Issuer	Issuer that is incorporated in any of the ASEAN countries.
BIR	Bureau of Internal Revenue of the Philippines.
Board	The board of directors of the Company.
Bond Agreements	means, collectively, the Trust Agreement, the Underwriting Agreement, and the Registry and Paying Agency Agreement, and any amendments thereto.
Bondholder	means a Person whose name appears, at any relevant time, as the registered owner of the Bonds in the Register of Bondholders.
Bonds	means the Philippine Peso-denominated fixed rate to be issued by the Issuer, with an aggregate principal amount of ₱3,000,000,000.00 and with an oversubscription option of up to up to ₱1,500,000,000.00, having a term beginning on the Issue Date and ending on the fifth (5th) anniversary of the Issue Date or on February 10, 2028, with a fixed interest rate equivalent to 7.0543% per annum.
BSP	Bangko Sentral ng Pilipinas, the central bank of the Philippines.
Bulacan Property	a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan owned by the Company and is currently under a 25 year lease with Citicore Bulacan who owns and operates a 15MWpDC solar power plant on the Bulacan Property.
Business Day	means a day, other than Saturday, Sunday or legal holiday, on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Makati City, Metro Manila, Philippines.
BVAL	Bloomberg Valuation.
CAGR	Compound annual growth rate from the initial year to the final year over a certain period of time.
Citicore Bataan	Citicore Solar Bataan, Inc. (formerly Next Generation Power Technology Corp.). Citicore Bataan is a wholly owned subsidiary of CPI.
Citicore Bulacan	Citicore Solar Bulacan, Inc. (formerly, Bulacan Solar Energy Corp. (“BSEC”)). Citicore Bulacan is a wholly owned indirect subsidiary of CREC.

Citicore Cebu	Citicore Solar Cebu, Inc. ("Citicore Cebu") (formerly, First Toledo Solar Energy Corp. ("FTSEC")) Citicore Cebu is a wholly owned indirect subsidiary of CPI.
Citicore Negros Occidental	Citicore Solar Negros Occidental, Inc. (formerly Silay Solar Power, Inc. ("SSPI")). Citicore Negros Occidental is a wholly owned indirect subsidiary of CPI.
Citicore Group	means CREC and its subsidiaries and Affiliates
Citicore South Cotabato or SE1	Formerly nv vgot Philippines Solar Energy One, Inc., a wholly owned indirect subsidiary of CREC.
Citicore Tarlac 1	Citicore Solar Tarlac 1, Inc., (formerly, nv vogt Philippine Solar Energy Three, Inc. ("SE3")). Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC.
Citicore Tarlac 2	Citicore Solar Tarlac 2, Inc. (formerly, nv vogt Philippines Solar energy Four, Inc. ("SE4")). Citicore Tarlac 2 is a wholly owned indirect subsidiary of CREC.
Clark Land	A 250,318 sq.m. parcel of land located inside Clark Freeport Zone, Pampanga, which the Company leases from Clark Development Corporation.
Clark Property	Leasehold rights of the Company over the Clark Land.
Clark Solar Power Plant	A solar power plant with an installed capacity of 22.325MWpDC and other real properties located on the Clark Property that are operated by CREC.
Contestable Customers	Contestable customers refer to electricity end-user who are part of the "contestable market" or those who have a choice of their supplier of electricity. Contestability is described in the Electricity Reform Administration Regulations, which bases the consumers' annual electricity consumption during a 12-month period.
Change of Control	means the acquisition, at any given time, by any person or persons acting in concert or any third person or persons acting on behalf of such person(s), whether directly or indirectly, of a controlling participation in the Company. For purposes of this paragraph, the word "controlling participation" means ownership of at least 51% of the total issued and outstanding voting capital stock, or the right to elect at least 51% of the total number of the members of the Board of Directors of the Company.
Control	means, as applied to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms "Controlling", "Controlled by" and "under common Control with" shall have correlative meanings.
COVID-19	Coronavirus Disease 2019.

CPI Citicore Power, Inc., the parent company of CREC.

CREC Citicore Renewable Energy Corporation.

CPI Green Financing Framework CPI's framework for the use and management of proceeds, its process for project evaluation and process, selection, as well as reporting requirements, externally reviewed by Sustainalytics, a Morningstar company and a globally recognized provider of environmental, social and governance research, ratings, and data firm, which provided a second party opinion that the same is aligned with the ASEAN GBS and the International Capital Market Association's ("ICMA") Green Bond Principles, and the Green Loan Principles administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association.

Dalayap Property Leasehold rights of the Company over parcels of land with an aggregate area of 103,371 sq.m. located in Brgy. Dalayap, Tarlac City. Citicore Tarlac 2 owns and operates a 7.55MWpDC solar power plant on the Dalayap Property.

Debt With respect to any person, without duplication, any indebtedness for or in respect of:

1. shareholder advances;
2. receivables sold or discounted (other than any receivables to the extent that they are sold on a non-recourse basis);
3. any amount raised under any sale and lease-back transaction (howsoever described) having the commercial effect of borrowing or otherwise classified as borrowings under PAS or PFRS;
4. any amount raised under any other transaction (including forward sale or purchase agreement) having the commercial effect of a borrowing;
5. the amount of any liability in respect of any lease or hire-purchase contract which would, in accordance with PAS or PFRS, be treated as a finance lease or capital lease; or
6. any guarantee (whether corporate or otherwise), indemnity or similar assurance against financial loss of any person in respect of any item referred to in the above paragraphs but solely to the extent of the amount of indebtedness that is guaranteed, indemnified or to which an assurance has been provided (as applicable) but excluding any perpetual security, documented by bonds, notes, debentures or otherwise, that is not classified as indebtedness under PAS or PFRS.

DENR Department of Environment and Natural Resources of the Philippines.

Deposited Property The total value of the Company's assets, reflecting the fair market value of the total assets held by the Company.

Directors Directors of the Company.

Distributable Income	Net income as adjusted for unrealized gains and losses/expenses and impairments losses, and other items in accordance with Philippine Financial Reporting Standards (excluding proceeds from the sale of a REIT's assets that are re-invested by the REIT within one year from the date of sale).
DOE	Department of Energy of the Philippines.
Domestic Investors	Domestic qualified institutional buyers as defined under the Securities Regulation Code of the Philippines and other domestic investors in the Philippines.
Early Redemption Option Dates	means the (i) 3rd anniversary of the Issue Date or on February 10, 2026 and every Interest Payment Date preceeding the 4th anniversary of the Issue Date or (ii) the fourth (4th) anniversary of the Issue Date or on February 10, 2027, and every Interest Payment Date thereafter, provided that if the Optional Redemption Date falls on a day that is not a Business Day, then the payment of the Early Redemption Option Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of accrued interest and Early Redemption Option Price to be paid.
EBITDA	means net income of the Issuer after adding back: (i) all interest accruing during a relevant period in respect of all Indebtedness of the Issuer; (ii) depreciation, amortization and other non-cash charges (including equity in net earnings/loss of Subsidiaries to the extent not remitted by way of dividends but excluding provision for doubtful accounts and depreciation for right of use assets); and (iii) provision for income taxes.
ECQ	Enhanced community quarantine.
ERC	Philippine Energy Regulatory Commission.
e-Securities Issue Portal or "e-SIP"	e-Securities Issue Portal established and maintained by the PDS Group
Final Redemption Amount	means 100% of the face value of Bonds on the Maturity Date.
Financial Indebtedness	means: (i) all indebtedness or other obligations of the Issuer for borrowed money or for the deferred purchase price of property or services and similar arrangements; (ii) all indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer, or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person; and (iii) capitalized lease obligations of the Issuer
FIT	Feed-in-tariff.
Fund Management Agreement	The Fund Management Agreement, dated July 26, 2021, between the Company and the Fund Manager.

Fund Manager	Citicore Fund Managers, Inc., a corporation organized and existing under the law of the Philippines, and a wholly owned Subsidiary of CREC.
GCQ	General community quarantine.
GDP	Gross domestic product, or the monetary value of all the finished goods and services produced within a country's borders, calculated on an annual basis.
GOCC	Government-owned-and controlled corporations.
Government or National Government	The government of the Republic of the Philippines.
Government Authority	means any government agency, authority, bureau, department, court, tribunal, legislative body, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Republic of the Philippines.
Green Projects	means the broad categories of eligible Green Projects as listed in the ASEAN GBS.
Gross Revenue	The gross revenue of the Company, consisting of rental revenues from the Leased Properties, before expenses, in any financial year ending December 31 or other specified period.
Guaranteed Base Lease	The annual lease amount in Philippine Peso as provided in the table of lease schedule for the entire term of the lease that the Lessees shall pay to the Company as the lessor of the Leased Properties leased out to the Lessees. These annual lease amounts are guaranteed and independent of the actual business and/or plant performance of the Lessees.
Insurance Code	Republic Act No. 10607 or "An Act Strengthening The Insurance Industry, Further Amending Presidential Decree No. 612, otherwise known As 'The Insurance Code', As Amended By Presidential Decree Nos. 1141, 1280, 1455, 1460, 1814 And 1981, And Batas Pambansa Blg. 874, And For Other Purposes".
Interest Payment Date	means May 10 for the first Interest Payment Date, and August 10, November 10 and February 10 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the next Business Day if such date falls on a non-Business Day, during which any of the Bonds are outstanding.
Interest Rate	7.0543% per annum
Issue Date	means February 10 or such other date as the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may agree in writing; provided, that such date shall be a date which is within the validity of the Permit to Sell Securities.

Issuer	CREIT or the "Company"
Joint Issue Managers Joint Lead Underwriters and Joint Bookrunners	PNB Capital and Investment Corporation and SB Capital Investment Corporation
kWh	kilowatt-hour.
Leased Properties	Clark Solar Power Plant, Armenia Property, Toledo Property, Silay Property, Dalayap Property, Bulacan Property and South Cotabato Property.
Lessees	CREC, Citicore Tarlac 1, Citicore Bulacan, Citicore South Cotabato, Citicore Cebu, Citicore Negros Occidental, and Citicore Tarlac 2.
Lien	With respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential contractual arrangement of any kind having the effect under applicable law of creating a security over such property or asset, and the right of a vendor, lessor or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other contractual arrangement with any creditor to have its claims satisfied out of any assets, or the proceeds therefrom, prior to any general creditor of the owner thereof
Majority Bondholders	means Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Bonds .
Material Adverse Effect	means, in the reasonable opinion of the Majority Bondholders, acting in good faith, a material adverse effect on (a) the condition (financial or otherwise), results of operations, or business affairs of the Issuer, taken as a whole, whether or not arising in the ordinary course of business, (b) the Offer, (c) the ability of the Company to observe and comply with the provisions of and perform its obligations under the Bonds and the Bond Agreements, or (d) the validity or enforceability of the Bonds or any of the Bond Agreements.
Maturity Date	means the fifth (5th) anniversary of the Issue Date, or on February 10, 2028, provided, that if the Maturity Date falls on a day that is not a Business Day, then the payment of the principal shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and the principal to be paid.
MECQ	Modified enhanced community quarantine.
Metro Manila	The metropolitan area comprising the city of Manila, the cities of Caloocan, Las Piñas, Navotas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Parañaque, Pasay, Pasig, Quezon City, San Juan, Taguig and Valenzuela, and the municipality of Pateros.

MWAC	megawatts of AC power.
MWpDC	megawatts-peak of DC power.
NGCP	National Grid Corporation of the Philippines.
National Internal Revenue Code	Republic Act No. 8424 or the Tax Reform Act of 1997, as amended.
Net Asset Value	The adjusted net asset value reflecting the fair market values of total assets and investible funds held by the Company, less total liabilities. Net Asset Value per share shall be computed by dividing Net Asset Value by the total outstanding shares of the Company.
Net Operating Income	Gross Revenue less cost and expenses, but including depreciation and amortization of the Properties.
OFW	Overseas Filipino Workers.
Oversubscription Option	means the right of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, to increase the offer size of Three Billion Pesos (₱3,000,000,000) by up to an additional One Billion Five Hundred Million Pesos (₱1,500,000,000) worth of Bonds to cover oversubscriptions, if any.
Oversubscription Option Bonds	means up to One Billion Five Hundred Million Pesos (₱1,500,000,000) worth of Bonds that may be issued offered and sold upon exercise by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners of the Oversubscription Option, with the concurrence of the Issuer.
Order of Effectivity	The order issued by the Philippine SEC granting the effectiveness of the registration statement filed in relation to the Offer Shares.
Organizational Documents	The Articles of Incorporation and By-Laws, including amendments thereof, of the Company.
Oversight Policy	A. The Oversight Policy on the Conduct of Operations and Maintenance Activities of the 22.33 MWpDC Clark Solar Plant. This lists the following guidelines to be followed by CREC and the Property Manager: • CREC, through its operations and maintenance team headed by the operations and maintenance manager (the "O&M Manager", shall ensure that operations and maintenance activities at the Clark Solar Power Plant strictly adhere to the Oversight Policy and the Solar Energy Service Contract No. 2014-007-086 issued by the Philippine Department of Energy; • The O&M Manager shall provide the Property Manager with the Oversight Policy and the monthly/quarterly/semi-annual/annual reports pertaining to the Clark Solar Power Plant's properties, operations, maintenance, health and safety, emergency plans,

and such other relevant reports (collectively, the "Relevant Reports");

- The O&M Manager shall grant the Property Manager, its officers, staff, representatives, and other personnel access to the Clark Solar Power Plant for the purpose of conducting inspections and examinations;
- The Project Manager shall review the applicable Oversight Policy and Relevant Reports to check whether they are compliant with applicable laws and whether they conform with the best possible practices available in the industry;
- The Property Manager shall submit its findings and recommendations to the Company at least once every quarter;
- The Property Manager shall coordinate, monitor, and facilitate the compliance of operations and maintenance activities with applicable laws, ensure that they conform with the Oversight Policy, and strive to ensure that they adhere to the best practices in the industry; and
- The Property Manager shall exercise diligence and thoroughness in the exercise of its functions.

B. The Oversight Policy on the Conduct of Operations and Maintenance Activities of the 6.6 MW Solar Rooftop Project for the Authority of the Freeport Area of Bataan. This lists the following guidelines to be followed by CREC and the Property Manager:

- SSUP, through its operations and maintenance team headed by the operations and maintenance manager (the "O&M Manager", shall ensure that O&M activities at the Solar Rooftop Project strictly adhere with the applicable I&M Manual and the Power Supply Contract dared February 27, 2020;
- The O&M Manager shall provide the Property Manager with the applicable O&M manual and the monthly/quarterly/semi-annual/annual reports pertaining to the Solar Rooftop Project's properties, operations, maintenance, health and safety, emergency plans, and such other relevant reports (collectively, the "Relevant Reports");
- The O&M Manager shall grant the Property Manager, its officers, staff, representatives, and other personnel access to the Solar Rooftop Project for the purpose of conducting inspections and examinations;
- The Project Manager shall review the applicable O&M Manual and Relevant Reports to check whether they are compliant with applicable laws and whether they conform with the best possible practices available in the industry;
- The Property Manager shall submit its findings and recommendations to the Company at least once every quarter;
- The Property Manager shall coordinate, monitor, and facilitate the compliance of O&M activities with applicable laws, ensure that they conform with the O&M Manual, and strive to ensure that they adhere to the best practices in the industry; and

- The Property Manager shall exercise diligence and thoroughness in the exercise of its functions.

Parent A corporation, which has Control over another corporation, directly or indirectly, through one or more intermediaries.

Paying Agent means the PDTC, a corporation with a quasi-banking license duly organized and existing under and by virtue of the laws of the Philippines whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on, the Bonds, to the Bondholders, pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement.

Payment Date means, as the context may require, each Interest Payment Date, the Maturity Date of the Bonds and/or the relevant Redemption Date.

PCC Philippine Competition Commission.

PCD The Philippine Central Depository.

PCD Nominee The PCD Nominee Corporation, a corporation wholly owned by the PDTC.

PDEX The Philippine Dealings & Exchange Corp.

PDEX Rules means the applicable rules conventions and guidelines of PDEx.

PDS The Philippine Dealing System.

PDTC The Philippine Depository and Trust Corp.

Permit to Sell means the Certificate of Permit to Sell or Offer for Sale of Securities issued by the SEC in respect of the Offer.

Permitted Lien means:

i. Liens for taxes or assessments or governmental charges or levies not yet delinquent or which are being contested in good faith in appropriate proceedings;
ii. Liens arising by operation of law (other than any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time, existing prior to the date of the Trust Agreement) on any property or asset of the Issuer, including without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or materialman or other similar liens arising in the ordinary course of business or arising out of pledges or deposits under workers' compensation laws, unemployment, insurance and other social security laws;
iii. Liens incurred or deposits made in the ordinary course of business to secure (or obtain letters of credit that secure) the performance

of tenders, statutory obligations or regulatory requirements, performance or return of money bonds, surety or appeal bonds, bonds for release of attachment, stay of execution or injunction, bids, tenders, leases, government contracts and similar obligations) and deposits for the payment of rent;

iv. Liens created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which the Issuer or its Subsidiary has established adequate reserves on its books in accordance with PSA/PFRS;

v. Liens arising from leases or subleases granted to others, easements, building and zoning restrictions, rights-of-way and similar charges or encumbrances on real property imposed by applicable law or arising in the ordinary course of business that are not incurred in connection with the incurrence of a Debt and that do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Company;

vi. Liens incidental to the normal conduct of the business of the Company or ownership of its properties and which are not incurred in connection with the incurrence of a Debt and which do not in the aggregate materially impair the use of such property in the operation of the business of the Company or the value of such property for the purpose of such business;

vii. Liens arising from financial lease, hire purchase, conditional sale arrangements or other agreements for the acquisition of assets entered into in the ordinary course of business on deferred payment terms to the extent relating only to the assets which are subject of those arrangements, subject to such financial leases, hire purchase, conditional sale agreements or other agreements for the acquisition of such assets on deferred payment terms;

viii. Liens arising over any asset purchased, leased, or developed in the ordinary course of business after the date hereof (by purchase or otherwise), to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Company in the ordinary course of business; (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset; or (iv) the rediscounting of receivables of the Company;

ix. Rights of set-off arising in the ordinary course of business between the Company or its suppliers, clients or customers;

x. Netting or set-off arrangement entered into by the Company in the ordinary course of business of its banking arrangements for the purpose of netting debt and credit balances;

xi. Title transfer or retention of title arrangement entered into by the Company in the ordinary course of business;

xii. Any Lien to be constituted on the assets of the Company after the date of the Trust Agreement, which is disclosed in writing by the

Company to the Trustee prior to the execution of the Trust Agreement;

xiii. Liens existing as of the date of this Prospectus which is disclosed in writing by the Company in its financial statements; and

xiv. Liens created with the prior written consent of the Majority Bondholders.

For this purpose, “Lien” means, with respect to any property or asset, (a) any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential arrangement of any kind in respect of such property or asset, including, without limitation, any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of a debt prior to any general creditor of such Person; and (b) the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or asset, or the proceeds therefrom, prior to any general creditor of the owner thereof.

Person means any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.

Pesos or ₱ The lawful currency of the Philippines.

PFRS Philippine Financial Reporting Standards which includes statements named PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC) or, at any time, generally accepted accounting principles in the Philippines in conformity with international accounting standards in effect at such time.

Philippines Republic of the Philippines.

Philippine Revised Corporation Code Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines.

Philippine National As defined under the Foreign Investments Act of 1991, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Revised Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos, or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals; provided, that where a corporation and its non-Filipino stockholders own stocks in a SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of each of both corporations must be owned and held by citizens of the Philippines, in order that the corporation shall be considered a Philippine national.

Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Philippine SEC The Securities and Exchange Commission of the Philippines.

PSSC The Philippine Securities Settlement Corp.

Pre-need Code Pre-Need Code means Republic Act No. 9829 or “An Act Establishing the Pre-Need Code of the Philippines”, otherwise known as the Pre-Need Code of the Philippines.

The Properties Clark Property, Armenia Property, Bulacan Property, South Cotabato Property, Toledo Property, Silay Property, and Dalayap Property.

Property Management Agreement The Property Management Agreement, dated August 9, 2021, between the Company and the Property Manager.

Property Manager Citicore Property Managers, Inc., a corporation organized and existing under the laws of the Philippines and a wholly owned Subsidiary of CREC.

Record Date means, as used with respect to any Payment Date, (a) two (2) Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the Bondholders entitled to receive interest, principal or any amount due under the Bonds or (b) such other date as the Issuer may duly notify the PDTC.

Redemption Date means the date when the Bonds are redeemed earlier than the relevant Maturity Date in accordance with the Terms and Conditions; provided that if the relevant Redemption Date falls on a day that is not a Business Day, then the payment of the principal and accrued interest (if any) shall be made by the Issuer on the next Business Day, without adjustment to the amount of principal and interest to be paid. For the avoidance of doubt, the term “Redemption Date” includes Early Redemption Option Date

Registrar means the PDTC. The term includes, wherever the context permits, all other Person or Persons for the time being acting as registrar or registrars under the Registry and Paying Agency Agreement.

Registry means the electronic registry book of the Registrar containing the official information on the names and addresses of the Bondholders and the amount of the Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.

Registry and Paying Agency Agreement means the Registry and Paying Agency Agreement dated January 26, 2023, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Registrar and Paying Agent in relation to the Bonds.

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

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

REIT Formation Transactions The series of transactions undertaken by the Company in 2021 in order to transform the Company into a REIT Company including (i) the assignment of the Armenia Property from CREC to CREIT in exchange for shares of stock of CREIT; (ii) the increase in the Company's authorized capital stock through the conversion of advances of CREC; (iii) CREIT's acquisition of the leaseholder rights over the Toledo Property, Silay Property and the Dalayap Property; and (iv) transfer of the Solar Energy Service Contract (SESC No. 2014-07-086) from the Company to CREC.

Related Party In the context of the REIT Law, and in relation to the Company, any of the following individuals or companies:

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

iv. an adviser of the Company, including any lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the Company;
v. the Property Manager;
vi. a director, chairman of the board of directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10% of any class of securities of the Sponsor, Fund Manager, or Property Manager, or an associate of any such persons; and
vii. any parent, subsidiary, or Affiliate of the Company, the Fund Manager, or the Property Manager.

Rental Income or Rental Revenues	The rental amounts payable by all tenants and earned by the Company on its Leased Properties and any other property the Company may acquire, as reflected in the audited financial statements of the Company. Rental Income or Rental Revenues is recognized using the straight-line method over the lease term, and adjusted for tenant incentives, if any, amortized over the applicable lease period.
Revised REIT IRR	Memorandum Circular No. 1, Series of 2020 issued by the Philippine SEC, as may be amended, supplemented or superseded from time to time.
RTGS	means the Philippine payment settlement system via Real Time Gross Settlement.
SEC	means the Securities and Exchange Commission of the Philippines.
Second Party Opinion	means the opinion on the CPI Green Financing Framework provided by the external reviewer Sustainalytics, a Morningstar company and a globally recognized provider of environmental, social and governance research, ratings, and data firm.
Shareholders	The shareholders of the Company.
Shares	The common shares of par value ₱0.25 each of the Company.
Silay Property	Leasehold rights of the Company over a land with an aggregate area of 431,408 sq.m. located in Silay City, Negros Occidental. Citicore Negros Occidental owns and operates a 25MWpDC solar power plant on the Silay Property.
Solar Rooftops System	means the solar rooftop system with a total capacity of 6.64MWp installed on top of 14 industrial warehouses and buildings inside the Freeport Area of Bataan
South Cotabato Property	a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato which is owned by the Company and is leased out to Citicore

	South Cotabato who in turn, owns and operates a 6.23MWpDC solar power plant on the South Cotabato Property.
Sponsors	CREC and Citicore Tarlac 1.
sq.m	square meters.
SRC	The Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended.
Subsidiary	means an entity of which a Person has direct or indirect Control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership.
Taxes or Tax	means any present or future taxes, levies, imposts, duties, filing, registration and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof.
Tax Code	means Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended from time to time.
Toledo Property	Leasehold rights of the Company over a land with an aggregate area of 730,000 sq.m. located in Brgy. Talavera, Toledo City, Cebu. Citicore Cebu owns and operates a 60MWpDC solar power plant on the Toledo Property.
Trust Agreement	means the agreement executed by and between the Issuer and the Trustee dated on or about January 26, 2023 in connection with the distribution and sale by the Issuer of the Bonds.
Trustee	Security Bank Corproation – Trust and Asset Management Group, a division of Security Bank Corporation which is the parent company of one of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, SB Capital Investment Corporation. The Trustee is the entity appointed by the Issuer which will act as the legal title holder of the Bonds and shall monitor compliance and observance of all covenants of and performance by the Issuer of its obligations under the Bonds and enforce all possible remedies pursuant to such mandate.
Underwriting Agreement	the Underwriting Agreement dated January 26, 2023, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into among the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners in relation to the Bonds.
VAT	Value-added tax.
WESM	Wholesale Electricity Spot Market.

COMPANY OVERVIEW

Citicore Energy REIT Corp. (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. It was listed on the Main Board of The Philippine Stock Exchange Inc. on February 22, 2022. Primarily, the Company serves as the commercial REIT platform of the Citicore Group. As a REIT, the Company focuses on expanding its income-generating renewable energy real estate properties.

As of the date of this Prospectus, the Company's renewable energy property portfolio consists of:

a. a solar power plant with an installed capacity of 22.3MWp_{DC} and other real properties (the "**Clark Solar Power Plant**") which have been leased to CREC and that are located on a 250,318 sq.m parcel of land (the "**Clark Land**") inside Clark Freeport Zone, Pampanga, (the "**Clark Property**"), with the Company owning the leasehold rights over the Clark Land; and

b. land leased to solar power plant operators, comprising (A) Company-owned parcels of land in Brgy. Armenia, Tarlac City (the "**Armenia Property**"), in Brgy. Pasong Bangkal, San Ildefonso, Bulacan (the "**Bulacan Property**") and in Brgy. Centrala, Suralla, South Cotabato (the "**South Cotabato 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, Bulacan Property, South Cotabato Property, Toledo Property, Silay Property and Dalayap Property, the "**Properties**").

The Clark Solar Power Plant, the Armenia Property, the Bulacan Property, the South Cotabato Property, the Toledo Property, the Silay Property and the Dalayap Property (collectively, the "**Leased Properties**") are leased by the Company to CREC, Citicore Tarlac 1, Citicore Solar Bulacan, Inc. ("**Citicore Bulacan**"), Citicore South Cotabato ("**Citicore South Cotabato**"), Citicore Solar Cebu, Inc. ("**Citicore Cebu**"), Citicore Solar Negros Occidental, Inc. ("**Citicore Negros Occidental**"), and Citicore Solar Tarlac 2, Inc. ("**Citicore Tarlac 2**", collectively with CREC, Citicore Tarlac 1, Citicore Bulacan, Citicore South Cotabato, Citicore Cebu, and Citicore Negros Occidental, the "**Lessees**"), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 145.0MWp_{DC}.

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

As of September 30, 2022, the Company's Deposited Property amounted to ₱14.9 billion (U.S.$ 253.1million) as broken down below:

Cash and Cash Equivalents	₱ 301,020,517
Lease Receivable	101,272,996
Investment Property	11,370,432,000
Property, Plant and Equipment	3,101,864,000
Right-of-use Assets – net	35,956,343
Total	**₱ 14,910,545,856**

The Company has minimal total borrowings and deferred payments as of September 30, 2022 which mainly pertained to trade and other payables, lease liabilities, due to a related party 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 September 30, 2022 and post-bond issuance is as follows:

		Post-bond issuance	
	As of September 30, 2022	Without Oversubscription	With oversubscription
Deposited Property – existing	₱ 14,910,545,856	₱ 14,910,545,856	₱ 14,910,545,856
Deposited Property from bonds	-	3,000,000,000	4,500,000,000
Total Deposited Property	14,910,545,856	17,910,545,856	19,410,545,856
Leverage Ratio	70%	70%	70%
Leverage Limit	₱ 10,437,382,099	₱ 12,537,382,099	₱ 13,587,382,099
Total borrowings and deferred payments	488,430,557	3,488,430,557	4,988,430,557
Allowable addititional borrowings	₱ 9,948,951,542	₱ 9,048,951,542	₱ 8,598,951,542

The Leased Properties have an aggregate appraised value of ₱14.5 billion (U.S.$245.7 million) based on the Valuation Reports issued by Cuervo Appraisers.

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

	Clark Solar Power Plant	**Armenia Property**	**Bulacan Property**	**South Cotabato Property**	**Toledo Property**	**Silay Property**	**Dalayap Property**
Location	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
Land area (sq.m.)	250,318	138,164	253,880	79,997	730,000	431,408	103,371
Right over property	Leased	Owned	Owned	Owned	Leased	Leased	Leased
Land lease expiry	September 2039	N/A	N/A	N/A	May 2041	October 2040	October 2040
Lessor	Clark Development Corporation	N/A	N/A	N/A	Leavenworth Development, Inc.	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero
Right of first refusal	None	N/A	N/A	N/A	Yes	None	Yes
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	15	6.23	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	March 12, 2016	December 9, 2015	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	Yes	Yes	No	No	No

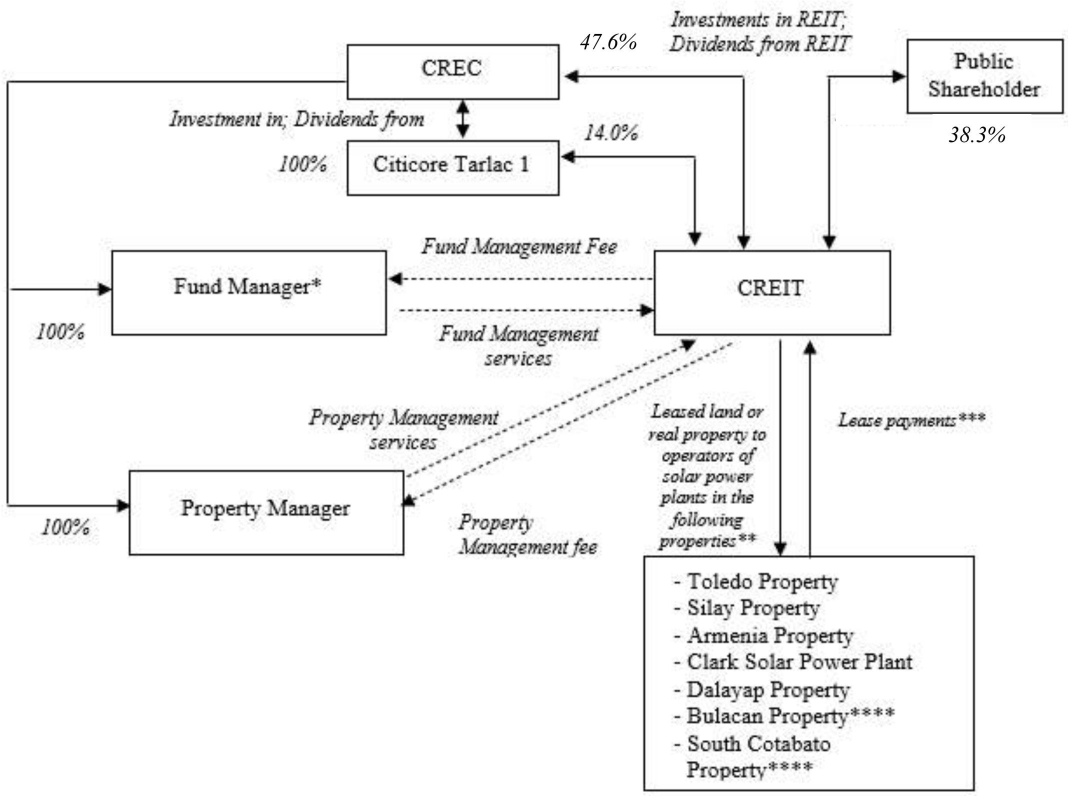
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Bulacan	Citicore South Cotabato	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	December 31, 2046	December 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	2,484,073,000	1,067,493,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	21.4%	4.7%	17.2%	7.4%	26.1%	19.9%	3.2%

The Company built and owns the Clark Solar Power Plant on the Clark Land that it leases from Clark Development Corporation pursuant to a 25-year lease which expires on September 2039. The Armenia Property was acquired by the Company from the Sponsors pursuant to the Property-for-Share Swap (as defined below) while the Bulacan Property and the South Cotabato Property were acquired through a straight acquisition using part of the proceeds from 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 19 years expiring on October 31, 2040 and (iii) the leasehold rights over the Dalayap Property for a period of 19 years expiring on October 31, 2040, pursuant to the Acquisition of Leasehold Rights (as defined in "*Business and Properties —History*" below). See "*Certain Agreements Relating to the Company and the Properties*" for more information on such arrangements.

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

STRUCTURE OF THE COMPANY

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



Notes:

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

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

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

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

COMPETITIVE STRENGTHS

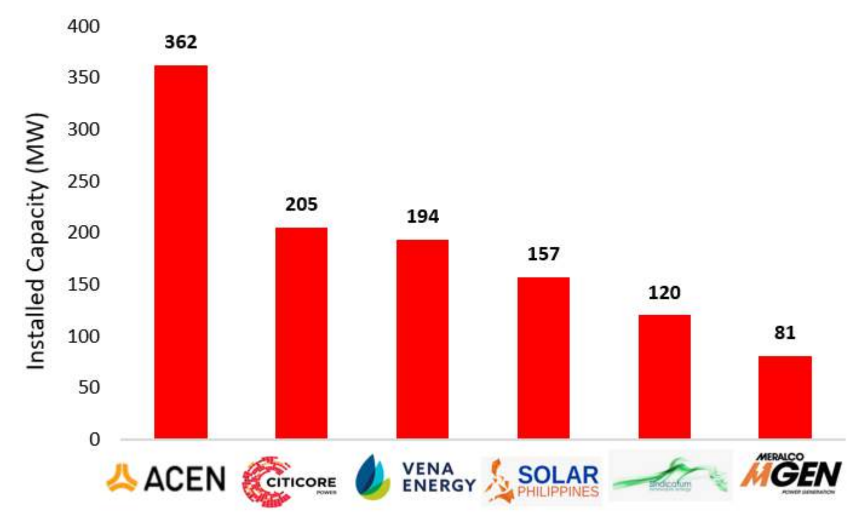
The Company believes that it benefits from the following competitive strengths:

CREC, one of the Sponsors, is a leading vertically integrated renewable energy generator with a proven track record in 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 September 30, 2022, the Citicore Group was the second largest solar power generator in the Philippines with an overall capacity of $205MW_{DC}$.

Ranking by installed capacity (MW_{DC}) – based on attributable stake



Source: Department of Energy

As of the date of this Prospectus, 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 $145MWp_{DC}$.

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

All of the Company's revenues are from lease payments from its Lessees which operate solar power plants on the Leased Properties. The Leased Properties contributed all of the Company's revenue for the nine months ended September 30, 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 of its agreed base lease revenue 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 September 30, 2022, 95%, or 137.8MWp_{DC}, of the total installed capacity of the solar power plants located on the Leased Properties are contracted to TransCo and Contestable Customers across a diverse range of industries, and 5%, or 7.0MWp_{DC}, 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.

As of September 30, 2022, the top five customers of the Company's Lessees comprise 80.6% of 154.4MW_{AC} or the total contracted capacity of the solar power plants located in the Leased Properties and the largest customer of the Lessees accounted for 33.0% of the total contracted capacity of the solar power plants located in the Leased Properties. All of the customers of the Company's lessees together have a weighted average (by contracted capacity) term of 6.8 years. Out of the total contracted capacity of such solar power plants of 154.4MW_{AC} as of September 30, 2022, 23.5% will expire in 2023, 6.3% will expire in 2024, 7.1% will expire in 2025 and 63.1% will expire beyond 2025. Many of the Company's lessees' customers have been clients of such lessees since 2017 and have renewed their contracts.

As of December 31, 2021, the top five customers of the operators of the solar power plants located in the Leased Properties comprise 87.4% of 140.6MW_{AC} or the total contracted capacity of the solar power plants located on such properties and the largest customer for the solar power plants located on such properties accounted for 35.6% of the total contracted capacity of such solar power plants. All of the customers of the operators of the solar power plants located on the Leased Properties have a weighted average (by contracted capacity) term of 7.3 years. Out of the total contracted capacity of such solar power plants of 140.6MW_{AC} as of December 31, 2021, 18.8% will expire in 2022, 8.0% will expire in 2023, 3.9% will expire in 2024 and 69.3% will expire beyond 2025.

The Sponsors are also committed to further broadening the Lessees' customer base through improving their pricing methodology and enhancing customer service experience, to increase the Lessees' competitiveness and profitability. In addition, the newly acquired properties in 2022 are sites utilized by FIT-eligible solar power plants.

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

The narrative of the Philippine power sector is underpinned by its robust economic fundamentals and attractive demographic qualities. The Philippines' GDP grew at an 8.8% compounded annual growth rate ("**CAGR**") from 2009 to 2019. Although the Philippine economy contracted by 8.3% in 2020, the World Bank forecasts 5.3% and 5.6% growth in 2021 and 2022, respectively. Fitch Solutions, an affiliate of the Fitch Group forecasts power consumption to grow at an annual average of 4.6% from 2020 to 2029, despite the effects of the COVID-19 pandemic. Further, based on the Power Development Plan 2016-2040 published by the DOE, to meet the projected electricity demand requirement by 2040, the power system capacity addition that the Philippines will require is 43,765MW_{DC} broken down as follows: 25,265 MW_{DC} for baseload, 14,500 MW_{DC} for mid-merit, and 4,000 MW_{DC} for peaking.

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

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

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

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

Each of the solar power plants operated by the Lessees have a design life of 30 years, which can be further extended by another 25 years with additional capital expenditures at the end of the design life. The operations teams of the Lessees regularly and diligently conduct preventive and predictive maintenance on all major equipment in the respective power plants operated by them to minimize unscheduled or unplanned internal outages. The Company believes the solar power plants operated by the Lessees are well kept and well maintained as evidenced by their high average plant availability rate of 97.6% from 2018 to September 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 and 2021 and for the nine months ended September 30, 2022:

Solar Power Plant	**Availability Ratio**[1]				
	For the year ended December 31,				**For the nine months ended September 30,**
	2018	**2019**	**2020**	**2021**	**2022**
Clark Solar Power Plant..........................	99.5%	99.1%	99.2%	99.7%	99.4%
Armenia Property	99.9%	99.7%	99.2%	99.2%	99.0%
Toledo Property	97.7%	91.6%	99.3%	97.5%	98.4%
Silay Property[3]	94.9%	97.6%	97.9%	91.0%	82.2%
Dalayap Property	100.0%	99.6%	99.3%	99.1%	99.4%
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**[2]				
	For the year ended December 31,				**For the nine months ended September 30,**
	2018	**2019**	**2020**	**2021**	**2022**
Clark Solar Power Plant.....	76.0%	76.0%	76.5%	77.3%	77.0%
Armenia Property	80.0%	77.3%	76.9%	76.9%	78.5%
Toledo Property	78.3%	76.4%	75.9%	76.1%	74.9%
Silay Property...................	78.4%	76.8%	77.3%	78.6%	75.5%
Dalayap Property	78.2%	78.9%	77.7%	78.4%	78.5%
Bulacan Property	78.7%	76.3%	77.0%	78.9%	78.1%
South Cotabato Property ..	77.5%	75.8%	76.0%	78.9%	78.3%

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).*

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

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

The table below shows the gross power generated by the solar power plants of the Lessees (including Citicore Bataan) 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 (including Citicore Bataan) (MWh)	221,933	226,972	229,490	229,531	215,299
% of Total Solar Power Generation in the Philippines	18.5%	18.2%	18.4%	16.7%	14.65%

Opportunity for growth through optimization of operations and asset acquisition.

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

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

The Company is also well positioned to benefit from the Citicore Group's pipeline of renewable energy assets, which will potentially allow the Company to expand its property portfolio subject to such assets meeting the Company's investment criteria. The Citicore Group has a strong pipeline of solar power plants with an expected combined installed capacity of $1.5GW_{DC}$, which are under various stages of development and which the Citicore Group expects to 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[2], 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 $1.5GW_{DC}$ plan.

[2] The Company revised investment criteria is pending SEC approval.

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 currently implement the agro-solar concept.

Further, based on the Company's estimates, the solar power plants operated on the Leased Properties are able to reduce approximately 231,720 tons of CO_2 annually, or an aggregate of 7,000,000 tons of CO_2 for the entire design life of the power plants. 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 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)

BUSINESS STRATEGIES

The Company's principal strategy is to invest in income-generating renewable energy real estate properties. These properties include land and other real assets that are used or aimed at harnessing the Company's investment criteria. These properties are determined with the help of the Company's Fund Manager and the Property Manager, both of which work closely with the Company's management team. The Company intends to grow its portfolio and to maximize revenue potential.

FUND MANAGER

The Company's fund manager is Citicore Fund Managers, Inc., a corporation organized under the laws of the Philippines (the "Fund Manager"). It was incorporated on July 21, 2021 and secured its fund management license from the SEC on January 18, 2022. The Fund Manager plans to achieve its key objectives for the Company through the following strategies:

Proactive Identification Of Asset Growth Opportunities

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

- determine asset allocation to allowable investment outlets to enable the Company to improve yields;

- objectively evaluate whether properties and assets targeted for acquisition meet the Company's rigorous investment criteria, and provide advice and recommendations to the Company accordingly;

- continuously measure, monitor, and assess asset performance and valuation; and

- perform all such acts necessary to ensure that the Company can maximize the value of its assets and deliver higher returns in line with its investment strategy.

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

Growth through potential investments

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

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

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

Active capital and risk management

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

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

PROPERTY MANAGER

The Company's property manager is Citicore Property Managers, Inc., a corporation organized under the laws of the Philippines (the "Fund Manager"). It was incorporated on August 4, 2021. The Property Manager shall protect and enhance the assets of the Company to deliver the desired revenues.

Proactive asset management

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

1. formulate and implement strategies to maximize utility of the Properties;

2. administer, negotiate, execute, and enforce lease contracts;

3. plan, analyze, and optimize operating expenses, and policies in relation to local governmental regulations, industry and market standards;

4. continuously seek and implement asset enhancement and improvement opportunities and initiatives;

5. supervise billing and collections activities, enforce tenancy conditions, monitor past-due accounts, and manage rental arrears to minimize bad debts; and

6. perform all acts and functions relating to property management, including, but not limited to, providing routine property management services, ensuring compliance with applicable laws and regulations, and addressing all key operational issues to ensure alignment with the Company's strategy.

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

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

Active optimization of operating costs

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

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

INVESTMENT POLICY

INVESTMENT STRATEGY

The Company's principal investment strategy is to invest in income-generating renewable energy real estate properties. A core tenet of the Company's investment policy is to invest in properties that meet a select set of criteria designed to provide a Competitive Investment Return to investors. To meet the Company's investment criteria[3], 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.

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

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

[3] The Company's revised investment criteria is pending SEC approval.

INVESTMENT LIMITATIONS

Because the Company is a REIT, its business activities and investments are, subject to certain limitations under the REIT Law.

Investments

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

- real estate and real estate-related assets;
- evidence of indebtedness of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Philippines;
- bonds and other forms of indebtedness issued by:
  - i. the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the Philippine SEC that is at least two notches higher than that of Philippines bonds; and
  - ii. supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development, Asian Development Bank);
- corporate bonds of non-property privately-owned domestic corporations duly registered with the Philippine SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;
- corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the Philippine SEC and the foreign country grants reciprocal rights to Filipinos;
- commercial papers duly registered with the Philippine SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;
- equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess a good track record of growth, and have declared dividends for the past three years;
- cash and cash equivalents;
- collective investment schemes, duly registered with the Philippine SEC or organized pursuant to the rules and regulations of the BSP; provided however that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing in the prescribed weekly publication of the net asset value per unit of the collective investment scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;
- offshore mutual funds with rating acceptable to the Philippine SEC; and

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

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

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

Borrowing

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

Pursuant to the REIT Law, the total borrowing and deferred payments of a REIT should not exceed 35% of the Deposited Property. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. In the event that the Company intends to borrow beyond 35% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. The Bonds have been rated PRS Aa+ by the Philippine Ratings Services Corp. ("PhilRatings") on September 26, 2022. Under no circumstances may the Company's Fund Manager borrow on behalf of the Company from any of the funds under its management.

Property Development

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

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

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

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

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

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

Renovations and Improvements

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

Policy on Capitalization of Expenditures and Major Improvements

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

A capitalizable asset should have the following characteristics:

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

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

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

- it is not easily convertible into cash.

RECENT DEVELOPMENTS RELATING TO THE COVID-19 PANDEMIC

Background

The outbreak of COVID-19, which was declared a global pandemic by organizations such as the World Health Organization, in the first quarter of 2020, has severely affected and continues to seriously affect the global economy. In a move to contain the COVID-19 outbreak, on March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 and imposed an enhanced community quarantine ("**ECQ**") to arrest the continuing effect of the disease. The ECQ mandated the temporary closure of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of Luzon, except by diplomats and uniformed workers (carrying medical supplies), among others. On May 16, 2020, the Government started to ease its quarantine restrictions in certain areas and placed Metro Manila under a modified enhanced community quarantine ("**MECQ**") and thereafter eased its quarantine restrictions in certain areas and Metro Manila, placing these under a general community quarantine ("**GCQ**") or modified GCQ ("**MGCQ**"). The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restraints on travel and business operations in the Philippines. The Government continues to calibrate the imposition of these measures depending on the situation in specific localities. On March 27, 2021, the Government placed Metro Manila and neighboring provinces under ECQ from March 29, 2021 to April 11, 2021, due to a surge in COVID-19 cases in these areas. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to the MECQ classification. Thereafter, beginning May 15, 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ classification. On October 13, 2021 the Philippine Government shifted away from the graduated lockdown schemes of ECQ, MECQ, GCQ, and MGCQ, and created "alert levels" as the new community quarantine classifications. It comprises of Alert Levels 1 to 5, each level having varying degrees of restrictions on travel and business operations. Alert Level 1 having the least restrictions on intrazonal and interzonal travel, as well as business operations and activities, while Alert Level 5 having the most stringent restrictions. As of the date of this Prospectus, Metro Manila is under the Alert Level System pilot program and is classified as under Alert Level 1, which is the second lowest level, and is thus operating under the second least stringent restrictions under such program. On September 12, 2022, the President issued Executive Order No. 3 making the wearing of face masks in open spaces and non-crowded outdoor areas with good ventilation voluntary; provided that not fully vaccinated individuals, senior citizens and immunocompromised individuals are highly encouraged to wear their masks and physical distancing will be observed at tall times.

Impact on the Operations of the Properties

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

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

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

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

Measures to Mitigate the Spread of COVID-19

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

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

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

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

Investor Relations Office and Compliance Officer

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

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

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

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

OVERVIEW OF THE CREIT ASEAN GREEN BOND

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Prospectus and the terms and conditions of the CREIT ASEAN Green Bonds.

CREIT is offering the Bonds pursuant to the SEC Guidelines on the Issuance of Green Bonds under the SEC Guidelines on ASEAN Green Bonds.

The CREIT ASEAN Green Bond will be issued pursuant to the CPI Green Financing Framework. The CPI Green Financing Framework was externally reviewed by Sustainalytics, a Morningstar company and a globally recognized provider of environmental, social and governance research, ratings, and data firm, which provided a second party opinion ("Second Party Opinion") on the CPI Green Financing Framework that the same aligns with the core components of Green Bond Principles 2021, the Green Loan Principles 2021 and the ASEAN Green Bond Standards 2018. Furthermore, Sustainalytics provided a pre-issuance review ("Pre-Issuance Review") on the Offer that the same aligns with the CPI Green Bond Framework. A copy of the CPI Green Financing Framework is available at https://www.citicorepower.com.ph, while the the Second Party Opinion and the Pre-Issuance Review are available at https://www.citicorepower.com.ph and https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects. The following sections outline the description of the Bonds.

Issuer	Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.), a corporation organized under Philippine law with the trading symbol "CREIT"
Facility	₽3,000,000,000.00, with an oversubscription option of up to ₽ 1,500,000,000.00, ASEAN Green Bond
Purpose	Net proceeds of the Bonds will be used for the acquisition of real estate properties and the Solar Rooftops System that are considered eligible green projects under the CPI Green Financing Framework
Maturity Date	Five (5) years from Issue Date, provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.
Form of Bonds	The Bonds shall be issued in scripless form represented by a Master Certificate of Indebtedness to be issued and registered in the name of the Trustee for the Bondholders and by applicable document pursuant to the rules or other relevant regulations as promulgated by the SEC. Legal title to the Bonds shall be shown on and recorded in the Registry of Bondholders maintained by the Registrar.
Demonination of the Bonds	The Bonds are in scripless form, and shall be issued in minimum denominations of Fifty Thousand Pesos (₱50,000) and in integral multiples of Ten Thousand Pesos (₱10,000) thereafter,

	and traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market.
Early Redemption	The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding Bonds before the Maturity Date.
Final Redemption	Except when an Early Redemption Option is exercised, the Bonds will be redeemed at par or 100% face value on the Maturity Date.
Negative Pledge	The Bonds shall have the benefit of a negative pledge on all present and future assets and revenues of the Issuer, subject to certain permitted liens.
Financial Covenant	The Issuer shall remain, for as long as any of the Bonds remain outstanding, compliant with the Aggregate Leverage Limit imposed by the REIT Law. Under the REIT Law, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its deposited property, provided, however, that 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 property and provided further that in no case shall its fund manager borrow for the REIT from any of the funds under its management.
Governing Law	Philippine Law

SUMMARY OF THE OFFER

A discussion containing the "Summary of the Offer" is set out below. However, the following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in the Prospectus. Accordingly, any decision by a prospective investor to invest in the Bonds should be based on a consideration of the Prospectus.

Issuer	Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.), a corporation organized under Philippine law with the trading symbol "CREIT"
Issue	Philippines Peso-denominated fixed rate ASEAN green bonds
Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners	PNB Capital and Investment Corporation and SB Capital Investment Corporation
Issue Amount	₱3,000,000,000.00, with an oversubscription option of up to ₱ 1,500,000,000.00
Manner of Offer	Public offering in the Philippines
Issue Price	The Bonds shall be issued at 100% of face value
Use of Proceeds	The Company intends to use the net proceeds of the Bonds will be used for the acquisition of real estate properties and Solar Rooftops System that are considered eligible green projects under the CPI Green Financing Framework.
Form and Denomination of the Bond	The Bonds are in scripless form, and shall be issued in minimum denominations of Fifty Thousand Pesos (₱50,000) and in integral multiples of Ten Thousand Pesos (₱10,000) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market.
Offer Period	The Offer Period shall commence at 9:00 am on January 30, 2023 and end at 12:00 p.m. on February 3, 2023, or on such other date as the Issuer and Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may agree upon.
Issue Date	The Bonds are expected to be issued on February 10, 2023 or such other date as may be agreed upon by the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, with advice to SEC, PDTC and PDEx. In the event that the original Issue Date is moved to the succeeding Business Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.
Maturity Date	Five (5) years from Issue Date, provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.

Interest Rate	Fixed interest rate of 7.0543% per annum The final Interest Rate shall be rounded off to four (4) decimal places.
Interest Computation and Payment Date	The Bonds bear interest on its principal amount from and including Issue Date and up to and including the Maturity Date, at the rate of 7.0543% per annum. Interest is payable quarterly in arrears on May 10, August 10, November 10, and February 10 of each year (each, for purposes of this Section, an "**Interest Payment Date**"). If the Interest Payment Date is not a Business Day, interest shall be payable on the subsequent Business Day without adjustment as to the amounts to be paid. However, the last Interest Payment Date shall fall on the Maturity Date. The cut-off date in determining the existing Bondholders entitled to receive interest, principal or any other amount due under the Bonds shall be the Record Date. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Dates.
Title	Legal title to the Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any sale, transfer or assignment, title to the Bonds shall pass by recording of such sale, transfer or assignment from the transferor to the transferee in the Registry of Bondholders. Settlement in respect of such sale, transfer or assignment, including the settlement of any cost arising from such transfers, including but not limited to, documentary stamp taxes, if any, shall be for the account of the Bondholder.
Early Redemption Option and Early Redemption Option Dates	Prior to the Maturity Date, the Company has the right, but not the obligation, to redeem (in whole but not in part) the outstanding Bonds on Early Redemption Option Dates (as defined herein) or the immediately succeeding Business Day without adjustment to the amount of interest and Early Redemption Option Price to be paid if such date is not a Business Day, on the 3rd anniversary from the Issue Date and every Interest Payment Date preceding the 4th anniversary of the Issue Date and on the 4thanniversary from the Issue Date and every Interest Payment Date thereafter (each such date an "**Early Redemption Option Date**" and collectively, the "**Early Redemption Option Dates**"). The amount payable to the Bondholders in respect of the exercise of the Early Redemption Option shall be calculated based on the principal amount of the Bonds being redeemed as the sum of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date, and (ii) the product of the principal amount and the applicable Early Redemption Option Price (except in case of Redemption for Tax Reasons and Change in Law or Circumstance, and Redemption by Reason of Change of Control, as

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discussed in Section 5 (c) and (d) and (e) below) as set forth in the following schedule:
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<tr><th>Early Redemption Option Dates</th><th>Early Redemption Option Price</th></tr>
<tr><td>On the 3rd anniversary of the Issue Date and every Interest Payment Date preceding the 4th anniversary of the Issue Date</td><td>101%</td></tr>
<tr><td>On the 4th anniversary of the Issue Date and every Interest Payment Date thereafter</td><td>100.5%</td></tr>
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provided, that if the relevant Early Redemption Option Date falls on a day that is not a Business Day, then the payment of accrued interest and the Early Redemption Option Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Early Redemption Option Price to be paid.
The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of Bonds being redeemed, as the sum of: (a) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and (b) the product of the principal amount of the Bonds being redeemed and the Early Redemption Option Price in accordance with the above table.
The Company shall give no less than thirty (30) nor more than sixty (60) days prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Company to effect such early redemption of the Bonds on the Early Redemption Option Date stated in such notice.
Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the interest and Early Redemption Option Price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.
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<td>Redemption for Taxation Reasons</td>
<td>If payments under the Bonds become subject to additional or increased taxes or are or become subject to taxes and at rates of such taxes other than that prevailing on the Issue Date as a result of certain changes in the law, rule or regulation, or in the interpretation or administration thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Company, the Company may redeem the Bonds in whole, but not in part, only, on any Interest Payment Date (having given no less than</td>
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	thirty (30) nor more than sixty (60) days prior written notice to the Trustee and the Registrar and Paying Agent and subject to the requirements of Applicable Law) at 100% of the face value plus accrued interest computed up to the Interest Payment Date when the Bonds shall be redeemed, subject to the requirements of Applicable Law. Any such redemption made shall not be subject to any penalty. If the Issuer does not redeem the Bonds, then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required. Upon receipt by the Trustee of a written notice from the Issuer hereunder, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the bonds subject of the early redemption is registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.
Redemption by Reason of Change in Law or Circumstances	Each of the following events shall be considered as a "Change in Law or Circumstance" as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Bonds. i. Any law, government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, while not constituting an Event of Default, will materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld; ii. Any provision of the Bond Agreements or any of the related documents is, or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provision of the Bond Agreements or any of the related documents, in whole or in part, or any law is introduced to prevent or restrain the

	performance by the parties hereto of their obligations under the Bond Agreements, or any of the related documents; iii. Any concessions, permits, rights, franchise or privileges for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, for any reason, in such manner as to materially and adversely affect the financial conditions or operations of the Issuer; and iv. The Republic of the Philippines or any government or competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer, or to condemn, seize, nationalize or expropriate the Issuer or all or substantially all of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or suspended or restrained by an order of a court of competent jurisdiction. If any one or more of the above Change in Law or Circumstance events shall occur, in the reasonable opinion of the Majority Bondholders, and be continuing for a period of fifteen (15) Business Days with respect to the events contemplated in (i) or (iii) above then, the Trustee, by notice in writing delivered to the Issuer, may declare the principal of the Bonds in whole, and not in part only, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty that is imposed under an optional redemption, subject to the notice requirements under the Trust Agreement, provided that, such notice shall not be deemed either caused by a default under the Trust Agreement, or a notice of default under the Trust Agreement.
Redemption by Reason of Change of Control	Upon the occurrence of a Change of Control, the Majority Bondholders may require the Issuer to redeem all (but not some) of the Bonds at 100% of face value, which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Majority Bondholders may require the Issuer to repurchase all the Bonds in whole, and not in part only, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). The decision of the Majority Bondholders shall be conclusive and binding upon all the Bondholders. Each Bondholder in whose name the Bonds are registered in the Registry at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

	Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.
Final Redemption	Unless previously redeemed or purchased and cancelled, the Bonds shall be redeemed at par or 100% of their face value on the Maturity Date, being February 10, 2028 or five (5) years after the Issue Date. If the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Company through the Paying Agent, without adjustment in computation as to the amount of accrued interest and Final Redemption Amount, on the succeeding Business Day.
Negative Pledge	The Bonds shall have the benefit of a negative pledge on all present and future assets and revenues of the Issuer, subject to certain permitted liens. For a detailed discussion please refer to the section on "Description of the Bonds – Negative Pledge".
Financial Covenant	The Issuer shall remain, for as long as any of the Bonds remain outstanding, compliant with the Aggregate Leverage Limit imposed by the REIT Law. Under the REIT Law, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its deposited property, provided, however, that 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 property and provided further that in no case shall its fund manager borrow for the REIT from any of the funds under its management.
Purchase and Cancellation	The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.
Status of the Bonds	The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and ratably without preference among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, contingent or otherwise, other than indebtedness mandatorily preferred by operation of law and not by contract, and preferred claims under any bankruptcy,

	insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors' rights generally.
Rating	The Bonds are rated Aa+ with stable outlook by PhilRatings. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.
Trustee	Security Bank Corporation – Trust and Asset Management Group, a division of Security Bank Corporation which is the parent company of one of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, SB Capital Investment Corporation.
Registrar and Paying Agent	Philippine Depository and Trust Corp.
Taxes and Other Deductions	Interest income on the Bonds is subject to a withholding tax at rates that range from 10.0% to 25.0%, depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however that, the Issuer shall not be liable for the following: (i) The withholding tax applicable on interest earned on the Bonds prescribed under the National Internal Revenue Code of 1997, as amended and its implementing rules and regulations as may be in effect from time to time, (the "Tax Code"); provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Selling Agent or PDEx Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR; (ii) Gross Receipts Tax under Section 121 of the Tax Code; (iii) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; (iv) Value-Added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963; and (v) Any applicable taxes on any subsequent sale or transfer of the Bonds by any Bondholder which shall be for the account of such Bondholder (or its buyer, as the Bondholder and the buyer may have agreed upon).

	Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account. Tax-Exempt Status or Entitlement to Preferential Tax Rate A Bondholder who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance: (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto; and for tax-exempt Personal Equity Retirement Account (PERA) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator; (ii) With respect to tax treaty relief, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder by relying on the submission by such Bondholder of the following documents before the interest income is paid: (a) a BIR Form No. 0901 or Application Form for Treaty Purposes; (b) Authenticated or apostilled Tax Residency Certificate duly issued by the relevant foreign tax authority in favor of the Bondholder; (c) The relevant provision of the applicable tax treaty which prescribes a reduced rate of, or exemption from, withholding at source on the income derived by a nonresident taxpayer from all sources within the Philippines, as required under BIR Revenue Memorandum Order No. 14-2021; (d) Duly notarized, consularized or apostilled, if executed outside the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief. (iii) a duly notarized affidavit with undertaking or indemnity with undertaking executed by (A) the corporate secretary or the duly authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official

	functions, if the applicant purchases, or the Bondholder holds, the Bonds for its account, or (B) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. employee retirement fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of: (a) any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (b) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption; (c) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the preferential rate being claimed by the Bondholders on the Interest payments to such Bondholders; provided further that, all sums payable by the Issuer to tax- exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or preferential rate of reasonable evidence of

	such exemption or preferential rate treatment to the Registrar and Paying Agent. For a detailed discussion please refer to the section on "Description of the Bonds – Payments of Additional Amount - Taxation".
Trading of the Bonds	Trading of the Bonds will be coursed through PDEx Trading Participant subject to the applicable PDEx Rules. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar. For a detailed discussion on Transfer of the Bonds please refer to the section on "Description of the Bonds – Transfer of the Bonds".
Governing Law	Philippine Law
Counsel to the Issuer	Martinez Vergara & Gonzalez Sociedad
Counsel to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners	SyCip Salazar Hernandez & Gatmaitan
Second Party Opinion Provider	Sustainalytics
Indicative Timetable	

Filing of the Registration Statement	October 6, 2022
Pricing Date	January 26, 2023
Estimated Receipt of SEC Permit to Sell	January 27, 2023
Public Offer Period	January 30 to February 3, 2023
Settlement, Issue and Listing Date	February 10, 2023

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables present summary financial information of the Company. This summary should be read in conjunction with the independent auditor's report and with the financial statements of the Company and notes thereto contained in this Prospectus, as well as the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company's summary financial information as of and for the years ended December 31, 2019, 2020 and 2021 was derived from the audited financial statements of the Company prepared in accordance with PFRS. The Company's summary financial information as of September 30, 2022 and for the nine months ended September 30, 2022 and 2021 was derived from the reviewed interim financial statements of the Company prepared in accordance with Philippine Accounting Standard 34, "Interim Financial Reporting".

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

The translation of Peso amounts into U.S. dollars as of and for the year ended December 31, 2021 and as of and for the nine months ended September 30, 2022 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended December 31, 2021 and amounts in Pesos as of and for the nine months ended September 30, 2022 were converted to U.S. dollars using the exchange rate between the Peso and the U.S. dollar quoted on the BSP's Reference Exchange Rate Bulletin on September 30, 2022 of ₱58.91 = U.S.$1.00. As of November 25, 2022, the Peso was at ₱56.79 against the U.S. dollar.

Statements of Total Comprehensive Income

	For the year ended December 31			
	2019	**2020**	**2021**	**2021**
	₱ thousands (except earnings per Share) Audited			**U.S.$ thousands Unaudited**
Sale of electricity	248,011	269,077	334,519	5,678
Lease revenue	—	—	17,774	302
Revenues	**248,011**	**269,077**	**352,293**	**5,980**
Cost of services	(98,376)	(94,624)	(74,208)	(1,260)
Gross profit	**149,635**	**174,453**	**278,085**	**4,720**
Operating expenses	(3,387)	(7,988)	(56,973)	(967)
Income from operation	**146,248**	**166,465**	**221,112**	**3,753**
Other expenses - net	(66,677)	(62,350)	(3,433)	(58)
Income before income tax	**79,571**	**104,115**	**217,679**	**3,695**
Income tax benefit	—	—	8,200	139
Net income	**79,571**	**104,115**	**225,880**	**3,834**
Other comprehensive income	—	—	51	1
Total comprehensive income	**79,571**	**104,115**	**225,930**	**3,835**
Basic/Diluted Earnings per Share	**₱ 0.04**	**₱ 0.05**	**₱ 0.08**	**n/a**

	For the nine months ended September 30,		
	2021	**2022**	**2022**
	₱ thousands (except earnings per Share) (Reviewed)		**U.S.$ thousands (Unaudited)**
Sale of electricity	190,675	—	—
Lease revenue	—	996,839	16,921
Revenues	**190,675**	**996,839**	**16,921**
Cost of services	(51,764)	(67,450)	(1,145)
Gross profit	**138,911**	**929,389**	**15,776**
Operating expenses	(17,700)	(12,936)	(220)
Income from operations	**121,211**	**916,453**	**15,556**
Other expenses – net	(2,624)	(9,994)	(170)

Income before income tax	**118,587**	**906,459**	**15,387**
Income tax expense	—	—	—
Net income	**118,587**	**906,459**	**15,387**
Other comprehensive income	51	—	—
Total comprehensive income	**118,638**	**906,459**	**15,387**
Basic/Diluted Earnings per Share	**₱ 0.05**	**₱ 0.14**	**n/a**

Statements of Financial Position

	As of December 31		
	2020	2021	2021
	₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Current Assets			
Cash and cash equivalents	71,738	49,014	832
Trade and other receivables	258,905	41,893	711
Other current assets	11,601	54,208	920
	342,244	145,115	2,463
Non-current Assets			
Trade and other receivables - noncurrent	—	85,982	1,469
Property, plant and equipment - net	1,390,338	1,331,185	22,597
Investment properties - net	—	288,013	4,889
Right-of-use assets - net	39,685	37,559	638
Deferred income tax assets	—	8,200	139
Other non-current assets	8,975	12,766	217
	1,438,998	1,763,705	29,940
Total Assets	**1,781,242**	**1,908,820**	**32,402**
Current Liabilities			
Trade and other payables	125,610	51,397	873
Due to a related party	—	56,145	953
Loans payable – current portion	126,446	—	—
Lease liabilities – current portion	294	1,263	21
Income tax payable.	—	—	—
Other current liability	—	—	—
	252,350	108,805	1,847
Non-current Liabilities			
Loans payable – net of current portion	909,810	—	—
Due to a related party- net of current portion	—	68,522	1,163
Lease liabilities – net of current portion	51,061	103,133	1,751
Retirement benefit obligation	2,916	315	5
Other non-current liabilities	—	—	—
	963,787	171,970	2,919
Total Liabilities	**1,216,137**	**280,775**	**4,766**
Equity			
Share capital	540,000	1,374,545	23,333
Additional paid-in-capital	—	2,465	42
Retained earnings (Deficit)	25,105	250,985	4,260
Other comprehensive income	—	51	1
Total Equity	**565,105**	**1,628,046**	**27,636**
Total Liabilities and equity	**1,781,242**	**1,908,821**	**32,402**

	As of September 30,	
	2022	**2022**
Current Assets	**₱ thousands (Reviewed)**	**U.S.$ thousands (Unaudited)**

	As of September 30,	
	2022	2022
	₱ thousands	U.S.$ thousands
Cash and cash equivalents	301,021	5,110
Trade and other receivables	7,458	127
Other current assets	34,808	591
	343,287	5,828
Non-current Assets		
Trade and other receivables - noncurrent	177,466	3,012
Property, plant and equipment - net	1,286,837	21,844
Investment properties - net	2,927,822	49,700
Right-of-use assets – net	35,956	610
Deferred tax assets	8,200	139
Other noncurrent assets	5,279	90
	4,441,560	**75,395**
Total Assets	**4,784,847**	**81,223**
Current Liabilities		
Trade and other payables	62,767	1,066
Lease liabilities – current portion	2,945	50
	65,712	1,116
Non-current Liabilities		
Loans payable – net of current portion	—	—
Due to a related party – net of current portion	55,963	950
Security deposit	138,265	2,347
Lease liabilities – net of current portion	228,490	3,879
Retirement benefit obligation	315	5
	423,033	7,181
Total Liabilities	**488,745**	**8,297**
Equity		
Share capital	1,636,364	27,777
Additional paid-in-capital	2,307,336	39,167
Retained earnings	352,353	5,981
Other comprehensive income	51	1
Total Equity	**4,296,103**	**72,926**
Total Liabilities and equity	**4,784,848**	**81,223**

Statements of Cash Flows

	For the year ended December 31			
	2019	2020	2021	2021
		₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Net cash generated from (used in) operating activities......................................	150,451	119,589	86,267	1,464
Net cash used in investing activities	(176)	—	—	—
Net cash provided by (used in) financing activities	(190,005)	(94,916)	(108,990)	(1,850)
Net increase (decrease) in cash and cash equivalents.................................	**(39,730)**	**24,673**	**(22,723)**	**(386)**
Effect of exchange rate on cash......	**—**	**—**	**—**	**—**
Cash and cash equivalents at beginning of year	**86,794**	**47,064**	**71,737**	**1,218**
Cash and cash equivalents at end of year	**47,064**	**71,737**	**49,014**	**832**

	For the nine months ended September 30,		
	2021	2022	2022
	₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Net cash generated from operating activities................	77,110	986,943	16,754
Net cash used in investing activities...............................	—	(2,507,919)	(42,572)
Net cash provided by (used in) financing activities	(72,083)	1,772,982	30,096
Net increase (decrease) in cash and cash equivalents...	**5,027**	**252,006**	**4,278**
Cash and cash equivalents at beginning of year...........	**71,737**	**49,014**	**832**
Cash and cash equivalents at end of year......................	**76,764**	**301,020**	**5,110**

Key Financial Data

	For the year ended December 31			For nine months ended September 30	
Key Financial Ratios	**2019**	**2020**	**2021**	**2021**	**2022[7]**
Recurring income contribution[1].........................	100%	100%	100%	100%	100%
EBITDA margin...	84%	85%	92%	101%	98%
Net Profit Margin...	32%	39%	64%	62%	91%
Current Ratio[2]	0.94	1.36	1.33	1.09	5.22
Solvency Ratio[3]	0.11	0.14	1.02	0.65	1.96
Debt to Equity[4]..	2.38	1.83	n/a	n/a	n/a
Return on Equity[5]...	19%	20%	21%	11%	31%
Asset to Equity[6]..	3.66	3.15	1.17	1.17	1.11

Notes:

(1) Recurring income is composed of sale of electricity income for the years ended December 31, 2020, 2019 and 2018, a mix of sale of electricity and lease revenue for year ended December 31, 2021 and nine months ended September 30, 2021 and purely lease revenue for the nine months ended September 30, 2022.

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

(3) *Solvency ratio is derived by dividing net profit after tax before depreciation and amortization by total liabilities at the end of a given period. Solvency ratio measures Company's ability to meet its long-term obligations.*

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

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

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

(7) *These ratios are derived using the statements of financial position as of December 31, 2021 and the statements of comprehensive income for the nine months ended September 30, 2022. As such, the current assets, current liabilities, total loans and borrowings, total equity, average shareholder's equity, total assets and shareholder's equity used for the ratios in this column are ₱145,115 thousand, ₱108,803 thousand, ₱nil thousand, ₱1,628,047 thousand, ₱1,096,575 thousand, ₱1,908,820 thousand and ₱1,628,047 thousand, respectively.*

Key Operating Data

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

	As of and for year ended December 31,				As of and for the nine months ended September 30,	
Key Operating Data	**2018**	**2019**	**2020**	**2021**	**2021**	**2022**
Total installed capacity (MWp_{DC}).....	22.3	22.3	22.3	22.3	22.3	22.3
Actual gross generation (GWh)	31.02	28.98	30.88	29.82	22.88	22.87
Actual net generation (GWh)	29.96	28.54	30.41	29.34	22.45	22.71
Actual energy loss (GWh)	1.06	0.44	0.47	0.39	43.19	15.80
Annual outage (internal) (in hours) .	2.7	0.4	8.7	0.39	0.00	0.00
Annual outage (external) (in hours)	17.5	36.3	24.9	13.75	13.75	16.30
Plant availability rate......................	99.5%	99.1%	99.2%	99.7%	99.5%	99.4%
Performance ratio	76.0%	76.0%	76.5%	77.3%	77.3%	77.0%

Notes:

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

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

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.

EBITDA

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

	For the year ended December 31,			
	2019	**2020**	**2021**	**2021**
		₱ thousands (Audited)		**U.S.$ thousands (Unaudited)**
Net income (loss)	79,571	104,115	225,880	3,834
Add/Less:				
Interest expense	68,727	64,054	29,439	500
Depreciation and amortization	61,271	61,285	61,751	1,048
Provision for income tax	—	—	8,200	139
EBITDA	**209,569**	**229,454**	**325,270**	**5,521**

	For the nine months ended September 30,		
	2021	**2022**	**2022**
	₱ thousands (Audited)		**U.S.$ thousands (Unaudited)**
Net income	118,587	906,459	15,386
Add/Less:			
Interest expense	27,984	12,601	214
Depreciation and amortization	45,961	53,527	909
Provision for income tax	—	—	—
EBITDA	**192,532**	**972,587**	**16,509**

CAPITALIZATION AND INDEBTEDNESS

As at September 30, 2022, the authorized capital stock of the Issuer was ₱3,840,000,000 divided into 15.36 billion common shares with par value of ₱0.25 per share.

The following table sets forth the consolidated capitalization and indebtedness of the Issuer as at September 30, 2022 and as adjusted to give effect to the issue of the Bonds (assuming with and without the exercise of the Oversubscription Option). This table should be read in conjunction with the Issuer's reviewed financial statements as at September 30, 2022 and notes thereto, included elsewhere in this Prospectus.

	As of September 30, 2022					
	Actual(3)		As adjusted to give pro forma effect to the Bond Issuance with Oversubscription Option		As adjusted to give pro forma effect to the Bond Issuance without Oversubscription Option	
	₱	U.S.$(1)	₱	U.S.$(1)	₱	U.S.$(1)
	(in millions) (Unaudited)					
INDEBTEDNESS						
Trade and other payable	63	1	63	1	63	1
Bonds Payable	—	—	4,500	76	3,000	51
Lease liabilities	231	4	231	4	231	4
Due to a related party	56	1	56	1	56	1
Security Deposit and deferred rent income	139	2	139	2	139	2
Total Indebtedness	**489**	**8**	**4,989**	**84**	**3,489**	**59**
EQUITY						
Capital stock	1,637	28	1,637	28	1,637	28
Additional Paid-in Capital.........	2,307	39	2,307	39	2,307	39
Retained earnings	352	6	352	6	352	6
Total Equity.............................	**4,296**	**73**	**4,296**	**73**	**4,296**	**73**
TOTAL CAPITALIZATION(2)........	**4,785**	**81**	**9,285**	**157**	**7,785**	**132**

Notes:

(1) The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Daily Reference Exchange Rate as of September 30, 2022 of U.S.$1.00=₱58.91. See "Exchange Rates."

(2) Total capitalization is calculated as the sum of total indebtedness and total equity.

(3) Figures are based on the historical audited financial statements of the Company as of September 30, 2022.

RISK FACTORS

An investment in the Bonds, as described in this Prospectus, involves a certain number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward price movements and may lose part, or all, of its value over time. There is an inherent risk that losses may be incurred rather than profit, as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of any security. The market price of the Bonds could decline due to any one of, but not limited to, the risks described herein, and all or part of an investment in the Bonds could be lost.

Prior to making any investment decision, prospective investors should carefully consider all of the information in this Prospectus, including the risk factors described below.

This section entitled "Risk Factors" does not purport to be a comprehensive disclosure of all of the risks and other significant aspects of investing in these securities, but is intended to give a general idea to a prospective investor of the scope of risks involved in investing in the Bonds. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and on the Bonds in the future. Prospective investors may request publicly available information on the Bonds and the Company from the SEC. Prospective investors should undertake their own independent research and study on the merits of investing, and subsequently, trading these securities. Prospective investors should seek professional advice if he or she is uncertain of, or has not understood any aspect of the Offer or the nature of risks involved in purchasing, holding and trading the Bonds. Each potential investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Bonds.

CREIT and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners do not make any warranty or representation on the marketability of an investment in the Bonds and the sustainability of the price of the Bonds.

The risk factors discussed in this section are in no particular order of importance and are only separated into categories for ease of reference.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company may not have sufficient operating history as a REIT by which its performance may be judged and may not be able to operate its business successfully or generate sufficient cash flows to make or sustain distributions. The Company operated only as an energy REIT Company beginning January 1, 2022.

The Company operates as a real estate investment trust beginning January 1, 2022. Prior to its designation as a REIT entity, the Company did not have an operating history as a REIT by which its performance may be judged. Accordingly, there is limited assurance that the Company will achieve its investment objectives based on its nine-months operating history in 2022.

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

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

The Company's business consists of the leasing of the Leased Properties to the Lessees who operate solar power plants on such properties. Further, the property lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the relevant lessee from any excess of its agreed base lease revenue for the current fiscal year. As such, the Company's prospects and results of operations are highly dependent on the success of the Philippine energy market as a whole.

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

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

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

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

Because the Leased Properties focus on solar energy generating projects, the Company's future profitability depends on the support of the Government for the renewable energy sector, including the Government's ability to increase FIT rates and expand the FIT system to new renewable energy projects. Under Republic Act No. 9513 or the Renewable Energy Act of 2008, the National Renewable Energy Board ("**NREB**") is mandated to formulate and promulgate feed-in tariff system rules, which cover, among others, the following:

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

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

- Determine fixed tariff to be paid to qualified renewable energy

The Clark Solar Power Plant operated by CREC received a certificate of endorsement for FIT eligibility under COE-FIT No. S-2016-04-020 by the Philippine Department of Energy ("**DOE**"). As a result of such endorsement, CREC is qualified to avail of the FIT system which provides a FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016. The solar power plants of the Bulacan Property and South Cotabato Property which the Company acquired in 2022 are also FIT-eligible. Regular FIT rate adjustments are enacted upon issuance of resolution of ERC.

For the year ended December 31, 2020 and 2021, prior to the transfer of the operations of the Clark Solar Power Plant to CREC, 100.0% of the Company's revenues came from the operations of the Clark Solar Power Plant. For the year ended December 31, 2021, the Clark Solar Power Plant was considered as leased assets.

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

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

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

The Lessees benefit from certain tax incentives, such as zero VAT rating, an income tax holiday for seven years until 2023, and tax exemption on carbon credits. If the Lessees' tax exemptions or incentives expire or are revoked or repealed, the Lessees' income from their solar power plants will be subject to the corporate income tax rate, which is currently fixed at 25% of net taxable income (or 20% if the company's net taxable income for the year does not exceed PhP5 million and if its total assets do not exceed PhP100 million, excluding land on which the entity's office, plant, and equipment are situated), and which will reduce the Lessees' profitability. There is no assurance that the Lessees will be able to sustain preferential tax rates for their respective solar power plant projects or obtain similar tax incentives for future projects.

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

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

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

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

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

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

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

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

Further, the Company faces active competition in acquiring suitable and attractive properties which meet the Company's financial and strategic investment criteria, including from private investment funds. The risks inherent in purchasing and developing land increase as the availability of land suitable to the needs of the Company's lessees decreases. The market value of land may also fluctuate significantly as a result of changing market conditions. There is no assurance that the Company will be able to compete effectively against such entities and the Company's ability to make acquisitions under its acquisition growth strategy or acquisitions that are accretive may be adversely affected. Even if the Company were able to successfully acquire properties or other investments, there is no assurance that such acquisitions will achieve the intended return on such acquisitions or investments.

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

To manage the foregoing risks, the Company will work together with the Property Manager and Fund Manager to build on the Company's strengths, including its opportunity to acquire properties from the Citicore Group's pipeline projects, and its growth strategies, including new acquisitions. While the Sponsor and the Citicore Group are poised to be a major source of income generating renewable energy projects to grow the asset portfolio of the Company, the Company is not restricted to the Citicore Group and can acquire assets from third parties provided that these meet the investment objective and criteria of the Company. The Company also did not have any borrowings as of September 30, 2022, and has the capacity for leverage within the limits of, and in accordance with, the REIT Law.

Further, while the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. Although the Company conducts extensive due diligence before it acquires any parcel of land and has not had any such claims, the Company may have to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. To mitigate the risk of land titles being contested by third parties, the Company conducts thorough verification of the titles and ownerships of the properties the Company purchases. Moreover, the real properties sought to be acquired by the Company are subject of service contracts secured from the DOE and these have been subjected to legal and technical due diligence. As of date, regulatory approvals for some of the solar projects to be established on properties to be acquired are still being secured from the agencies concerned but the project proponents do not expect any adverse or unfavorable finding.

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

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

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

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

The Company's revenues from the Leased Properties are from lease payments comprising (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. As such, the Company is dependent on the operations of its lessees, including their successful management of their solar power plants, their ability to sell energy to customers, their ability to bill and collect payments from customers, and their ability to manage and control cash flows and operational costs and expenses. For the nine months ended September 30, 2022, the Company's lease income amounted to P996.8 million.

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

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

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

The Company derives its lease income from seven properties with each such lessee being a member of the Citicore Group. Thus, any conditions that adversely impact the Citicore Group may in turn adversely affect the Company's business, financial condition and results of operations. The Company however believes that it is able to manage the foregoing risk through the geographic diversification of its portfolio with two of its properties located in Visayas, one located in Mindanao and four located in Luzon. In addition, the Company believes that its Lessees' customers are well-diversified across industries and that the power generation industry is relatively resilient to volatility in the business cycle.

The Lessees' operations are affected by seasonal weather changes.

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

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

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

As of September 30, 2022, the Company had no outstanding loan borrowings and is able to take on debt of up to P5.2 billion or equivalent to 35% of the P14.9 billion deposited property. The Company intends to issue bonds of P3.0 billion with an oversubscription option of up to P1.5 billion. Relative to the bond issuance, the Company received an investment grade rating of AA+ with positive outlook from Philratings for both the issuer and the proposed bond offering and this rating allowed CREIT to increase its leverage ratio to up to 70% of the deposited property or to up to P10.4 billion as of September 30, 2022. Post bond issuance and acquisition of the proposed assets, the leverage value will be increased to P12.5 billion, assuming oversubscription option is not exercised and to P13.6 billion assuming oversubscription option is exercised. Moreso, in the future, the Company may require additional debt financing to achieve the Fund Manager's asset enhancement strategies or for the purchase of additional assets, but in doing so, will always observe the maximum amount of leverage as provided under the REIT Implementing Rules and Regulations.

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

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

To manage these risks, the Company intends to repay its future indebtedness through internally generated funds and/or to refinance such indebtedness in whole or in part. The Company and the Fund Manager take a prudent approach to financial management and cost control, including closely monitoring its capital and cash positions and maintaining discipline in its capital commitments. The REIT Law also permits REITs to leverage debt, both total borrowings and deferred payments, up to 35% of Deposited Property Value. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. In the event that the Company intends to borrow beyond 35% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law.

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

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

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

To manage these risks, the Company intends to continue its policy of incurring debt only when there are opportunities to acquire renewable energy properties that are value accretive to the Company and grow its lease revenue and distributable income. Value accretion is measured by the additional lease income from the new assets to be acquire is higher than the cost of debt. This net incremental lease income will contribute to higher Distributable Income payable to its Shareholders. The Company and the Fund Manager take a prudent approach to financial management and cost control, including closely monitoring its capital and cash positions and maintaining discipline in its capital commitments.

The REIT Law also permits REITs to leverage debt, both total borrowings and deferred payments, up to 35% of Deposited Property Value. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. As of September 30, 2022, the Company had no outstanding loan borrowings and is able to take on debt of up to P5.2 billion or equivalent to 35% of the P14.9 billion deposited property. The Company intends to issue bonds of P3.0 billion with an oversubscription option of up to P1.5 billion. Relative to the bond issuance, the Company received an investment grade rating of AA+ with positive outlook from Philratings for both the issuer and the proposed bond offering and this rating allowed

CREIT to increase its leverage ratio to up to 70% of the deposited property or to up to P10.4 billion as of September 30, 2022. Post bond issuance and acquisition of the proposed assets, the leverage value will be increased to P12.5 billion, assuming oversubscription option is not exercised and to P13.6 billion assuming oversubscription option is exercised.

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

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

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

To manage these risks, the Citicore Group engages in significant community building activities, including through providing support to farmers by procurement of crops and incorporating agro-solar initiatives. As of September 30, 2022, the Citicore Group and the Company have successfully managed local community relations and the Company and its lessees have not experienced any disruptions to the plant operations in the Properties as a result of such relationship.

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

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

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

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

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

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

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

The Sponsors, their Subsidiaries, and Affiliates are engaged in the investment in, and the development of, renewable energy properties and infrastructure in the Philippines. The Fund Manager and the Property Manager are wholly owned Subsidiaries of CREC, which is one of the Sponsors. Certain executive officers of the Company, the Fund Manager and the Property Manager are also compensated by CREC. The Sponsors are as the largest shareholders of the Company and certain members of management and the Board of Directors of the Company will continue to remain as part of the management and the board of directors of the Sponsors. As a result, the strategy and activities of the Company, the Fund Manager or the Property Manager may be influenced by the overall interests of the Sponsors.

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

To manage such risks, the Fund Manager is required to obtain valuations from independent property valuers and to comply with all other requirements applicable to such transactions under the REIT Law and in accordance with the Company's investment strategy. While the Sponsor and the Citicore Group are poised to be a major source of income generating renewable energy projects to grow the asset portfolio of the Company, the Company is not restricted to the Citicore Group and can acquire assets from third parties provide that these meet the investment objective and criteria of the Company.

There may be direct competition between the Company and the Citicore Group.

CREC and the Citicore Group are engaged in, among other things, the investment in, and the development of, renewable energy projects in the Philippines. As a result, there may be circumstances where the Company competes directly with CREC or the Citicore Group for property acquisitions or lessees, which could lead to lower revenue and slower portfolio growth and could adversely affect distributions to the Company's Bondholders. There can be no assurance that the interests of the

Company will not conflict with, or be subordinated to, those of the Citicore Group in such circumstances.

In addition, the Company has engaged Citicore Fund Managers, Inc., an entity incorporated in 2021, as the Company's Fund Manager and Citicore Property Managers, Inc., an entity incorporated in 2021, as the Company's Property Manager to assist it in the property management of the properties held by the Company. Each of the Property Manager and the Fund Manager is a wholly owned Subsidiary of CREC, which is one of the Sponsors. In the future, the Company may decide to engage a different fund manager or property manager for its properties and any future properties acquired by the Company. Such replacement fund manager and property manager may also be related to CREC. There can be no assurance that the Fund Manager or the Property Manager or a potential future fund manager or property manager related to the Sponsors will not favor properties that CREC have retained in their own property portfolios over those owned by the Company when providing such services to the Company.

To manage such risks, each of the Fund Manager and the Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company.

The Fund Manager and the Property Manager have limited track record and operating history.

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

The Property Manager is a wholly owned Subsidiary of CREC and was incorporated on August 4, 2021. The Property Manager as an entity also has very limited operations and property management experience by which its past performance may be evaluated. As a recently established entity, there is limited operating history that could guide investors in assessing the likely future performance of the Property Manager, and in turn, the Company's likely future performance.

The Company believes that it is able to manage the foregoing risks through the support of CREC which has significant experience in corporate finance matters. Further, many of the directors and officers of the Fund Manager have extensive experience working in the real estate and renewable energy industries. The Citicore Group has significant experience in property management (and in particular with respect to solar power plant properties), and many of the directors and officers of the Property Manager have gained valuable experience working with the Citicore Group and other companies in the real estate and renewable energy industries.

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

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

The Company believes that it is able to manage the foregoing risks through the support of CREC which has significant experience in corporate finance matters. Further, many of the directors and officers of the Fund Manager have extensive experience working in the renewable energy industry. Further, the Fund Manager has the legal obligation to act on behalf of and in the best interest of the Company.

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

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

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

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

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

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

Company's accounts, or to the extent the claims were not sufficiently covered by the Company's insurance.

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

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

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

Additionally, from time to time, the Company, its officers or directors may be involved in other types of disputes with various parties and may be adversely affected by complaints, investigations and litigation from customers or regulatory authorities. On September 3, 2020, a complaint was filed against several respondents including, Oliver Y. Tan, Edgar B. Saavedra, Jez G. Dela Cruz, and Manuel Louie B. Ferrer (collectively, "**Respondents**"), for violation of (i) Section 3(j) of Republic Act ("RA") No. 3019, (ii) Section 2-A of the Anti-Dummy Law, and (iii) Section 4(g) of RA No. 6713. From such complaint, criminal charges were filed against the Respondents in the Regional Trial Court ("**RTC**") of Lapu-Lapu City and the Office of the Ombudsman. The RTC of Lapu-Lapu issued a warrant of arrest for the Respondents for which bail was posted and the warrants of arrest were eventually set aside on November 26, 2021. Arraignment is scheduled on February 9, 2022. On the other hand, the Office of the Ombudsman issued a Joint Resolution on July 20, 2021 which the Respondents received on November 5, 2021 finding probable cause to indict the Respondents for acting in conspiracy with the other respondents, for violation of Section 3(e) of RA 3019. The two other charges brought against the Respondents for violation of Section 3(j) of RA No. 3019 and Section 4(g) of RA No. 6713 were dismissed. On November 10, 2021, the Respondents filed their Motion for Partial Reconsideration and/or Reinvestigation praying for the dismissal of the complaint for lack of probable cause or, in the alternative, to conduct a reinvestigation to afford the Respondents their right to due process. To date, Respondents have not received any update, order or resolution from the Office of the Ombudsman. The Company firmly believes that the Respondents are fully compliant with all applicable laws, rules and regulations and did not commit any of the alleged violations of the Anti-Dummy law, RA No. 3019 or RA No. 6713. 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.

Regardless of the outcome, these disputes and investigations may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management's attention. In addition, the Company may have disagreements with regulatory bodies in the course of operations, which may subject it to administrative and other legal proceedings and unfavorable decisions that may result in penalties, or other liabilities. Any of these outcomes could materially adversely affect the Company's, financial condition and results of operations.

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

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

The Sponsors hold 61.7% of the Shares of the Company. Each of the Sponsors is directly or indirectly wholly owned by Citicore Holdings, Inc. ("**CHII**"), which is controlled by Edgar Saavedra. As of

September 30, 2022, Edgar Saavedra was the beneficial and record owner of approximately 44.98% of CHII which, through CPI, owns 100% of CREC and Citicore Solar Tarlac 1, Inc.'s (formerly nv vogt Philippine Solar Energy Three, Inc.) issued and outstanding shares. There is also no non-compete agreement or other formal arrangement in place to prevent other companies that are also controlled by CHII from engaging in activities that compete directly with the Company's businesses or activities, which could have a negative impact on the Company. Neither can there be any assurance that CHII or its shareholders will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of CHII or its shareholders may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and CHII or its shareholders may direct the voting of the Sponsors' Shares in a manner that is contrary to the interests of the Company or the Company's other shareholders. There can be no assurance that CHII or its shareholders will exercise influence over the Company in a manner that is in the best interests of the Company or its other shareholders.

The Company believes that this risk is managed through good relations and continuing support from the Sponsors, which collectively are the largest shareholders of the Company. The Company has also established a Related Party Transaction Review and Compliance Committee to review related party transactions entered into by the Company. Further, the Fund Manager and Property Manager are required to establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company.

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

As a REIT, the Company maintains only a few employees and is primarily dependent on the expertise and experience of the Fund Manager's and the Property Manager's directors, senior management, and other key employees for the success of the Company's business, including in particular, with respect to the leasing and management of the Leased Properties. Most of these individuals possess deep industry knowledge and an acknowledged reputation in the market, owing to their track records and experience. If one or more of these directors or members of senior management are unable or unwilling to continue in their present positions, the Fund Manager or the Property Manager may not be able to replace them within a reasonable period of time with individuals who possess comparable expertise and experience, or at all, which may seriously disrupt, and materially and adversely affect, the Company's business, results of operations, and future prospects.

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

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

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

With respect to the Leased Properties, the Company leases (i) the Clark Solar Power Plant to CREC, (ii) the Armenia Property to Citicore Tarlac 1, (iii) the Bulacan Property to Citicore Bulacan, (iv) the South Cotabato Property to Citicore South Cotabato, (v) the Toledo Property to Citicore Cebu, (vi) the Silay Property to Citicore Negros Occidental, and (vii) the Dalayap Property to Citicore Tarlac 2. The foregoing agreements and the Company's other related party transactions have been entered into on an arm's length basis.

The Company expects that it will continue to enter into transactions with related parties which the Company will acquire from, and lease to, Affiliates of the Sponsors. These transactions may involve potential conflicts of interest which could be detrimental to the Company. However, under the REIT Law and its implementing rules, any related party transaction of the Company must comply with certain minimum requirements which include (a) full, fair, timely, and accurate disclosures to the PSE and SEC of the identity of the parties, their relationship with the Company, and other important terms and conditions of the transaction; (b) fair and reasonable terms, including the contract price; (c) approval by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all Independent Directors of the Company; (d) compliance with SEC Memorandum Circular No. 10, series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations that may be issued by the SEC, (e) accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the Philippine SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and (f) any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the Company.

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

On January 23, 2013, the BIR issued Revenue Regulations No. 2-2013 on Transfer Pricing Guidelines (the "**Transfer Pricing Guidelines**") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Guidelines are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Guidelines define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises.

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

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

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

The Company believes that the corporate governance provisions and related party transaction policies adopted by the Company, the Fund Manager and the Property Manager would help the Company manage the risk of conflicts of interest relating to related party transactions.

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

The profitability of the Company and its Lessees depends on the demand for energy and energy prices in the Philippines. Although the Company's revenue, prior to its transition to become a REIT, for the year ended December 31, 2021 increased by 31% year-on-year from 2020 and the Company's revenue for the nine-months ended September 30, 2022 increased by 423% from 2021 as the Company transitioned into a full renewable REIT Company beginning 2022, the uncertainty and disruption brought by COVID-19 could adversely affect the demand for energy and energy prices in the Philippines and the completion of renewable energy assets of the Citicore Group which could be acquired by the Company to grow its portfolio and increase its revenue.

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

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

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight), unless earlier lifted or extended as circumstances may warrant, and imposed an enhanced community quarantine ("**ECQ**") throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended as circumstances may warrant. On March 25, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act" (the "**Bayanihan Act**"), was signed into law, declaring a state of national emergency over the entire country, and authorizing the

President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On April 7, 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until April 30, 2020. On May 1, 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until May 15, 2020, while easing restrictions in other parts of the country. On May 11, 2020, the Inter-Agency Task Force of Emerging Infectious Disease ("**IATF**") placed high-risk local government units under modified ECQ ("**MECQ**") from May 16, 2020 until May 31, 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On May 27, 2020, the IATF reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on May 29, 2020, the Government placed Metro Manila under general community quarantine ("**GCQ**"), allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. Because of the spike in COVID-19 cases, on August 4, 2020, the Government again placed Metro Manila under MECQ until August 18, 2020. Starting August 19, 2020, MECQ was lifted and Metro Manila and nearby areas were again placed under general community quarantine. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve. On September 11, 2020, the Bayanihan to Recover as One Act (the "**Bayanihan 2 Act**") was signed into law by President Duterte. Similar to the Bayanihan Act, the Bayanihan 2 Act conferred emergency powers to President Duterte and was in effect until December 19, 2020. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. The moratorium on the collection of residential and commercial rents of lessees not permitted to operate or which have temporarily ceased operations under the Bayanihan 2 Act during and after the effectivity of quarantine measures may affect the Company and businesses that transact with it. Until the measures are finalized, its potential effects or duration remain uncertain.

In March 2021, the Philippines, and in particular, Metro Manila experienced another surge of COVID-19 infections, prompting the Government to reimplement ECQ in Metro Manila and nearby areas from March 29, 2021 to April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to MECQ. Thereafter, beginning May 15, 2021, the Government further reclassified the quarantine classification for the same regions to GCQ. On October 13, 2021 the Philippine Government shifted away from the graduated lockdown schemes of ECQ, MECQ, GCQ, and MGCQ, and created "alert levels" as the new community quarantine classifications. It comprises of Alert Levels 1 to 5, each level having varying degrees of restrictions on travel and business operations. Alert Level 1 having the least restrictions on intrazonal and interzonal travel, as well as business operations and activities, while Alert Level 5 having the most stringent restrictions. Metro Manila has been under Alert Level 1 since March 1, 2022. On September 12, 2022, the President issued Executive Order No. 3 making the wearing of face masks in open spaces and non-crowded outdoor areas with good ventilation voluntary; provided that not fully vaccinated individuals, senior citizens and immunocompromised individuals are highly encouraged to wear their masks and physical distancing will be observed at tall times.

The country's gross domestic product contracted by –9.5% last 2020, due to the economic effects of the outbreak, and the resulting domestic shutdowns, reduced tourism, disrupted trade and manufacturing and financial market spillovers. However, the country's gross domestic product rebounded strongly in 2021 and posted 5.6% full year growth as a result of the Government's successful vaccination program thus easing mobility restrictions that perked up consumer spending and business activities. On May 7, 2020, the National Economic Development Authority reported that the Philippine economy had slowed down for the first time in 22 years, contracting 0.2% in the first quarter of 2020, from a 5.6% growth rate in the first quarter of 2019. In early August 2020, the Philippine Statistics Authority revised the first quarter estimates, stating that the economy contracted by 0.7% compared to same period in the prior year, and that GDP for the second quarter of 2020 contracted by 16.5%, bringing the country to a technical recession. In November 2020, the National Economic Development Authority and Philippine Statistics Authority reported that the Philippine economy contracted by 11.5% year-on-year in the third quarter of 2020, resulting in a nine month contraction of 10% compared to the previous year. According to Frost & Sullivan's Research Report dated October 10, 2021, while the Philippine's GDP growth contracted by 3.9% in 2020, it is expected to recover and grow by 11.2% in 2021 and by 8.0% in 2022. The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

The outbreak of COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus, and Monkey Pox could materially and adversely affect the Company's business, financial condition and results of operations. These may include, the hospitalization or quarantine of the Company's, its Property Manager's, or its lessees' employees, delay or suspension of supplies from the Company's or its lessees' suppliers, disruptions or suspension of the Company's or its lessees' operational activities, or the completion of the Citicore Group's renewable energy projects under development. The disruption to business may also cause Contestable Customers to invoke force majeure which would result in sale of energy by the Company or its lessees to the WESM at rates lower than contracted rates. Although the Company has taken certain measures to try and minimize the negative effect of COVID-19 on the Company's operations, there is no certainty that such measures will be sufficient or that the Company will not be required to incur additional expense to address the effect of COVID-19 on its operations.

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

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

To manage these risks, the Company has implemented various measures for the safety of its lessees, suppliers, service providers and employees such as but not limited to the following:

- Implementation of physical distancing through work bubbles to avoid distruption in business operations. Those with suspected COVID symptoms were isolated, as soon as practicable;
- Regular information update on health and safety protocols to all its employees
- Implementation of flexible working arrangements like hybrid or full remote work setup, where applicable to ensure employee and other stakeholders safety but at the same time minimize operational disruptions;
- Encouraged all employees and its eligible household members to take any available COVID 19 vaccine, including the booster;
- Automation and digitization to improve processes, enhance operational efficiencies and support remote work arrangements for back office support. This initiative also encouraged less in person transactions with the lessee's customers and the suppliers.

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

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

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

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

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

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

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

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

RISKS RELATING TO THE COMPANY'S PROPERTIES

The Company's assets and the Lessees' solar power plants are subject to the risk of losing revenue which may affect the Company's ability to pay the principal and interest of the Bonds to be issued 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 Company's ability to pay the principal and interest of the Bonds to be issued and the amount of Distributable Income available to the Company for distribution to its Shareholders.

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

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 2021, the Lessees' solar power plants experienced an annual average loss of 21.5 hours or 0.07% 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 2021, 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 2021, the Lessees' solar power plants experienced an annual average of 51.7 hours or 0.18% 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 2021. The Company and CREC have also invested in a computerized monitoring and maintenance system to efficiently track various preventive maintenance programs and initiatives for the Lessees' solar power plants. The Lessees also keep an inventory of spare parts which are not locally available and which may take a lead time of three to four months to order. Each of the Lessees also maintains inventory for critical equipment like solar panels, inverters, and others to avoid any prolonged shutdown of their respective solar power plants.

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

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

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

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

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

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

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

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

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

To manage these risks, the Company and CREC intend to maximize operational efficiencies by leveraging on the economics of scale as the property portfolio of the Company and the solar assets of the Citicore Group continue to expand. The lessees' solar operations and maintenance teams have successfully reduced the levelized cost of energy ("**LCOE**") relating to the solar power plants of the lessees of the Company from an average of ₱0.85 per kwh as of December 31, 2017 to ₱0.30 per kwh as of December 31, 2021.

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

As of September 30, 2022, the top five customers of the Company's Lessees comprise 80.6% of 154.4MW_{AC} or the total contracted capacity of the solar power plants located in the Leased Properties and the largest customer of the Lessees accounted for 40.6% of the total contracted capacity of the solar power plants located in the Leased Properties.

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

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

The Company also believes that its Lessees have strong and stable relationships with their respective customers. CREC has a 20-year offtake contract with TransCo, which commenced on March 16, 2016 with respect to the sale of power from Clark Solar Power Plant. All of the customers of the operators of the solar power plants located on the Leased Properties and the Solar Rooftop System to be acquired together have a weighted average (by contracted capacity) term of 6.8 years as of September 30, 2022. Out of the total contracted capacity of such solar power plants of 154.4MW_{AC} as of September 30, 2022, 23.5% will expire in 2023, 6.3% will expire in 2024, 7.1% will expire in 2025 and 63.1% 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 61.7% as of September 30, 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.

RISKS RELATING TO THE PHILIPPINES

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

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

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

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

Other factors that may adversely affect the Philippine economy include:

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

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

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

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

While the value of the Peso has recovered since 2010, its valuation may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. This may negatively affect the general economic conditions and business environment in the Philippines, which, in turn, could have a material and adverse impact on the Company's business, financial position and financial performance. On September 30, 2022, the exchange rate between the Peso and the U.S. dollar quoted on the BSP Reference Exchange Rate Bulletin was U.S.$1.00 = ₱58.91.

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

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

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

In June 2020, journalist Maria Ressa was convicted by the Regional Trial Court for violations of anti-dummy law and cyber libel. Her conviction elicited concern from the international community and has been criticized by various groups as an attempt by the government to silence critical press coverage against President Rodrigo Duterte and his administration. In December 2018, Senator Antonio Trillanes III was ordered arrested in connection with a libel case filed by presidential son Paolo Duterte. In February 2017, Senator Leila de Lima was arrested after charges were filed in court accusing her of orchestrating a drug-trafficking ring during her term as Secretary of the Department of Justice ("**DOJ**") from 2010 to 2015. Senator Trillanes and Senator de Lima are outspoken critics of the Duterte administration. In May 2018, the Supreme Court of the Philippines ousted Chief Justice Maria Lourdes Sereno by ruling in a quo warranto proceeding that her appointment was invalid. The removal of Chief Justice Sereno became controversial because it was not coursed through the constitutionally mandated process of impeachment. On June 2018, former President Benigno Aquino III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration

Program during his term. Moreover, several individuals who were high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking, among other offenses. In addition, since the commencement of the current administration, more than 1,000 alleged drug dealers and users have been killed in police operations, and more than 1,300 drug dealers and drug users have been killed by supposed vigilantes. In addition, the Philippine legislature passed the Anti-Terrorism Act of 2020 (approved by President Duterte in June 2020), which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which they believe may be used to target government critics.

In the 2019 midterm Senate election, the opposition fielded the *Otso Diretso* coalition, while the administration fielded their slate under the *Hugpong ng Pagbabago* banner. *Hugpong* won 9 of the 12 seats contested, while *Otso Diretso* won no seats. *Hugpon*g, which was launched by Davao City Mayor and President Duterte's daughter, Sara Duterte, won in the Davao Region. The Philippine general elections for national, provincial, and local officials are scheduled to take place on May 9, 2022. On May 25, 2022, Ferdinand Romualdez Marcos Jr. was officially proclaimed the next Philippine President. As President, he will determine the country's agenda and policies for the next six years.

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

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

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

The Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in January 2019, bombs were detonated in the Jolo Cathedral in the Municipality of Jolo, Sulu and a Mosque in Zamboanga City, Zamboanga del Sur. In May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists who were inspired by pledged allegiance to the Islamic State of Iraq and Syria ("**ISIS**"). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. Martial law in Mindanao was lifted on January 1, 2020, however certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investors may face difficulties enforcing judgments against the Company.

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

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

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

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. In May 2020, S&P and Moody's affirmed their ratings of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. In May 2021, S&P's affirmed its rating of BBB+, with stable outlook, for the Philippines' long-term foreign currency-denominated debt. In July 2021, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to negative, to reflect the downside risks and possible challenges associated with unwinding the exceptional policy response to the health crisis and restoring sound public finances as the pandemic recedes. In February 2022 Fitch again, affirmed its rating of the Philippines long-term foreign currency denominated debt, to BBB with a negative outlook, this time citing uncertain fiscal and economic policies of the new administration in light of the elections conducted in May 2022, and the downside risks to the economic recovery stem from potential pandemic-related scarring effects on medium-term growth prospects.

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

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

The Philippine real estate and renewable energy industries are subject to extensive government regulation.

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

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

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

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

RISKS RELATING TO THE BONDS

The Bonds may be subordinated to other debts of the company.

Under Philippine law, in the event a borrower submits to insolvency or liquidation proceedings on which the borrower's assets are liquidated, the unsecured debt of such borrower that is evidenced by a public instrument, as provided in article 2244 of the Civil Code of the Philippines, will rank ahead of the unsecured debt that is not so evidenced. The debt becomes evidenced by a public instrument when the creditor and debtor have acknowledged before a notary or any person authorized to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a jurat (a statement of the circumstances in which an affidavit was made) may be sufficient to constitute the document a public instrument. Accordingly, it may be possible for debt to become evidenced by public instrument through the unilateral action of a creditor without the knowledge of the borrower.

The Company currently does not have any indebtedness. The Company will undertake in the Trust Indenture to use its best endeavors not to incur any debt that will rank ahead of the Bonds merely by virtue of being evidenced by a public instrument except to the extent that the relevant lender waives the benefit of such preference or priority. Any such debt evidenced by a public instrument may, by mandatory provision of law, rank ahead of the Bonds in the event of the liquidation of the Company.

The bonds do not have the benefit of any security.

CREC, or any other member of the Citicore Group will not guarantee the bonds. likewise, no assets of the company will be used as collateral for the bonds. as a policy, As of the date of this prospectus, there Company does not have any borrowings.

The Bonds may not be a suitable investment for all investors.

Each prospective investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Company and its businesses, the merits and risks of investing in the Bonds and the information contained in this Prospectus;
(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
(c) understand and be familiar with the behavior of any relevant financial markets; and
(d) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Secondary trading of the Bonds are subject to various market factors including changes in interest rates prevailing in the market

The Company plans to list the Bonds in the PDEx to provide price transparency and liquidity to the Bondholders. The Company cannot guarantee whether an active trading market for the Bonds will develop or if the liquidity of the Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEx, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. As with other fixed income securities, the Bonds could trade at prices higher or lower than the initial offering price due to prevailing interest rates, the Company's operations, and the overall market for debt securities, among others. It is possible that a selling Bondholder would receive sales proceeds lower than his initial investment.

The Company may be unable to redeem the bonds.

At maturity, the Company will be required to redeem all of the Bonds. At that point in time, the Company may not have sufficient cash on hand and may not be able to arrange financing to redeem the bonds in time, or on acceptable terms, or at all. The ability to redeem the bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered bonds by the company would constitute an event of default under the bonds, which may also constitute a default under the terms of other indebtedness of the company.

The Company believes it has a strong and stable business in the Philippines, with long term leases for assets located in Luzon Visayas and Mindanao. It has strong recurring cash flows, and maintains a high level of liquidity in its statement of financial position. The company is confident that it can service the interest and redeem the bonds at maturity and/or seek refinancing facilities.

Retention of ratings risk

There is no assurance that the rating of the bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

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

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

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

To manage these risks, the Company intends to continue its policy of incurring debt only when there are opportunities to acquire renewable energy properties that are value accretive to the Company and grow its lease revenue and distributable income. Value accretion is measured by the additional lease income from the new assets to be acquire is higher than the cost of debt. This net incremental lease income will contribute to higher Distributable Income payable to its Shareholders. The Company and the Fund Manager take a prudent approach to financial management and cost control, including closely monitoring its capital and cash positions and maintaining discipline in its capital commitments.

The REIT Law also permits REITs to leverage debt, both total borrowings and deferred payments, up to 35% of Deposited Property Value. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. As of September 30, 2022, the Company had no outstanding loan borrowings and is able to take on debt of up to P5.2 billion or equivalent to 35% of the P14.9 billion deposited property. The Company intends to issue bonds of P3.0 billion with an oversubscription option of up to P1.5 billion. Relative to the bond issuance, the Company received an investment grade rating of AA+ with positive outlook from Philratings for both the issuer and the proposed bond offering and this rating allowed CREIT to increase its leverage ratio to up to 70% of the deposited property or to up to P10.4 billion as of September 30, 2022. Post bond issuance and acquisition of the proposed assets, the leverage value will be increased to P12.5 billion, assuming oversubscription option is not exercised and to P13.6 billion assuming oversubscription option is exercised.

RISKS RELATING TO THE PRESENTATION OF INFORMATION IN THIS BOND PROSPECTUS

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus relating to the Philippines, the industry in which the Company competes, and the market in which the Company operates, including statistics relating to market size, is derived from various Government and private publications. This Prospectus also contains industry information prepared from available public sources and independent market research conducted by Frost & Sullivan and set forth in a Research Report dated October 10, 2021 to provide an overview of the renewable energy market in which the Company operates, and inputs derived from Sustainalytics based on their Second Party Opinion (SPO) on their review of CPI 's Green Financing Framework. The information contained in those sections might not be consistent with other information regarding the Philippine renewable energy industry or the sustainability of the Company's operations. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by the Company, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners or any of their respective Affiliates or advisers, and might not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines.

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

The presentation of financial information in this Prospectus includes historical financial information for the Company as of and for the years ended December 31, 2019, 2020 and 2021 and as of September 30, 2022 and for the nine months ended September 30, 2021 and 2022. With the REIT Formation Transactions only effected last February 22, 2022, the historical financial information prior to January 1, 2022 presented may be of limited used to investors moving forward. While the presentation of historical financial results of the Company included in this Prospectus may provide a reference to investors in relation to the Company's financial performance and financial position in prior periods, there is no assurance that such presentation will accurately depict the Company's financial results had the REIT Formation Transactions been effected earlier, or that such presentation be indicative of future results of operations or financial position, and should not be relied upon as being so indicative.

TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a bondholder.

PROSPECTIVE BONDHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business within the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines." A "resident foreign corporation" is a foreign corporation or non-domestic corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a foreign corporation or non-domestic corporation not engaged in trade or business within the Philippines.

Taxation of Interest

Interest income on the Bonds is subject to a withholding tax at rates of 10.0%, 20.0%, 25.0% or 25.0%, depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Interest income on the Bonds received by individuals who are Philippine residents as well as domestic and resident foreign corporations shall be subject to a final withholding tax of 20.0%, while that received by non-resident foreign individuals not engaged in trade or business in the Philippines shall be subject to a final withholding tax of 25.0%. The tax shall be for the account of the bondholder.

The foregoing rates imposed on non-resident foreign individuals not engaged in trade or business in the Philippines and non-resident foreign corporations may be subject to further reduction by any applicable tax treaty in force between the Philippines and the country of residence of the non-resident income recipient. Most tax treaties to which the Philippines is a party generally provide for a preferential tax rate of 10.0% in cases where the interest which arises in the Philippines in respect of a public issue of bonded indebtedness and is paid to a resident of the other contracting state. However, most tax treaties also provide that preferential withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.
Given the above, all Bondholders are required to provide the Issuer through the Paying Agent their valid Tax Identification Number issued by the BIR.

Tax Exemptions or Entitlement to Preferential Tax Rate

Bondholder who are exempt from the aforesaid withholding tax, or are subject to a preferential withholding tax rate shall be required to submit the following requirements to the registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

a) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto; and tax-exempt Personal Equity Retirement Account (PERA) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA administrator;

b) with respect to tax treaty relief, the issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign bondholder by relying on the submission by such bondholder of the following documents before the interest income is paid:

    i BIR Form No. 0901 or Application Form for Treaty Purposes;
    ii Authenticated or or apostilled Tax Residency Certificate duly issued by the relevant foreign tax authority in favor of the Bondholder;
    iii The relevant provision of the applicable tax treaty which prescribes a reduced rate of, or exemption from, withholding at source on the income derived by a nonresident taxpayer from all sources within the Philippines, as required under BIR Revenue Memorandum Order No. 14-2021; and
    iv Duly notarized, consularized or apostilled, if executed outside the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief.

    Failure to submit these documents will lead to withholding using the regular rates prescribed under the Tax Code, as amended, for nonresident foreign corporations or nonresident aliens not engaged in trade or business, as the case may be, and not the treaty rate.

    If the tax treaty rate was applied by the Issuer, it will file with the BIR's International Tax Affairs Division ("ITAD") a request for confirmation of the use of the tax treaty rate after the payment of the withholding tax no later than the last day of the fourth month following the close of the relevant taxable year with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties.

    In case the Issuer used the regular rate under the Tax Code, the non-resident foreign Bondholder may file a tax treaty relief application ("TTRA") with ITAD after it has received the dividend income with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the Bondholder may apply for a refund of excess withholding tax within the two- year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the TTRA.

c) a duly notarized affidavit with undertaking or indemnity with undertaking executed by (a) the corporate secretary or the duly authorized representative of such applicant or bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the bondholder holds, the bonds for its account, or (b) the trust officer, if the applicant is a universal bank authorized under philippine law to perform trust and fiduciary functions and purchase the bonds pursuant to its management of tax-exempt entities (i.e. employee retirement fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the issuer, the registrar and the paying agent of:

   i any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement;
   ii if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption;
   iii if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose;
   iv such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the preferential rate being claimed by the Bondholders on the Interest payments to such Bondholders; provided further that, all sums payable by the Issuer to tax- exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or preferential rate of reasonable evidence of such exemption or preferential rate treatment to the Registrar and Paying Agent.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Company and the Registrar and Paying Agent may assume that such Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Bondholder, or the receipt by the Company or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of a Bondholder, the Company may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Company.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Bonds to the Selling Agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

If the withholding agent withheld taxes, or withheld the regular rate of tax imposed on interest under the Tax Code, the concerned Bondholder may file a claim for refund from the Philippine taxing authorities on the basis of a tax exemption certificate or ruling, or a certificate confirming the non-resident income recipient's entitlement to treaty benefits.

Transfers taking place in the Registry after the Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, upon submission of account opening documents to the Registry: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed on the Issuer on account of such transfer.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities will be subject to a 12.0% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the Bonds sold.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Banks and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts (equivalent to the gross selling price less acquisition cost) derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities, as well as income from financial leasing, gross receipts tax shall be levied on the basis of the remaining life of debt instruments from which such receipts are derived:

Where Maturity period is five years or less	5%
Where Maturity period is more than five years	1%

Non- bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived**:**

Where Maturity period is five years or less	5%
Where Maturity period is more than five years	1%

In case the maturity period referred to above is shortened through pre-termination or otherwise redeemed by the issuer pursuant to the terms and conditions, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Taxes

A documentary stamp tax is imposed upon the original issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.50 on each ₱200, or fractional part thereof, of the issue price of such debt instruments; provided, that for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.
The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue will be paid by the company for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds as long as there is no change in the maturity date or in the remaining period of coverage of the Bonds or there is no renewal or no issuance of new bonds in the name of the transferee, or no novation of the Bonds.

Taxes on Sale or Disposition of the Bonds

Any gain realized from the sale, exchange or retirement of bonds, debentures, and other certificates of indebtedness will generally form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the graduated regular or ordinary tax rates of 20.0% to 35.0%, as the case may be.

If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than twelve (12) months prior to the sale, only 50.0% of any capital gain will be recognized and included in the seller's gross taxable income. However, any gain realized from the sale, exchange or retirement of bonds with an original maturity date of more than five years (as measured from the date of issuance of such securities, debentures or other certificates of indebtedness) will not be subject to income tax.

Any gain arising from the sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate or Donor's Taxes

The transfer of a Bond by way of succession upon the death of a Bondholder will be subject to Philippine estate tax at the rate of 6.0% computed based on the value of the net estate. The transfer of a Bond by way of gift or donation is subject to Philippine donor's tax at the rate of 6.0% of the total gifts made during a calendar year in excess of ₱250,000.

The foregoing applies without regard to whether the bondholder is a non-resident.

The estate or donor’s taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and donor’s tax, in respect of the Bonds, shall not be collected (i) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (ii) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the securities are transferred for less than an adequate and full consideration in money or money’s worth, the amount by which the fair market value of the securities exceeded the value of the consideration may be deemed a gift and may be subject to donor’s taxes. However, a sale, exchange, or other transfer made in the ordinary course of business (a transaction which is a bona fide, at arm’s length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money’s worth.

USE OF PROCEEDS

The intended use of proceeds of the Bonds being offered will be used for the acquisition of real estate properties and the Solar Rooftops Systems that are considered eligible green projects under the CPI Green Financing Framework.

Eligible Green Projects are those that involve the financing or refinancing of, in whole or in part, the exploration, development, construction, rehabilitation, expansion or acquisition of new or existing renewable energy projects, including: (a) geothermal energy projects, (b) wind energy projects, (c) solar energy projects, (d) hydropower projects, (e) Bioenergy projects, and (f) energy storage projects, subject to certain eligibility criteria (collectively referred to as the "Eligible Green Projects"). The Eligible Green Projects are identified, evaluated and selected based on, but not limited to: (a) the Framework, (b) CREIT's vision, mission, chosen path, strategy, and objectives, (c) technical, financial, and commercial feasibility, and (d) risks assessment.

Based on a ₱3.0 billion issue, the Company expects that the net proceeds of the Offering shall amount to approximately ₱2.9 billion, after fees, commissions, and expenses. If the Company fully exercises the oversubscription option, net proceeds would approximately amount to ₱4.4 billion after fees, commissions, and expenses.

The net proceeds from the Offer are detailed as follows:

	Without oversubscription	**With oversubscription**
Estimated gross proceeds from the sale of the Bonds	₱ 3,000,000,000	₱ 4,500,000,000
Less: Estimated expenses		
Documentary Stamp Tax	22,500,000	33,750,000
SEC Registration		
SEC Registration Fee and SEC Legal Research Fee	1,687,500	1,687,500
Publication Fee	500,000	500,000
Listing Fees	500,000	500,000
Underwriting Fee and Selling Fees	17,368,421	26,052,632
Estimated professional fees		
Legal Fees*	3,810,000	3,810,000
Audit Fees	2,049,600	2,049,600
Appraiser Fees	1,016,064	1,016,064
Rating Fee	3,528,000	3,528,000
Trust Fees	250,00	250,000
Paying Agency and Registry Fees	1,000,000	1,000,000
Miscellaneous Fees	2,000,000	3,000,000
Out-of-Pocket Expenses	100,000	100,000
Total Estimated Expenses	56,309,585	77,234,796
Estimated net proceeds	**₱ 2,943,690,415**	**₱ 4,422,756,204**

**Legal fees of the counsel to the Issuer.*

In addition to the above, the Company expects to pay the following recurring fees:

1. PDEx Annual Maintenance Fee of ₱ 168,000.00;
2. Trustee Retainer Fee of ₱ 250,000.00;
3. Paying Agency Fee of ₱ 448,000.00; and
4. PhilRatings Monitoring Fee of ₱450,000.00.

The Company intends to use the net proceeds from the Bonds to (a) acquire the Solar Rooftops System which it will then lease out to Sunny Side Up Power Corp (SSUPC), a solar power operator and (b) acquire parcels of land with a total of 475.3 hectares from various landowners which it will lease to solar power developers and operators. Further details on the use of proceeds are set forth below:

Use of Proceeds	Budgeted Amount Without Oversubscription (₽ millions)	Budgeted Amount With Oversubscription (₽ millions)	Estimated Timing of Disbursement
Acquisition of Solar Rooftops System	₽ 400,200,000.00	₽ 400,200,000.00	Q1 2023
Acquisition of Real Estate Properties Batch 1	2,541,173,200.00	2,541,173,200.00	Q1 2023
Acquisition of Real Estate Properties Batch 2	2,317,215.00	1,481,383,004.00	Q2 2023
Total	**₽ 2,943,690,415.00**	**₽ 4,422,756,204.00**	

Acquisition of Solar Rooftops System

The Company shall use 10% of the net proceeds from the Bond to acquire operating Solar Rooftops System from Sunny Side Up Power Corp. with an aggregate capacity of 6.64MWp installed on top of 14 industrial warehouses and buildings inside the Freeport Area of Bataan, these mini-grid Solar Rooftops System was successfully energized and commissioned last November of 2021. The Company will then lease the Solar Rooftop System and related equipment to Sunny Side Up Power Corp., a solar rooftop operator, for an annual lease rate of Php 33,000,000.00 for a term of 20 years with an annual escalation rate of 2.5%. The tenant operator will sell the electricity generated from the Solar Rooftops System to the various light to medium industries locators inside the Freeport Area of Bataan.

Acquisition of Parcels of Land

The Company will use 90% of the net proceeds from the Bond to acquire parcels of land with an aggregate total of 475.3 hectares from multiple landowners spread across 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.

The rights to buy these lots, have been secured by the project developers namely CREC, Greencore Power Solutions 2 Inc. (GPS2) and Greencore Power Solutions 4 Inc. (GPS4), which rights shall then be assigned to the Company. Pursuant to the assignment, the Company will execute a deed of absolute sale with the third-party landowners. Simultaneous to the execution of the deed of absolute sale, CREIT shall lease the parcels of land to solar power developers and operators, including CREC, GPS2 and GPS4. 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. The acquisition of parcels of land shall be done in two batches with batch 1 totaling 322.6 hectares by first quarter of 2023 and another 152.7 hectares under batch 2 by the second quarter of 2023.

Any shortfall in the net proceeds for the intended uses described above shall be funded by the Issuer from internal sources such as cash flows generated from operations and/or availments from credit facilities provided to the Issuer by various financial institutions.

Pending the above uses, the Company intends to invest the net proceeds from the Offer in short-term and medium-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates, consistent with the CPI Green Financing Framework.

No amount of the proceeds is to be used to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise. No amount will be on lent to a subsidiary company of the Company. Further, except as disclosed herein, none of the proceeds from the Issue will go to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

Undertakings on Use of Proceeds

The Company undertakes not to use the net proceeds from the bond offering for any purpose, other than as discussed above. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC and PDEX in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board and disclosed to the PDEX.

The net proceeds shall not be used towards any activities related to coal or any other fossil fuel-related technologies.

GREEN FINANCING FRAMEWORK

CPI, the ultimate parent company of CREIT, along with its renewable energy subsidiaries remain committed in its mission to accelerate the shift of the Philippines from the use of fossil fuels as its primary energy source into renewables, without compromising value creation for its businesses, and its stakeholders. The Citicore Group balances growth and creating value for its business with sustaining renewable energy initiatives to mitigate and prevent further environmental damage caused by non-renewable energy sources.

The Citicore Group, including CREIT, support the United Nations' 2030 agenda for sustainable development. It has developed along with its solar farms, the concept of "agro-solar" operations which integrate agricultural activities into the real properties where solar plants operate. This "agro-solar" concept augments the livelihoods of the farmer communities situated in the real properties held by CREIT for lease to the Citicore Group's renewable energy subsidiaries.

In connection to the Citicore Group's renewable energy initiatives, CPI has developed a Green Financing Framework under which it may issue green bonds to finance the acquisition and maintenance of renewable energy projects (the "**Green Bonds**"). The Green Financing Framework is available at https://www.citicorepower.com.ph/.

This Green Financing Framework is intended to comply with the guidelines set-out in the 2018 edition of the ASEAN Green Bond Standards, the SEC 2018 Green Bonds Issuance Guidelines, and to govern the Green Bond Issuance of CREIT. Sustainalytics, a Morningstar company and a globally-recognized provider of environmental, social and governance research, ratings and data, evaluated the Green Financing Framework and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Framework. The Second Party Opinion of Sustainalytics is available at https://www.citicorepower.com.ph/ and https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects .

Use of Proceeds

The net proceeds from the Offer of the Bonds shall be used to finance the acquisition of renewable energy assets that will be leased out to renewable energy generation companies within the Citicore Group who will develop, construct, maintain and operate the renewable energy generation companies.

These renewable energy assets, which must have a usable lifespan of at least 30 years, will be used for solar energy projects and/or wind energy projects. These projects are expected to contribute to the expansion of renewables, improved forest conservation and facilitate sustainable water and wastewater management. These are also aligned with the efforts and policies of the Philippines government and will help contribute to Philippines' efforts to decarbonize its economy and achieve its Paris Climate Agreement target. In line with the Company's investment criteria[4] as a REIT, 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.

[4] The Company's revised investment criteria is pending SEC approval.

Energy projects that meet the above criteria are known as "Eligible Green Projects". For the avoidance of doubt, coal or any other fossil fuel-related technologies shall not be eligible for funding by the Green Bonds.

Process for Project Evaluation and Selection

The Eligible Green Projects are identified and selected according to the Eligibility Criteria outlined above and via a process that involves inputs and participation from various functional areas including the Company's Fund Manager, Property Manager, the Environmental, Social, and Governance Committee, the Audit and Risk Oversight Committee and the Related Party Transaction Review and Compliance Committee. The Company ensures local regulations regarding environmental and social constraints are adhered to.

Assets are evaluated and selected based on, but not limited to: (a) the CPI Green Financing Framework; (b) CREIT's mid and long term strategy, and objectives; (c) technical, financial and commercial feasibility; (d) risks assessment; (e) impact on the community and (f) track record and capability of the power generation company who will lease the assets acquired.

A short list of assets are submitted for review and approval by the Company's Board of Directors who will have final approval of assets in accordance with the Green Financing Framework.

CPI has designed and implemented a process to ensure that only projects aligned with the provision set out in the section 'Use of Proceeds' above will be selected as Eligible Projects for financing under Green Bonds/loans.

Other asset categories that are complimentary to the renewable energy plant, or are of comparable environmental benefit, might be added within the scope of future amendments to the Green Financing Framework, however, only after prior approval.

To oversee this, the CPI Board of Directors shall establish a Sustainability Financing Committee as the corporate body governing the responsibility of sustainable investment matters, including the promotion, monitoring, implementation and improvement of cross functional sustainability strategies. To ensure that the Committee represents all aspects of its business, the Committee members will include:

Chief Executive Officer (Chairperson of the Committee)
Chief Financial Officer (Deputy Chairperson of the Committee)
Executive Vice President
Head of Sustainability
Head of Legal and Regulatory

The Sustainability Financing Committee will meet annually or on other ad hoc basis, if necessary, to review the Green Bond/Loan Principles and ensure projects identified, selected for the Green Financing Framework and proceeds used in relation to the Green Bonds/Loans are as per set out in the Framework. The Chairperson of the Committee shall report to the Board of Directors at least on an annual basis to review sustainable investment policies and monitor the implementation of the policies and the status of the project rollouts.

Prior to the screening of new Eligible Projects by the Sustainability Financing Committee, CPI's Corporate Finance Team and other relevant working group will conduct a detailed technical due diligence process and assessment that are in line with their course of business and Site Selection Policy.

Part of the site selection process is the evaluation of the environmental and social risks of the prospective project sites. All eligible project sites must not be situated within or adjacent to national parks or any other form of Protected Areas (PA). The nearest protected area in any of the existing solar power plants of the Citicore Group is the Manleluag Spring Protected Landscape, which is located approximately 42 kilometers to the north of Citicore Group's solar power plant in Tarlac. Citicore Group prioritizes sites along the national grid. In general, there are no Protected Areas near the national grid, as the transmission line traverses plain agricultural areas.

If there are existing trees of less known species on the site that must be cut down, a tree-cutting permit will be secured from the Department of Environment and Natural Resources (DENR). If the trees are of premium species, the trees will be transplanted after obtaining a permit from DENR. Citicore Group pursues project sites that are not inhabited by endangered, threatened or rare species of animals, as identified in the list of International Union for Conservation of Nature (IUCN). Available secondary information about the flora and fauna is gathered from focus group discussion and interviews with the local government units.

Citicore Group selects project sites that are not inhabited by Indigenous People (IP). As regulatory compliance, a Certificate of Non-Overlap (CNO) from the National Commission of Indigenous People (NCIP) must be acquired.

With completion of detailed technical due diligence process and assessment, the Sustainability Financing Committee will have the necessary information to assess the project and ensure that it is aligned with the Green Financing Framework.

The Sustainability Financing Committee will also review the achievements and realization of the commitments, evaluate the impact metrics that are relevant and further develop to improve the targets.

Management of Proceeds

An amount equal to the proceeds from the Green Bonds issuance will be allocated to finance the acquisition of the Eligible Green Projects selected in accordance with the Eligibility Criteria, and using the evaluation and selection process mentioned above.

The Company intends to spend the net proceeds from the sale of the Green Bonds within one (1) year from the Issue Date. However, prior to disbursement, the net proceeds will be credited to a designated bank account and will be invested in short-term and medium-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates.

Reporting

Allocation Reporting

At least annually, until an amount equal to the net proceeds has been allocated, and thereafter, in the event of material changes, CREIT will provide information on the allocation of an amount equal to the net proceeds of the Green Bonds issuance on its website and/or in CREIT's Integrated Reports. The information will contain at least the following details:

- A list of approved Eligible Green Projects, including amounts allocated; and

- Remaining balance of unallocated proceeds

Where possible, CREIT will also provide additional information, case studies or examples of selected projects, subject to considerations such as confidentiality agreements.

The annual reporting will be reviewed and approved by CREIT's senior management.

CREIT intends to engage an external auditor to provide independent verification on its reporting and management of proceeds in accordance with this Green Financing Framework.

Impact Reporting

Where relevant and possible, the Citicore Group, and all renewable enery project proponents who lease properties acquired by CREIT, will also report on selected impact metrics (per project or in aggregate for all projects financed by the proceeds of a Green Bonds issuance), as outlined below:

- Energy generated from renewable sources (kWh)
- Greenhouse Gas (GHG) emissions reduced/avoided (tCO2e)

DETERMINATION OF THE OFFER PRICE

The Bonds shall be issued on at 100% of principal amount or face value.

The interest rate of the Bonds shall be based on the three (3)-day simple average of the five (5)-year PHP BVAL Reference Rate, as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time) on the dates of January 24, 25 and 26, 2023 plus the final spread per annum of 125 basis points.

PLAN OF DISTRIBUTION

THE OFFER

On October 6, 2022, the Company filed a Registration Statement with the SEC, in connection with the offer and sale to the public of the Bonds with an aggregate principal amount of ₱3,000,000,000.00, with an oversubscription option of up to ₱ 1,500,000,000.00. In the event the oversubscription option is not exercised, it shall be deemed cancelled and the filing fee for that over-subscription option shall be forfeited. The Bonds will be issued by the Company pursuant to the Terms and Conditions of the Bonds on the Issue Date.

The SEC is expected to issue an order rendering the Registration Statement effective and the corresponding permit to offer securities for sale covering the Offering.

The Company plans to issue the Bonds in a single tranche basis through its designated Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS

PNB Capital and SB Capital, pursuant to an Underwriting Agreement with CREIT executed on January 26, 2023 (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the Bonds at the Issue Price, and have also committed to underwrite ₱3,000,000,000 on a firm basis, subject to the satisfaction of certain conditions and in consideration for certain fees and expenses. The Company has not appointed any selling agent but has the flexibility to appoint selling agent(s) as necessary.

Each of the Joint Lead Underwriters has committed to underwrite the Offer on a firm basis up to the amount indicated below:

Underwriter	Amount
PNB Capital	₱1,500,000,000
SB Capital	₱1,500,000,000
Total	₱3,000,000,000

There is no arrangement for the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners to return to CREIT any unsold Bonds.

The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to CREIT. There is no arrangement as well giving the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners the right to designate or nominate any member to the Board of the Issuer.

In the performance of their role as the Joint Issue Managers for the offer, PNB Capital and SB Capital arrange and manage the issuance, placement, distribution and sale of the offer bonds.

In the performance of their role as the Joint Bookrunner for the offer, PNB Capital and SB Capital manage the order book and allocation of the offer bonds.

In the performance of their role as the Joint Lead Underwriters for the offer, PNB Capital and SB Capital underwrite on a firm commitment basis and in accordance with their respective underwriting commitments, the distribution and sale of the base offer size of PhP3,000,000,000.00. In case of oversubscription, the oversubscription option of up to PhP1,500,000,000.00 may be offered by PNB Capital and Investment Corporation and SB Capital Investment Corporation to the general public, in consultation with the Issuer, which the bonds subject of the oversubscription option will not be underwritten on a firm commitment.

CREIT will pay the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners a fee of 0.55% on the final aggregate nominal principal amount of the Bonds issued, which is inclusive of all the fees to be ceded to any co-lead managers and selling agents in accordance with the Underwriting Agreement. Such fee shall be inclusive of underwriting and participation commissions. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for CREIT. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners have no direct relations with CREIT in terms of ownership by either of their respective major stockholder/s.

The Joint Lead Underwriters are duly licensed by the SEC to engage in underwriting and distribution of securities to the public.

PNB Capital, a wholly owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. PNB Capital obtained its license from the Philippine SEC to operate as an investment house with a non-quasi-banking license. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997. As of December 31, 2021, it had an authorized capital of ₱2.0 billion and paid-up capital of ₱1.5 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2021, total assets of PNB Capital were at ₱2.7 billion while total capital was at ₱2.4 billion.

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including underwriting of debt and equity securities, project finance, loan syndications, mergers and acquisitions, financial advisory, and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Joint Lead Underwriters who shall sell and distribute the Bonds to third party buyers/investors within the Philippines. Nothing herein shall limit the rights of the Joint Lead Underwriters from purchasing the Bonds for their own respective accounts. There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference. The obligations of each of the Joint Lead Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by one of the Joint Lead Underwriters to carry out its obligations thereunder shall neither relieve the other

Joint Lead Underwriters of its obligations under the same Underwriting Agreement, nor shall any Joint Lead Underwriter be responsible for the obligation of another Joint Lead Underwriter.

OFFER PERIOD

The Offer Period shall commence at 9 a.m. of January 30, 2023 and end at 12 noon of February 3, 2023.

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners properly completed Applications to Purchase submitted through the e-Securities Issue Portal ("e-SIP") upon and subject to the e-SIP's approval by the SEC, including the applicant's tax identification number validly issued by the BIR), together with two (2) signature cards, and the full payment of the purchase price of the Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants (including Trust Accounts) must also submit, in addition to the foregoing:

(1) an original notarized certificate of the Corporate Secretary or an equivalent officer of the applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purpose;

(2) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);

(3) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);

(4) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and

(5) such other documents as may be reasonably required by any of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners /selling agents, or the Registrar and Paying Agent in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual Applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

(1) identification document ("ID") of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: passport, driver's license, Professional Regulation Commission ID, National Bureau Of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System E-Card, SOCIAL SECURITY SYSTEM Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of

Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);

(2) two (2) duly accomplished signature cards containing the specimen signature of the Applicant; and

(3) such other documents as may be reasonably required by any of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners /selling agents, or the Registrar in implementation of its internal policies regarding "know your customer" and anti-money laundering.

A Bondholder who is exempt from the withholding tax or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

a) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto; and tax-exempt Personal Equity Retirement Account (PERA) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA administrator;

b) with respect to tax treaty relief, the issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign bondholder by relying on the submission by such bondholder of the following documents before the interest income is paid:

   i BIR Form No. 0901 or Application Form for Treaty Purposes;
   ii Authenticated or or apostilled Tax Residency Certificate duly issued by the relevant foreign tax authority in favor of the Bondholder;
   iii The relevant provision of the applicable tax treaty which prescribes a reduced rate of, or exemption from, withholding at source on the income derived by a nonresident taxpayer from all sources within the Philippines, as required under BIR Revenue Memorandum Order No. 14-2021; and
   iv Duly notarized, consularized or apostilled, if executed outside the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief.

   Failure to submit these documents will lead to withholding using the regular rates prescribed under the Tax Code, as amended, for nonresident foreign corporations or nonresident aliens not engaged in trade or business, as the case may be, and not the treaty rate.

   If the tax treaty rate was applied by the Issuer, it will file with the BIR's International Tax Affairs Division ("ITAD") a request for confirmation of the use of the tax treaty rate after the payment of the withholding tax no later than the last day of the fourth month following the close of the relevant taxable year with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties.

In case the Issuer used the regular rate under the Tax Code, the non-resident foreign Bondholder may file a tax treaty relief application ("TTRA") with ITAD after it has received the dividend income with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the Bondholder may apply for a refund of excess withholding tax within the two- year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the TTRA.

c) a duly notarized affidavit with undertaking or indemnity with undertaking executed by (a) the corporate secretary or the duly authorized representative of such applicant or bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the bondholder holds, the bonds for its account, or (b) the trust officer, if the applicant is a universal bank authorized under philippine law to perform trust and fiduciary functions and purchase the bonds pursuant to its management of tax-exempt entities (i.e. employee retirement fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the issuer, the registrar and the paying agent of:

   i any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement;
   ii if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption;
   iii if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose;
   iv such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the preferential rate being claimed by the Bondholders on the Interest payments to such Bondholders; provided further that, all sums payable by the Issuer to tax- exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or

preferential rate of reasonable evidence of such exemption or preferential rate treatment to the Registrar and Paying Agent.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Company and the Registrar and Paying Agent may assume that such Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Bondholder, or the receipt by the Company or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of a Bondholder, the Company may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Company.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Bonds to the Selling Agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

If the withholding agent withheld taxes, or withheld the regular rate of tax imposed on interest under the Tax Code, the concerned Bondholder may file a claim for refund from the Philippine taxing authorities on the basis of a tax exemption certificate or ruling, or a certificate confirming the non-resident income recipient's entitlement to treaty benefits.

Transfers taking place in the Registry after the Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, upon submission of account opening documents to the Registry: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed on the Issuer on account of such transfer.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

MINIMUM PURCHASE

A minimum purchase of Fifty Thousand Pesos (₱50,000) for the Bonds shall be considered for acceptance. Purchases for each series of the Bonds in excess of the minimum shall be in multiples of Ten Thousand Pesos (₱10,000).

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to CREIT's exercise of its right of rejection.

ACCEPTANCE OF APPLICATIONS

CREIT and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners reserve the right to accept or reject Applications to Purchase the Bonds, and in case of oversubscription, allocate the Bonds available to the Applicants in a manner they deem appropriate.

REFUNDS

If any Application is rejected or accepted in part only, the Application money or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner with whom such Application to Purchase was made.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date. The Paying Agent shall maintain the Payment Account for six (6) months from Maturity Date or date of early redemption.

Upon closure of the Payment Account, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

PURCHASE AND CANCELLATION

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at market price, in accordance with PDEx Rules, without any obligation to make pro-rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

SECONDARY MARKET

CREIT intends to list the Bonds in the PDEx. CREIT may purchase the Bonds at any time without any obligation to make pro-rata purchases of Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Company, the information contained in this Prospectus, the Bond Agreements and other agreements relevant to the Offer. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds.

The Bonds is offered by the Company under the CPI Green Financing Framework (the "Framework) which was drafted in accordance with the four core components of the ICMA 2021 Green Bond Principles; namely: (a) use of proceeds, (b) process for project evaluation and selection, (c) management of proceeds, and (d) reporting.

The Framework was externally reviewed by Sustainalytics, a Morningstar company and a globally recognized provider of environmental, social and governance research, ratings, and data firm, which provided a second party opinion ("Second Party Opinion") on the CPI Green Financing Framework that the same aligns to the core components of the Green Bond Principles 2021, the Green Loan Principles 2021 and the ASEAN Green Bond Standards 2018. Furthermore, Sustainalytics provided a pre-issuance review ("**Pre-Issuance Review**") on the Bonds that the same aligns with the Framework A copy of the CPI Green Financing Framework is available at https://www.citicorepower.com.ph/, while the Second Party Opinion and Pre-Issaunce Review are available at https://www.citicorepower.com.ph/ and https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects.

A Registration Statement was filed by the Company with the SEC on October 6, 2022. The Bonds shall be constituted by a Trust Agreement executed on January 26, 2023 (the "**Trust Agreement**") entered into between the Issuer and Security Bank Corporation – Trust and Asset Management Group, a division of Security Bank Corporation which is the parent company of one of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, SB Capital Investment Corporation (the "**Trustee**"), which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement.

The terms and conditions ("**Terms and Conditions**") of the Bonds set out below includes summaries of, and is subject to, the provisions of the Trust Agreement. A Registry and Paying Agency Agreement was executed on January 26, 2023 (the "**Registry and Paying Agency Agreement**") in relation to the Bonds between the Issuer and Philippine Depository & Trust Corp. as registrar (the "**Registrar**") and as paying agent (the "**Paying Agent**").

The Bonds shall be offered and sold through a general public offering in the Philippines, and issued and transferable in minimum principal amounts of Fifty Thousand Pesos (₱50,000) and in multiples of Ten Thousand Pesos (₱10,000) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market. The Company currently has no outstanding bank loan, notes or bonded indebtedness.

The Bonds will be repaid at 100% of face value on the Maturity Dates. See "*Description of the Bonds — Redemption and Purchase".*

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Bonds are in scripless form, and shall be issued in minimum denominations of Fifty Thousand Pesos (₱50,000) and in integral multiples of Ten Thousand Pesos (₱10,000) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market.

(b) Title

Legal title to the Bonds shall be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each Applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any sale, transfer or assignment, title to the Bonds shall pass by recording of such sale, transfer or assignment from the transferor to the transferee in the Registry of Bondholders. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, income tax and documentary stamps tax, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or transferee, as applicable..

(c) Bond Rating

The Bonds have been rated PRS Aa+ with a stable outlook by PhilRatings, as of December 9, 2022.

The ratings was assigned by PhilRatings after having considered the following factors:

1. unique portfolio of renewable energy REIT assets that enjoy stable full occupancy from lessees with cycle-resilient operations;
2. reputable Sponsors;
3. strong profitability with high margins; and
4. sound financial position and significant flexibility for expansion

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. After the Issue Date, the Trustee will monitor the compliance of the Bonds with the regular annual reviews**.**

2. TRANSFER OF THE BONDS

(a) Electronic Registry of Bondholders

The Company shall cause the Registry of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds, including any liens and encumbrances thereon, shall be entered into the Registry of Bondholders. As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registry of Bondholders. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Save in the case of manifest error or fraud, the foregoing written statement of registry holdings shall be final and binding on the Bondholder. The Bondholder shall examine such statement and promptly (and in no case more than thirty (30) days from receipt thereof) notify the Registrar in writing of any error and they shall together resolve to correct such error promptly (and in no case more than five (5) Business Days from receipt of the notice by the Registrar), failing which, such transaction advice, statement or report shall be conclusive against the Bondholder. Any requests of the Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Bonds may be made during the Closed Period (as defined below).

(b) Transfers; Tax Status

The Bondholders may transfer their Bonds anytime, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day that is not an Interest Payment Date, tax-exempt entities trading with non tax-exempt entities shall be treated as non tax-exempt entities for the interest period within which such transfer occurred. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified in the section on "Tax-Exempt Status or Entitlement to Preferential Tax Rate" within three (3) days from the settlement date of such transfer.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar and Paying Agent, or the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry. The payment report to be prepared by the Registrar and Paying Agent and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

Subject to the provisions of the Registry and Paying Agency Agreement, the relevant rules, conventions and guidelines of PDEx and PDTC, the following transfers shall be prohibited:

1. transfers by Bondholders with deficient documents; and
2. transfers during a Closed Period. For purposes hereof, "**Closed Period**" means period during which the Registrar and Paying Agent shall not register any transfer or assignment of the Bonds, specifically: (i) the period of two (2) Business Days preceding any Interest Payment Date or the due date for any payment of the Final Redemption Amount of the Bonds; or (ii) the period when any of the Bonds have been previously called for redemption.

For transfers and record updates, notices and communication with the Registrar may be made through the following:

Philippine Depository & Trust Corp.
29th Floor, BDO Equitable Tower, Paseo de Roxas
Makati City

Telephone No: +632 8884-4425

Fax No: +632 8230-3346
E-mail: baby_delacruz@pds.com.ph

(c) Secondary Trading of the Bonds

The Issuer intends to list the Bonds on PDEx for secondary market trading and, for that purpose, the Issuer has filed an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing would be subject to the Issuer's execution of a listing agreement with PDEx that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

The Bonds will be traded in a minimum board lot size of Ten Thousand Pesos (₱10,000), and in multiples of Ten Thousand (₱10,000) in excess thereof for so long as any of the Bonds are listed on PDEX. Secondary market trading in PDEX shall follow the applicable PDEX Rules including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the Bondholders.

3. RANKING

The Bonds constitute direct, unconditional, unsubordinated, and unsecured obligations of the Company and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Company, contingent or otherwise, other than indebtedness mandatorily preferred by operation of law and not by contract, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors' rights generally.

4. INTEREST

(a) Interest and Interest Payment Dates

The Bonds bear interest on its principal amount from and including Issue Date and up to and including the Maturity Date, at the rate of 7.0543% per annum. Interest is payable quarterly in arrears on May 10, August 10, November 10 and February 10 of each year (each, for purposes of this Section, an "**Interest Payment Date**"). If the Interest Payment Date is not a Business Day, interest shall be payable on the subsequent Business Day without adjustment as to the amounts to be paid. However, the last Interest Payment Date shall fall on the Maturity Date.

The cut-off date in determining the existing Bondholders entitled to receive interest, principal or any other amount due under the Bonds shall be the Record Date. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Dates.

(b) Interest Accrual

Each Bond shall accrue and bear interest from the Issue Date up to and including the Maturity Date or Early Redemption Option Dates or date of early redemption other than an Early Redemption Option Date, as discussed in the section on *"Redemption and Purchase",* below, unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see the section on *"Penalty Interest"* below) shall apply.

(c) Determination of Interest Amount

The interest shall be calculated on the basis of a 30/360-day basis, consisting of 12 months of 30 days each, regardless of the actual number of days in a month; provided, however, in the case of an incomplete month, due to reasons such as, but not limited to, trades in the secondary market or early redemption and purchase, interest shall be calculated on the basis of the number of days elapsed on the basis of a month of 30 days.

5. REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, the Bonds shall be redeemed at par or 100% of their face value on the Maturity Date, being February 10, 2028 or five (5) years after the Issue Date. If the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Company through the Paying Agent, without adjustment in computation as to the amount of accrued interest and Final Redemption Amount, on the succeeding Business Day.

Each Bondholder in whose name the Bonds are registered in the Registry at the close of business on the Record Date preceding the Maturity Date shall be entitled to receive the principal amount of the Bonds. In all cases, repayment of the principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

(b) Early Redemption Option

Prior to the Maturity Date, the Company has the right, but not the obligation, to redeem (in whole but not in part) the outstanding Bonds on Early Redemption Option Dates (as defined herein) or the immediately succeeding Business Day without adjustment to the amount of interest and Early Redemption Option Price to be paid if such date is not a Business Day, on the 3rd anniversary from the Issue Date and every Interest Payment Date preceding the 4th anniversary of the Issue Date and on the 4th anniversary from the Issue Date and every Interest Payment Date thereafter (each such date an "**Early Redemption Option Date**" and collectively, the "**Early Redemption Option Dates**").

The amount payable to the Bondholders in respect of the exercise of the Early Redemption Option shall be calculated based on the principal amount of the Bonds being redeemed as the sum of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date, and (ii) the product of the principal amount and the applicable Early Redemption Option Price (except in case of Redemption for Tax Reasons and Change in Law or Circumstance, and Redemption by Reason of Change of Control, as discussed in Section 5 (c) and (d) and (e) below) as set forth in the following schedule:

Early Redemption Option Dates	Early Redemption Option Price

On the 3rd anniversary of the Issue Date and every Interest Payment Date preceding the 4th anniversary of the Issue Date	101%
On the 4thanniversary of the Issue Date and every Interest Payment Date thereafter	100.5%

Provided, that if the relevant Early Redemption Option Date falls on a day that is not a Business Day, then the payment of accrued interest and the Early Redemption Option Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Early Redemption Option Price to be paid.

The Company shall give no less than thirty (30) nor more than sixty (60) days prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Company to effect such early redemption of the Bonds on the Early Redemption Option Date stated in such notice.

Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the interest and Early Redemption Option Price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency AgreemI.

(c) Redemption for Tax Reasons

If payments under the Bonds become subject to additional or increased taxes or are or become subject to taxes and at rates of such taxes other than that prevailing on the Issue Date as a result of certain changes in the law, rule or regulation, or in the interpretation or administration thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Company, the Company may redeem the Bonds in whole, but not in part, only, on any Interest Payment Date (having given no less than thirty (30) nor more than sixty (60) days prior written notice to the Trustee and the Registrar and Paying Agent and subject to the requirements of Applicable Law) at 100% of the face value plus accrued interest computed up to the Interest Payment Date when the Bonds shall be redeemed, subject to the requirements of Applicable Law. Any such redemption made shall not be subject to any penalty.

If the Issuer does not redeem the Bonds, then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of a written notice from the Issuer hereunder, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the bonds subject of the early redemption is registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agree.

(d) Change in Law or Circumstance

Each of the following events shall be considered as a "Change in Law or Circumstance" as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Bonds:

a) Any law, government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, while not constituting an Event of Default, will materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld;
b) Any provision of the Bond Agreements or any of the related documents is, or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provision of the Bond Agreements or any of the related documents, in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Bond Agreements, or any of the related documents;
c) Any concessions, permits, rights, franchise or privileges for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, for any reason, in such manner as to materially and adversely affect the financial conditions or operations of the Issuer; and
d) The Republic of the Philippines or any government or competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer, or to condemn, seize, nationalize or expropriate the Issuer or all or substantially all of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or suspended or restrained by an order of a court of competent jurisdiction.

If any one or more of the above Change in Law or Circumstance events shall occur, in the reasonable opinion of the Majority Bondholders, and be continuing for a period of fifteen (15) Business Days with respect to the events contemplated in (i) or (iii) above then, the Trustee, by notice in writing delivered to the Issuer, may declare the principal of the Bonds in whole, and not in part only, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty that is imposed under an optional redemption, subject to the notice requirements under the Trust Agreement, provided that, such notice shall not be deemed either caused by a default under the Trust Agreement, or a notice of default under the Trust Agreement.

(e) Redemption by Reason of Change of Control

Upon the occurrence of a Change of Control, the Majority Bondholders may require the Issuer to redeem all (but not some) of the Bonds at 100% of face value, which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Majority Bondholders may require the Issuer to repurchase all the Bonds in whole, and not in part only, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). The decision of the Majority Bondholders shall be conclusive and binding upon all the Bondholders.

Each Bondholder in whose name the Bonds are registered in the Registry at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

(f) Purchase and Cancellation

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

6. PAYMENTS

The principal of, interest on and all other amounts payable on the Bonds shall be paid by the Company to the Bondholders through the Paying Agent pursuant to the Registry and Paying Agency Agreement. On each Payment Date, on the basis of the payment report submitted by the Registrar to the Company, the Company shall transfer to the Paying Agent for deposit into the Payment Account such amount as may be required for the purpose of the payments due on the relevant Payment Date. The Paying Agent shall pay, or cause to be paid, on behalf of the Company on each Payment Date the total amounts due in respect of the Bonds by crediting, net of taxes and fees, the cash settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos. The Paying Agent shall generate and send to each Bondholder a credit advice of payments credited to their account.

The Company will ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds and the Company or the Paying Agent may only terminate the appointment of the Paying Agent, as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place.

In the event that the details of the cash settlement account indicated by the relevant Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the relevant Bondholders has been closed, dormant, or inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, then until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed, such payment shall either be retained in a suspense account with the relevant cash settlement bank or returned to the payment account, or otherwise disposed of by the cash settlement bank, in each case in accordance with the standard operating procedures of the relevant cash settlement bank.

In these cases, the Issuer and the Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

7. PAYMENTS OF ADDITIONAL AMOUNT - TAXATION

(a) Interest income

Interest income on the Bonds is subject to a withholding tax at rates that range from 10.0% to 25.0%, depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however that, the Issuer shall not be liable for the following:

a) The withholding tax applicable on interest earned on the Bonds prescribed under the National Internal Revenue Code of 1997, as amended and its implementing rules and regulations as may be in effect from time to time, (the "Tax Code"); provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Selling Agent or PDEx Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR;
b) Gross Receipts Tax under Section 121 of the Tax Code;
c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
d) Value-Added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963; and
e) Any applicable taxes on any subsequent sale or transfer of the Bonds by any Bondholder which shall be for the account of such Bondholder (or its buyer, as the Bondholder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

(b) Tax-Exempt Status or Entitlement to Preferential Tax Rate

A Bondholder who is exempt from the withholding tax or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

a) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto; and tax-exempt Personal Equity Retirement Account (PERA) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA administrator;

b) with respect to tax treaty relief, the issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign bondholder by relying on the submission by such bondholder of the following documents before the interest income is paid:

i BIR Form No. 0901 or Application Form for Treaty Purposes;
ii Authenticated or or apostilled Tax Residency Certificate duly issued by the relevant foreign tax authority in favor of the Bondholder;
iii The relevant provision of the applicable tax treaty which prescribes a reduced rate of, or exemption from, withholding at source on the income derived by a nonresident taxpayer from all sources within the Philippines, as required under BIR Revenue Memorandum Order No. 14-2021; and
iv Duly notarized, consularized or apostilled, if executed outside the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief.

Failure to submit these documents will lead to withholding using the regular rates prescribed under the Tax Code, as amended, for nonresident foreign corporations or nonresident aliens not engaged in trade or business, as the case may be, and not the treaty rate.

If the tax treaty rate was applied by the Issuer, it will file with the BIR's International Tax Affairs Division ("ITAD") a request for confirmation of the use of the tax treaty rate after the payment of the withholding tax no later than the last day of the fourth month following the close of the relevant taxable year with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties.

In case the Issuer used the regular rate under the Tax Code, the non-resident foreign Bondholder may file a tax treaty relief application ("TTRA") with ITAD after it has received the dividend income with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the Bondholder may apply for a refund of excess withholding tax within the two- year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the TTRA.

c) a duly notarized affidavit with undertaking or indemnity with undertaking executed by (a) the corporate secretary or the duly authorized representative of such applicant or bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the bondholder holds, the bonds for its account, or (b) the trust officer, if the applicant is a universal bank authorized under philippine law to perform trust and fiduciary functions and purchase the bonds pursuant to its management of tax-exempt entities (i.e. employee retirement fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the issuer, the registrar and the paying agent of:

i any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement;
ii if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption;

iii if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose;

iv such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the preferential rate being claimed by the Bondholders on the Interest payments to such Bondholders; provided further that, all sums payable by the Issuer to tax- exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or preferential rate of reasonable evidence of such exemption or preferential rate treatment to the Registrar and Paying Agent.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Company and the Registrar and Paying Agent may assume that such Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Bondholder, or the receipt by the Company or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of a Bondholder, the Company may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Company.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Bonds to the Selling Agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

If the withholding agent withheld taxes, or withheld the regular rate of tax imposed on interest under the Tax Code, the concerned Bondholder may file a claim for refund from the Philippine taxing authorities on the basis of a tax exemption certificate or ruling, or a certificate confirming the non-resident income recipient’s entitlement to treaty benefits.

Transfers taking place in the Registry after the Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, upon submission of account opening documents to the Registry: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed on the Issuer on account of such transfer.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

(c) Tax on Fees of Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners

All payments to be made by the Issuer to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners (in respect of issue management and underwriting fees paid by the Issuer) will be made without withholding or deduction for, or account of, any Taxes (as defined below) other than creditable withholding taxes, duties, assessments or charges imposed by the Philippine Government of whatsoever nature, present or future.

For the purposes of this Section, "Taxes" shall refer to any present and future taxes (including, without limitation, final withholding tax, DST, VAT or such substitute tax as may be imposed on banks and financial institutions), provided that the Issuer shall have no liability with respect to creditable withholding taxes and any taxes on the overall net income of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. In the event that such deduction or withholding is required to be made, the Issuer will be obliged to gross-up its payments in order that the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners will receive the full amount which otherwise would have been due and payable as if no such deduction or withholding had been made.

8. FINANCIAL COVENANT

The Issuer shall remain, for as long as any of the Bonds remain outstanding, compliant with the Aggregate Leverage Limit imposed by the REIT Law.

Under the REIT Law, the total borrowings and deferred payments of a REIT not exceeding, thirty-five percent (35%) of its deposited property, provided, however, that 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 property and provided further that in no case shall its fund manager borrow for the REIT from any of the funds under its management.

9. NEGATIVE PLEDGE

So long as any Bond remains outstanding, the Company will not, and shall procure that none of its subsidiaries (if any) will, directly or indirectly, incur or suffer to exist any Lien upon any of its assets and revenues, present or future, or enter into any loan facility agreement secured by or to be secured by a Lien upon any of its present or future assets and revenues or sell, transfer or otherwise dispose of any of their respective assets by way of, or as a form of, security for any indebtedness or where the intent or effect is to create a Lien on such transferred assets, unless it has made or will make effective provisions, satisfactory to the Majority Bondholders, in the Bondholders' absolute discretion, whereby the Lien thereby created will secure, on an equal first ranking and ratable basis, any and all the obligations of the Issuer hereunder and such other Debt which such Lien purports to secure; provided, that the foregoing restriction shall not apply to the Permitted Liens.

10. EVENTS OF DEFAULT

The Company shall be considered in default under the Bonds and the Trust Agreement in case any of the following events (each an "**Event of Default**") shall occur and is continuing:

(a) Payment Default

The Company fails to pay any of the principal, interest and fees or any other sum payable by the Company under the Bonds and the Trust Agreement, as and when due and payable at the place and in the currency in which it is expressed to be payable, except that the late payment of principal, interest and fees or any other sum payable by the Company under the Bonds and the Trust Agreement arising solely due to a technical reason not attributable to the fault or negligence of the Company affecting the transfer of funds despite timely instruction having given by the Company shall not result in an Event of Default, provided that such non-payment or late payment due to technical reason shall be remedied immediately and payment is made within three (3) Business Days after the date such payment is due.

(b) Representation Default

Any representation or warranty made or repeated by the Company under the Bonds or the Trust Agreement, or in any certificate delivered by the Issuer under the Trust Agreement, is untrue incorrect or misleading in any material respect when made or deemed to have been made or repeated, and the circumstances which cause such representation or warranty to be untrue, incorrect or misleading continue and the same is not cured within a period of fifteen (15) Business Days (or such longer period as the Majority Bondholders shall approve) after written notice of such failure given by the Trustee is received by the Company.

(c) Closure Default

The Company suspends or discontinues all or a substantial portion of its business operations, whether voluntarily or involuntarily, for a continuous period of thirty (30) calendar days except when due to fortuitous events or force majeure provided that in any such event of fortuitous events or force majeure, there is no or there will be no Material Adverse Effect.

(d) Other Provisions Default

The Company fails to perform or comply with or violates any provision, term, condition, obligation or covenant found in the Trust Agreement which would materially and adversely affect the ability of the Company to meet its obligations under the Trust Agreement and such failure, non-compliance or violation is not remediable or, if remediable, shall continue to be unremedied during the applicable grace period or, in the absence of such grace period, within a period thirty (30) days (or such longer curing period granted to the Issuer by the Majority Bondholders) after written notice of such failure given by the Trustee is received by the Company.

(e) Cross Default

The Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violates any material term or condition of any contract executed by the Company with any bank, financial institution or other person, corporation or entity for borrowed money which constitutes an event of default under said contract, which breach violation, if remediable, is not remedied by the Company within fifteen (15) Business Days from receipt of notice by the Trustee to the Company, or which violation is otherwise not contested by the Company, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity and which violation shall, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Company of its obligations under the Trust Agreement and the Bonds; provided, however, that event of default shall not occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or exceeds Three Hundred Fifty Million Pesos (₱350,000,000.00).

(f) Inability to Pay Debts; Bankruptcy Default

The Company becomes insolvent or is unable to pay its Debts when due or commits or suffers any act of bankruptcy, which term shall include:

1. the issuance of a decree or order by a court or other Governmental Authority having jurisdiction is entered without the consent or application of the Company:

    a) adjudging the Company bankrupt or insolvent;

    b) approving a petition seeking a suspension of payments by or a rehabilitation or reorganization of the Company under any applicable bankruptcy, insolvency, rehabilitation or reorganization law;

    c) appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Company;

    d) providing for the winding-up or liquidation of the affairs of the Company;

    e) directing (provisionally or otherwise) the rehabilitation, administration, liquidation, winding-up or dissolution of the Company; or

    f) taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (5) above (inclusive);

    Provided, that, the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within sixty (60) days from issuance thereof;

2. the institution by the Company of voluntary proceedings to be adjudicated bankrupt or insolvent or consenting to the filing of a bankruptcy or insolvency proceeding against it;

3. the filing of a petition, by or against the Company, in any bankruptcy, insolvency, administration, suspension of payment, rehabilitation, reorganization (other than a labor or management reorganization), winding-up, dissolution, moratorium or liquidation proceeding of the Company, or any other proceeding analogous in purpose and effect, unless for such petition filed against the Company, it is contested in good faith by the Company in appropriate proceedings or otherwise dismissed by the relevant court within sixty (60) days from the filing of such petition;

4. seeking or consenting to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;

5. the making of a general assignment by the Company for the benefit of its creditors;

6. the admission in writing by the Company, through its President, Chief Executive Officer, Chief Operating Officer or Chief Finance Officer or other authorized officer, of its general inability to pay its Debts generally as they become due;

7. the entry of any order of judgment of any competent court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Company or approving any reorganization, winding-up or liquidation of the Company, unless withdrawn or revoked by the appropriate court, tribunal or administrative agency or body within 60 days from entry of such order of judgment;

8. the lawful appointment of a receiver or trustee to take possession of a substantial portion of the properties of the Company, unless contested in good faith by the Company in appropriate proceedings;

9. takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it (including, without limitation, any out-of-court or informal restructuring agreements or rehabilitation plans under the Financial Rehabilitation and Insolvency Act (Republic Act No. 10142));

10. the taking of any corporate action by the Company to authorize any of the foregoing, unless withdrawn or rescinded within 60 days from the taking of such action.

(g) Expropriation

Any act or deed or judicial or administrative proceedings in the nature of an expropriation, confiscation, nationalization, acquisition, seizure, sequestration or condemnation of or with respect to all or a material part of the business and operations of the Company, or all or substantially all of the property or assets of the Company, shall be undertaken or instituted by any Governmental Authority, unless such act, deed or proceeding is otherwise contested in good faith by the Company in an appropriate proceeding.

(h) Judgment Default

A final and executory judgment, decree or order for the payment of money, damages, fine or penalty is rendered by a court of competent jurisdiction or arbitral body against the Company or its properties or assets from which no appeal may be made and which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged forty-five (45) days from the date when payment of such judgment, decree, order or award is due under the terms thereof, Applicable Law or relevant contract or agreement.

(i) Attachment

An attachment or garnishment of or levy upon any of the properties of the Company is made which materially and adversely affects the ability of the Company to pay its obligations under the Bonds and is not discharged or stayed within forty-five (45) days (or such longer period as the Company satisfies the Majority Bondholders is appropriate under the circumstances) of having been so imposed.

(j) License Default

Any governmental consent, license, approval, authorization, permit, right, privilege, declaration filing or registration which is granted or required in connection with the Bond Agreements or the Bonds expires or is terminated, revoked or modified in any manner unacceptable to the Trustee and the result thereof is to make the Company unable to discharge its obligations.

(k) Material Adverse Change

There has been, in the reasonable determination of the Trustee, a material change in the financial condition of the Company which will materially and adversely affect the Company's ability to perform its obligations under the Bonds and the Bond Agreements or there has been an event or circumstance that has or will have a Material Adverse Effect has occurred and is continuing.

(l) Contest

The Company (acting through its President, Chief Executive Officer, Chief Operating Officer or Chief Finance Officer) shall contest in writing the validity or enforceability of the Bonds or shall deny in writing the general liability of the Company under the Bonds.

(m) Assessments

There has been an assessment or governmental charge levied upon the Company or against its properties, which have a Material Adverse Effect and are not contested in good faith by the Company, or after the lapse of any grace period that may have been granted to the Company by the BIR or any other Philippine tax body or authority.

The Company shall promptly deliver to the Trustee a written notice of any Event of Default upon the Company becoming aware of such Event of Default. The Trustee shall notify the Bondholders of the receipt of any such certificate or notice.

The Trustee may call for and rely on a resolution of the Majority Bondholders to determine whether an Event of Default is capable or incapable of remedy and/or an event may adversely and materially affect the performance by the Company of its obligations under the Trust Agreement and the Bonds.

11. CONSEQUENCES OF DEFAULT

Subject to the terms of the Trust Agreement, the Trustee shall, within five (5) Business Days after receiving written notice from the Issuer or the Majority Bondholders of the occurrence of an Event of Default, or having knowledge, of the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it unless the same shall have been cured before the giving of such notice, provided, that in the case of a Payment Default, the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

If any one or more of the Events of Default shall have occurred and be continuing without the same being cured within the periods provided in the Trust Agreement and in these Terms and Conditions, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee may on its own, or upon the written direction of the Majority Bondholders, by notice in writing deliver to the Company, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, in each case with a copy furnished to the Registrar and Paying Agent, declare the Issuer in default ("**Declaration of Default**") and declare the principal of the Bonds then outstanding, including all accrued interest and other charges thereon, if any, to be immediately due and payable, with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the Registry and Paying Agency Agreement. Thereupon the Issuer shall make all payments due on the Bonds in accordance with the Registry and Paying Agency Agreement.

All the unpaid obligations under the Bonds, including accrued Interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable according to this section, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company.

The provisions of this section, however, are subject to the condition that the Majority Bondholders, by written notice to the Issuer and to the Trustee, may rescind and annul any Declaration of Default made by the Trustee upon such terms, conditions and agreements, if any, as they may determine; *provided*, that no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereto; provided, however, that this right of the Majority Bondholders to rescind and annul any Declaration of Default shall not apply to the Events of Default that cannot be waived by Majority Bondholders as described in Sections 10 (a), (c), (e) and (f) above. Any such rescission and annulment of a Declaration of Default shall be conclusive and binding upon all the Bondholders and upon all future holders and owners of the Bonds, or of any bond issued in lieu thereof or in exchange therefor.

12. NOTICE OF DEFAULT

The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila, Philippines for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentment of sufficient and acceptable identification to the Trustee.

13. PENALTY INTEREST

In case any amount payable by the Company under the Bonds, whether for principal, interest, fees or otherwise, is not paid on the relevant date, the Company shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 12% p.a. (the "**Penalty Interest**") from the time the amount falls due until it is fully paid in accordance with the Terms and Conditions of this Offer and the Trust Agreement.

14. PAYMENT IN THE EVENT OF DEFAULT

The Company covenants that upon the occurrence of any Event of Default, and *provided* that there has been a Declaration of Default pursuant to Section 11:

a) The Company will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Company also undertakes that it shall give the Trustee written notice of its intention to make any payments under this Section 14(a); and

b) The Company shall have the right to require the Registrar and the Paying Agent, upon demand in writing, to do the following:

   i to hold all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; and/or
   ii deliver all evidence of the Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such demand;

provided, that such demand shall be deemed not to apply to any documents or records which the Paying Agent or the Registrar is not allowed to release by any law or regulation; and/or

iii subject to the terms of the Registry and Paying Agency Agreement, apply any money received from the Company pursuant to this Section in the order of preference provided in Section 15.

15. APPLICATION OF PAYMENTS

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows:

a) *first,* to the pro-rata payment to the Trustee, the Paying Agent and the Registrar, of the reasonable and documented costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable and documented expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Company in connection with the Bonds;

b) *second,* to the payment of the Penalty Interest, in the order of the maturity of such interest;

c) *third,* to the payment of all outstanding interest, in the order of maturity of such interest, based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement;

d) *fourth* to the payment of the principal amount of the Bonds then due and payable based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement; and

e) *fifth,* the remainder, if any shall be paid to the Company, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the written conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

16. PRESCRIPTION

Claims with respect to principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years from the date on which payment becomes due.

17. REMEDIES

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion in the section below on *"Ability to File Suit".*

Unless prescribed pursuant to Section 16, no delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. ABILITY TO FILE SUIT

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Company hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless all of the following conditions have been fulfilled: (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made a written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee, for 60 days after the receipt of such notice and request, shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no Bondholder shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders. For the protection and enforcement of this Section 18, each Bondholder and the Trustee shall be entitled to such relief as can be given under Applicable Law.

19. WAIVER OF DEFAULT BY THE BONDHOLDERS

The Majority Bondholders (a) may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or (b) may, for and on behalf of the Bondholders, waive any past default, except the Events of Default specified in Sections 10 (a), (c), (e) and (f) above. In case of any such waiver, written notice of which shall be given to the Company by the Trustee and the Company, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

20. TRUSTEE; NOTICES

(a) Notice to the Trustee

All documents required to be submitted to the Trustee or the Issuer and all other notices, requests and other communications pursuant to the Bonds, the Trust Agreement and the Prospectus and all correspondence addressed to the Trustee or Issuer (as applicable) shall be delivered to:

To the Issuer:	Citicore Energy REIT Corp.
Attention:	Mia Cortez
Subject:	CREIT ASEAN GREEN Bonds
Address:	11th Floor, Santolan Town Plaza 276 Col Bonny Serrano Avenue San Juan City
Mobile No.:	63917 8595465
Email Address:	mcortez@crec.com.ph

To the Trustee:	Security Bank Corporation – Trust and Asset Management Group
Attention:	Ma. Rosary Christabel S. Ramos
Subject:	CREIT ASEAN GREEN Bonds
Address:	7th Floor Security Bank Centre, 6776 Ayala Ave.,
Mobile No.:	63 (917) 591-7056
Email Address:	mramos@securitybank.com.

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery; and (ii) if delivered by mail or email in the manner described above to the address as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered pursuant to this paragraph). Further, for purposes of transmitting notices or other communications via electronic mail or electronic transmission, the Issuer and the Trustee hereby agree to comply with the terms of the Electronic Instructions set out in the Trust Agreement. Each of the Trustee and the Issuer may from time to time change its address or other information for the purpose of notices hereunder by giving notice specifying such change to the other parties pursuant to the notice procedure under this paragraph.

Any notice, report or communication received on a non-working day or after business hours in the place of receipt will only be deemed given on the next working day in that place.

(b) Notice to the Bondholders

Except where the Bonds and the Bond Agreements specifically require another party to send notice to the Bondholders, the Trustee shall be obligated to send any and all notices to the Bondholders as may be required or necessary under the Bonds and the Bond Agreements, it being understood, however, that for purposes of fulfilling its obligations to deliver such notices, the Trustee shall be entitled to rely on the Registry in determining the Bondholders entitled to notice and their respective contact details.

Except where a specific mode of notification is provided for herein or in the in the Bond Agreements, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) by publication for at least once a week for two (2) consecutive weeks in at least two (2) newspapers of general circulation in the Philippines; or (iii) personal delivery to the address of record in the Electronic Registry of Bondholders; (iv) e-mail; (v) ordinary mail; or(vi) disclosure through the Online Disclosure System of the PDEx. The Trustee shall rely on the Electronic Registry of Bondholders in determining the Bondholders entitled to notice. If notices to Bondholders shall be sent by mail or personal delivery, such notices shall be sent to the mailing address of the

Bondholders as set forth in the Registry. All notices shall be deemed to have been received (i) ten days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by ordinary mail; (iii) on date of last publication, if notice is made by publication; (iv) on date of delivery, for personal delivery; (v) on the date of receipt of the e-mail in readable form; (vi) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX. Further, for purposes of transmitting notices or other communications via electronic mail or electronic transmission, the Bondholders shall comply with the terms of the Electronic Instructions set out in Annex E of the Trust Agreement.

21. DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, among others and in accordance with the terms and conditions of the Trust Agreement:

   (i) coordinate with the Issuer, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Registrar and the Paying Agent in relation to the performance of their respective responsibilities under the relevant agreements;
   (ii) have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificate of Indebtedness for the Bonds;
   (iii) monitor the compliance or non-compliance by the Company with all its representations and warranties, and the observance by the Company of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement;
   (iv) monitor compliance by the Registrar and the Paying Agent with their respective functions and responsibilities prescribed under the Registry and Paying Agency Agreement;
   (v) Report regularly to the Bondholders any non-compliance by the Issuer with the Trust Agreement and any development with respect to the Issuer of which the Trustee may have actual notice or knowledge of based on official disclosures to PDEx, PSE, SEC or other regulatory agencies;
   (vi) act on behalf of the Bondholders including calling for and/or attending meetings of the Bondholders; and
   (vii) safekeep all records including the Master Certificate of Indebtedness, the Prospectus and the SEC registration.

b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. The Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, exercise in the management of their own affairs.

c) None of the provisions contained in the Trust Agreement or Prospectus shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

22. RESIGNATION AND CHANGE OF TRUSTEE

The Trustee may at any time resign by giving ninety (90) days prior written notice to the Company and to the Bondholders of such resignation.

Upon receiving such notice of resignation of the Trustee, the Company shall immediately appoint a successor trustee who shall be acceptable to the Majority Bondholders by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee or any Bondholder who has been a *bona fide* holder for at least the immediately preceding six (6) months (the "*Bona Fide* Bondholder") may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.

A successor trustee should possess all the qualifications required under pertinent laws and shall be bound by the terms of the Trust Agreement as stipulated in Section 23 hereof; otherwise, the incumbent trustee shall continue to act as such.

In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Company may within 30 days from such time remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If the Company fails to remove the Trustee concerned and appoint a successor trustee, any *bona fide* Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee with the consent of the Company (provided that no consent shall be required if there has been an occurrence of an Event of Default), by the delivery to the Trustee so removed, to the successor trustee and to the Company of the required evidence of the action in that regard taken by the Majority Bondholders pursuant to the Trust Agreement. Such removal shall take effect thirty (30) days from receipt of such notice by the Trustee. If no successor trustee shall have been appointed within ninety (90) days from the receipt of the Issuer of the written evidence of the action taken, the Majority Bondholders may appoint a successor trustee without the consent of the Company. This is without prejudice to whatever remedies may be available to the Majority Bondholders under the law or in equity.

Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions of the Trust Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement (the "**Resignation Effective Date**") provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by the Company.

Within ten (10) days from the effectiveness of the resignation or removal of the outgoing trustee and the appointment of the successor trustee, the outgoing trustee shall transfer and turn over to the successor trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the outgoing successor, if any.

23. SUCCESSOR TRUSTEE

The Successor Trustee must have the following qualifications:

a) it is a financial institution duly organized, validly existing, in good standing under and by virtue of the laws of the Philippines with full powers and authority to undertake its duties as trustee and duly authorized by the BSP to engage in trust and other fiduciary business;

b) it must be a third party that has no Subsidiary/Affiliate or any other relationship with the Company which would undermine its independence, including any conflict of interest under the Trust Agreement; and

c) it must have an adequate risk management and must be sufficiently capitalized as evidenced by its compliance with the risk-based capital adequacy ratio prescribed under applicable BSP regulations.

Any successor trustee appointed shall execute, acknowledge and deliver to the Company and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Company or of the successor trustee, the predecessor Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the predecessor Trustee so ceasing to act as such. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

No successor trustee shall accept appointment unless at the time of acceptance such successor trustee shall be qualified and eligible under the provisions of the Trust Agreement above and has none of the conflicts of interest under the Trust Agreement.

Upon acceptance of the appointment by a successor trustee, the Company shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines of the appointment of a successor trustee to the trustee herein provided. If the Company fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the successor trustee, the latter shall cause the Bondholders to be notified at the expense of the Company.

24. REPORTS TO THE BONDHOLDERS

a) The Trustee shall submit to the Bondholders on or before March 1 of each year from the relevant Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

    i. The property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and

    ii. Any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

b) The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent of the aggregate outstanding principal amount of the Bonds at such time.

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

i. Trust Agreement
ii. Registry and Paying Agency Agreement
iii. Articles of Incorporation and By-Laws of the Company
iv. Registration Statement of the Company with respect to the Bonds

25. MEETINGS OF THE BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of deciding any matter subject to the approval, consent or action of, or of taking any actions authorized to be taken by or on behalf of the Bondholders representing the relevant percentage of the outstanding principal amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

(a) Notice of Meetings

The Trustee, on its own accord or upon the written request of the Company,, may at any time call a meeting of the Bondholders, or the Bondholders representing least 25% of the outstanding principal amount of Bonds may direct in writing the Trustee to call a meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders, to take up any authorized action under the Bonds, the Trust Agreement or under Applicable Law, to be held at such time and at such place or via such mode (as applicable) as the Trustee shall determine.

Notice of every meeting of the Bondholders (which notice must state the purpose thereof such meeting in reasonable detail and set forth the time, place, mode (as applicable), requirements and procedures for participating and voting therein), shall be sent by the Trustee to the Company and to each of the registered Bondholders not earlier than forty five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published once in a newspaper of general circulation as provided in the Trust Agreement; provided, that if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the notice shall be made at least five (5) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Company within fifteen (15) days from receipt of the duly supported billing statement.

The Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than forty-five (45) days before the date of the meeting; provided, that if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the record date shall not be earlier than fifteen (15) days before the date of the meeting

(b) Failure of the Trustee to Call a Meeting

In case at any time the Company or the Bondholders representing least 25% of the outstanding principal amount of the Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Company or the Bondholders in the amount above specified shall be entitled to send and publish the appropriate notice of the Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the Trust Agreement. The costs for calling such meeting and sending and publishing such notice of meeting shall be for the Trustee's account.

(c) Quorum

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement, which list shall include all (a) the complete names of the Bondholders (including the name of the authorized representative of the Bondholder, where applicable), (b) the amount of Bonds held by the Bondholders as of the relevant record date, (c) the complete address and contact details of the Bondholders, (d) the specimen signatures of the Bondholders' authorized signatories, and (e) such other information necessary to the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee). The Registrar shall, and the Issuer shall cause the Registrar to, provide the Trustee with a list of Bondholders and the foregoing information at least five (5) Business Days upon receipt of written request from the Trustee.

(d) Procedure for Meetings

The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Company or by the Bondholders, as provided under *"Description of Bonds – Failure of the Trustee to Call a Meeting"*, in which case the Company or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.

The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in *"Description of the Bonds – Voting Rights".* The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request, provided that the cost of furnishing the same to the requesting party shall be for such person's account

Any meeting of the Bondholders duly called may be adjourned from time to time for a period or periods not to exceed in the aggregate of one year from the date for which the meeting shall originally have been called and the meeting so adjourned may be held upon written agreement by the Company and the Bondholders on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one or more Bonds as reflected in the Registry on the relevant record date fixed by the Trustee, the Issuer or the Majority Bondholders (as the case may be) pursuant to the Trust Agreement, or a Person appointed by a public instrument as proxy by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) as of and for the date of the said meeting. Bondholders shall be entitled to one vote for every ₱1.00 worth of Bonds. The only persons who shall be entitled to be present or to participate at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting and any representatives of the Trustee, the Company and their respective legal counsels.

(f) Voting Requirement

Except as provided in *"Description of the Bonds - Amendments"* or as otherwise provided in the Trust Agreement and these Terms and Conditions, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement (please refer to the preceding discussion in the section on *"Quorum"*). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as provided in the Trust Agreement shall be binding upon all the Bondholders, the Trustee and the Company as if the votes were unanimous.

(g) Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (which are not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit. The minutes of each meeting and any resolution made thereat shall be taken by the Trustee.

26. AMENDMENTS

The Company and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Terms and Conditions of the Bonds and the Bond Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver thereafter and provided, finally, that the Trustee shall be held free and harmless in determining in good faith whether the amendment and/or waiver is formal or substantial.

The Company, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may amend or supplement the Terms and Conditions of the Bonds and the Bond Agreements with the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Bonds). However, without the consent of each Bondholder affected thereby, any such amendment or supplement may not:

1. reduce the percentage amount of Bonds outstanding that is required to be obtained under these Terms and Conditions and the Bond Agreements for their consent to or approval of any amendment or supplemental agreement or any waiver provided for in these Terms and Conditions or the Bond Agreements;

2. reduce the rate of or extend the time for payment of interest and principal on any Bond;

3. reduce the principal amount of or extend the the Maturity Date of any Bond;

4. impair the right of any Bondholder to receive payment of principal of and interest on such Bond holdings on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Bond holdings or Bondholder;

5. reduce the amount payable upon the redemption or repurchase of any Bond under the Terms and Conditions or change the time at which any Bond may be redeemed;

6. make any Bond payable in money other than that stated in the Terms and Conditions;

7. subordinate the Bonds to any other obligation of the Company;

8. release any security interest that may have been granted in favor of the Bondholders;

9. amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders;

10. affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders; or

11. make any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment or supplement, but it shall be sufficient if such consent approves the substance thereof. After an amendment or supplement under this Condition becomes effective, the Company shall send a notice generally describing such amendment or supplement to the Bondholders in the manner provided in the section entitled "*Notices".*

Any consent given pursuant to this Section shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Bonds.

27. EVIDENCE SUPPORTING THE ACTION OF THE BONDHOLDERS

Wherever in the Trust Agreement it is provided that the Bondholders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with the procedure set forth in *"Description of the*

Bonds – Voting Rights", or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

28. NON-RELIANCE

Each Bondholder represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Company on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Bonds on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature with respect to the Trustee's performance of its obligations under the Trust Agreement, except those arising from the Trustee's gross negligence fraud, evident bad faith, wilful misconduct or breach of Applicable Law.

29. WAIVER OF PREFERENCE OR PRIORITY

The obligations created under the Bonds shall not enjoy any priority or preference or special privilege whatsoever over any Debt of the Issuer. Accordingly, whatever priorities or preferences that this Agreement may have, or any Person deriving a right hereunder may have under Article 2244(14)(a) of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. Each Bondholder waives its right to the benefit of any preference or priority over the Bonds accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines. This waiver and renunciation of the priority or preference under Article 2244(14)(a) of the Civil Code of the Philippines shall be automatically revoked (or deemed not given) in the event that any other Debt of the Company has a priority or preference under Article 2244(14) which is not otherwise waived by the party to which priority or preference has been granted and such priority or preference is invoked against the Bonds or should any bank, lender or creditor to the Issuer or any claimant against the Issuer have a preference or priority over amounts owing under their respective agreements as a result of a notarization, and the Issuer has not either procured a waiver of this preference to the satisfaction of the Trustee in respect of the Bonds and the Trust Agreement or equally and ratably extended such preference to the Bondholders as determined by the Trustee.

30. NO SET-OFF

If at any time the Trustee has any funds of the Issuer or any Bondholder or has any indebtedness to the Issuer or any Bondholder, the Trustee shall not, at any time, set off and apply any such funds or indebtedness against any obligations to the Trustee of the Issuer or any Bondholder to the Trustee that may now or hereafter exist under this Agreement or the Bonds.

31. VENUE

Any suit, action, or proceeding arising out of, or relating to, the Bonds or this Agreement shall be brought before the proper courts of the City of San Juan or the City of Makati, to the exclusion of all other courts and the Parties submit to the exclusive jurisdiction of such court for the purpose of any such suit, action, proceeding or judgment, the Issuer and the Trustee (for itself and on behalf of the Bondholders) expressly waiving any other venue.

32. GOVERNING LAW

The Bond Agreements are governed by, and shall be construed in accordance with Philippine law.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

CREIT's common shares are traded in the Main Board of 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 for CREIT's common shares as reported to the PSE:

2022	High	Low
First Quarter (January – March)	2.84	2.55
Second Quarter (April – June)	2.67	2.34
Third Quarter (July - September)	2.49	2.17

The closing price per share of CREIT's common shares as of September 30, 2022 was 2.24.

As of September 30, 2022, there are 6,545,454,004 outstanding common shares registered in the names of the following:

Stockholder	Number of Common Shares Held	Percentage of Total Shares
CREC	3,117,641,132	47.63%
PCD Nominee Corporation (Filipino)	2,260,455,722	34.53%
CST1	918,720,864	14.04%
PCD Nominee Corporation (Non-Filipino)	248,545,278	3.80%
Villanueva, Myra P.	40,000	nil
Villanueva, Milagros P.	20,000	nil
Villanueva, Myrna P.	20,000	nil
Cabreza, Marietta V.	10,000	nil
Ramos, Jennifer T.	1,000	nil
Coronel, Leonilo G.	1	nil
Dela Cruz, Jez G.	1	nil
Ferrer, Manuel Louie B.	1	nil
Juan, Pacita U.	1	nil
Layug, Jose M.	1	nil
Saavedra, Edgar B.	1	nil
Tan, Oliver Y.	1	nil
Uychaco, Elizabeth Anne C.	1	nil
Total	6,545,454,004	100.00%
Shares Owned by Foreigners	248,545,278	3.80%

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

DIVIDENDS

The REIT Law expects a REIT to distribute annually a total of at least 90% of its Distributable Income. The Company has adopted a policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 95% of the Company's annual Distributable Income no later than the last day of the fifth month following the close of the fiscal year of the Company. A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of its outstanding capital stock. Such shareholder's approval may be given at a general or special meeting duly called for such purpose.

The Company uses the Adjusted funds from operations ("AFFO") as a basis of computing its dividends for the past three quarters. AFFO is calculated by subtracting from Funds from operations ("FFO") the recurring capital expenditures that are capitalized by the Company and then amortized, but which are necessary to maintain the Company's properties and its revenue stream. "Recurring capital expenditure" comprises capital expenditures required for maintenance including major repairs, overhauls, and major replacement parts for equipment. Capital expenditures are spending for acquisition or major maintenance that will preserve, improve or prolong the useful life of an existing asset. FFO is equal to net income, excluding gains or losses from sales of property, and adjusted by adding back non-cash expenses such as the effect of straight line adjustment on rental income based on PFRS 16, depreciation of property, plant and equipment, and amortization of right-of-use assets. The Company believes that the use of FFO and AFFO, combined with the required PFRS presentations, improves the understanding of the Company's operating results among investors. AFFO is an important measurement because the Company's leases generally have contractual escalations of base rents that are not directly observable in the Company's statements of total comprehensive income due to application of straightline method of recognizing rental income. Non-cash expenses such as depreciation on property, plant and equipment and amortization of right-of-use assets are added while capital expenditures on existing investment properties are deducted in the calculation of AFFO. Hence, the Company believes that AFFO provides a better measure of its dividend-paying capability. AFFO should not be considered as an alternative to cash flows from operating activities (calculated pursuant to PFRS) as an indicator of the Company's liquidity.

Since its listing, CREIT has consistently declared and paid out cash divideds as follows:

Date Approved	Record Date	Type	Amount	Date of Payment	% to Distributable Income
03/09/2022	03/28/2022	Common	P229.09M	03/31/2022	102%
05/11/2022	06/08/2022	Common	P287.99M	06/24/2022	107%
07/20/2022	08/19/2022	Common	P287.99M	09/14/2022	107%
11/09/2022	12/09/2022	Common	P290.23M	01/05/2023	107%

There are currently no contractual restriction limiting the Company's ability to pay dividends on its common equity.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

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

LEGAL COUNSELS AND INDEPENDENT AUDITORS

LEGAL MATTERS

Certain legal matters as to Philippine law in connection with the Offer will be passed upon by SyCip Salazar Hernandez & Gatmaitan, legal counsel to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and Martinez Vergara & Gonzalez Sociedad, legal counsel to the Company.

None of the above-mentioned advisers have any direct or indirect interest in the Company arising from the Offer.

INDEPENDENT AUDITORS

Isla Lipana & Co. ("**PwC Philippines**"), the Philippine member firm of the PwC Network, independent auditors, (i) audited the Company's financial statements as of and for the years ended December 31, 2021 and 2020 (with comparative figures for the year ended December 31, 2019) and reviewed the Company's interim financial statements as of September 30, 2022 and for the nine months ended September 30, 2022 and 2021 in accordance with Philippine Standards on Auditing and Philippine Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively. The financial information for such periods is extracted from the financial statements included in this Prospectus, which have been prepared in accordance with PFRS. PwC Philippines has agreed to the inclusion of its reports in this Prospectus.
PwC Philippines has acted as the Company's independent auditor since 2020. Pocholo Domondon is the Company's current audit partner and has served as such since 2020. The Company has not had any material disagreements on accounting and financial disclosures with PwC Philippines. PwC Philippines has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. PwC Philippines will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission of the Philippines.

The following table sets out the aggregate fees billed for professional services rendered by PwC Philippines to the Company for the year ended December 31, 2021, excluding fees related to the Offer. The fees of PwC Philippines related to the Offer amount to ₱1.68 million.

	2021	2020	2019
	(₱ in millions)	**(₱ in millions)**	**(₱ in millions)**
Audit and audit-related fees			
Audit services	3.86	0.10	0.16
All other fees*	0.01	0.01	0.01
Total	3.87	0.11	0.17

* *These refer to other non audit and non assurance services and reimbursable expenses..*

Maceda Valencia & Co. ("**MVC**"), a member firm of Nexia International Network, audited the Company's financial statements as of and for the years ended December 31, 2018 and 2019 included in this Prospectus, in accordance with Philippine Standards on Auditing. PwC succeeded MVC as auditor in 2020 to support the Company's initial public offering and listing. The Company has not had any material disagreements on accounting and financial disclosures with MVC nor MVC has any shareholdings in the Company or any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. MVC will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission of the Philippines.

The Board's Audit and Compliance Committee (ACC) Pre-Approval Policy

The ACC was established in 2021 in preparation for the Company's REIT listing and is composed of Atty. Jose M. Layug, Jr., Elizabeth Anne C. Uychaco, with Leonilo G. Coronel serving as Chairman.

The ACC is required to pre-approve all audit and non-audit services to be rendered by independent accounts and approve the engagement fee and any other compensation to be paid to such independent accountants. When deciding whether to approve these items, the ACC takes into account whether the provisions of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the ACC 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read this discussion and analysis of the Company's financial condition and results of operations in conjunction the section entitled "Selected Financial and Operating Information" and with reviewed financial statements as of and for the nine months period ending September 30, 2022. In each case, including the notes relating thereto, included elsewhere in this Prospectus.

See "Risk Factors—Risks Relating to the Presentation of Information in this Prospectus —The presentation of financial information in this Prospectus may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results." The following discussion contains forward-looking statements and reflects the Company's current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements (see the section entitled "Forward-Looking Statements" in this Prospectus) as a result of certain factors such as those set out in "Risk Factors" and elsewhere in this Prospectus. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

The translation of Peso amounts into U.S. dollars as of and for the year ended December 31, 2021 and as of and for the nine months ended September 30, 2022 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended December 31, 2021 and amounts in Pesos as of and for the nine months ended September 30, 2022 were converted to U.S. dollars using the exchange rate between the Peso and the U.S. dollar quoted on the BSP's Reference Exchange Rate Bulletin on September 30, 2022 of ₱58.91 = U.S.$1.00. As of November 25, 2022, 2022, the Peso was at ₱56.79 against the U.S. dollar.

OVERVIEW

The Company is focused on the ownership of sustainable infrastructure projects such as income-generating renewable energy real estate properties in the Philippines.

The Company is a REIT formed primarily to own and invest in income-generating renewable energy real estate properties, including land and properties used for harnessing power, that meet the Company's investment criteria. Primarily, the Company will be the commercial REIT platform of the Citicore Group. As a REIT, the Company will focus on expanding its income-generating renewable energy real estate properties.

As of the date of this Prospectus, the Company's renewable energy property portfolio consists of :

a. a solar power plant with an installed capacity of 22.3MWp_{DC} and other real properties (the "**Clark Solar Power Plant**") which have been leased to CREC and that are located on a 250,318 sq.m parcel of land (the "**Clark Land**") inside Clark Freeport Zone, Pampanga, (the "**Clark Property**"), with the Company owning the leasehold rights over the Clark Land; and

b. land leased to solar power plant operators, comprising (A) Company-owned parcels of land in Brgy. Armenia, Tarlac City (the "**Armenia Property**"), in Brgy. Pasong Bangkal, San Ildefonso, Bulacan (the "**Bulacan Property**") and in Brgy. Centrala, Suralla, South Cotabato (the "**South Cotabato 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, Bulacan Property, South Cotabato Property, Toledo Property, Silay Property and Dalayap Property, the "**Properties**").

The Clark Solar Power Plant, the Armenia Property, the Bulacan Property, the South Cotabato Property, the Toledo Property, the Silay Property and the Dalayap Property (collectively, the "Leased Properties") are leased by the Company to CREC, Citicore Tarlac 1, Citicore Bulacan, Citicore South Cotabato, Citicore Cebu, Citicore Negros Occidental and Citicore Tarlac 2, (collectively with CREC, Citicore Tarlac 1, Citicore Bulacan, Citicore South Cotabato, Citicore Cebu, and Citicore Negros Occidental, the "Lessees"), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 145mwp$_{dc}$.

Citicore Tarlac 1, Citicore Bulacan, Citicore South Cotabato and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu And Citicore Negros Occidental are wholly owned subsidiaries of CPI, the parent company of CREC.

See "*Business and Properties*" for more information.

FACTORS AFFECTING RESULTS OF OPERATIONS

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set forth below could also have a significant impact on the Company's results of operations and financial condition in the future.

Growth of Renewable Energy Real Estate Portfolio

The expansion of the Company's income-generating renewable energy real estate portfolio is a primary factor driving its revenue growth and profitability. The Company's portfolio has significantly grown through the addition of the Leased Properties in 2022.

For the year ended December 31, 2021 and the nine months ended September 30, 2022, the Company's net income based on its audited historical financial statements was ₱225.9 million and ₱906.5 million, respectively.

The Company and the Citicore Group may also agree to infuse the Citicore Group's additional projects under development as these are completed, and subject to satisfying the investment criteria of the Company. The successful completion of such projects and the Company's ability to acquire such additional properties will affect its financial condition and results of operations.

Demand for Power and Energy Prices

While the Company expects to derive a majority of its revenue from secured long term land leases to the solar plant operators of its Leased Properties, the underlying bilateral power sales contracts of such solar power plant operators are highly dependent on the consumption of energy by their key customers and the overall energy demand and level of energy prices in the Philippines. Moreover, the Company's future portfolio is expected to comprise of additional renewable energy assets. Many factors contribute to the fluctuations in demand and prices of energy in the Philippines, including the general demand and supply of energy on a daily basis, increase and decrease in the economic activity, inflationary pressures, government policies with respect to the procurement of renewable energy and government policies on the escalation of FIT rates.

Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of or slowdown in industrial activity may still adversely affect the demand and prices for solar power projects. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may continue to affect the outlook on the Philippine energy market, which could materially and adversely affect the Company's results of operations. Moreover, the Company cannot foresee when the disruptions of consumer industry business activities caused by the outbreak of COVID-19 will cease.

The Company believes that the "first or must" dispatch of renewable energy over conventional energy sources such as coal, and other Government initiatives to promote and encourage the growth of renewable energy industry in the Philippines, such as the Renewable Portfolio Standards ("**RPS**") under the Government's National Renewable Energy Program which require distribution utilities to source a portion of their power from renewable energy sources, help manage the risk of a downturn in demand for energy in the Philippines.

Regulatory Environment

The Company and the Company's Lessees are subject to and relies on a number of Government regulations and initiatives affecting the renewable energy industry, including incentives granted to renewable energy developers such as FIT rates and BOI incentives. The reduction, modification or elimination of government mandates and economic incentives could materially and adversely affect the growth of the renewable energy industry or result in increased price competition, either of which could cause the Company's revenues to decline and adversely affect its financial results. While solar power projects may continue to offer attractive internal rates of return, any changes in regulations to continue to reduce or eliminate subsidies may cause a decrease in demand and considerable downward pressure on market prices.

General Economic Conditions and Trends in the Philippines

All of the Company's properties are located in the Philippines and, as a result, its operations are significantly affected, and will continue to be significantly affected, by macroeconomic conditions in the Philippines. Demand for the Company's leasable properties are directly related to the strength of the Philippine economy, including overall growth levels and the amount of business activity in the Philippines.

COMPETITION

The Company's and its Lessees' main competition in the Philippine electricity market are coal, oil and natural gas electricity generators as well as other renewable energy suppliers who use hydro, wind, geothermal and solar PV technologies. The market price of commodities, such as natural gas and coal, are important drivers of energy pricing and competition in most energy markets, including in the Philippines.

The Clark Solar Power Plant, which is FIT-certified, and is operated by CREC, is expected to generate stable cash flows from a guaranteed electricity purchase agreement with the Government, and is not expected to be affected by market competition. However, bilateral contracts between the Company's other Lessees and their customers, are subject to direct competition from both renewable and non-renewable players in the Philippine energy industry. See "*Industry Overview*" in this Prospectus.

In respect of the solar power industry, the Lessees' main competitors are Vena Energy, AC Energy, Solar Philippines, PetroSolar, Aboitiz Power and Energy Development Corporation.

KEY FINANCIAL AND OPERATING INFORMATION

EBITDA

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

	For the year ended December 31,			
	2019	2020	2021	2021
	₱ thousands (Audited)			U.S.$ thousands (Unaudited)
Net income (loss).................................	79,571	104,115	225,880	3,834
Add/Less:..				
Interest expense.................................	68,727	64,054	29,439	500
Depreciation and amortization	61,271	61,285	61,751	1,048
Provision for income tax......................	—	—	8,200	139
EBITDA..	**209,569**	**229,454**	**325,270**	**5,521**

	For the nine months ended September 30,		
	2021	2022	2022
	₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Net income	118,587	906,459	15,386
Add/Less:...			
Interest expense..	27,984	12,601	214
Depreciation and amortization	45,961	53,527	909
Provision for income tax.......................................	—	—	—
EBITDA..	**192,532**	**972,587**	**16,509**

KEY FINANCIAL AND OPERATING DATA

	For the year ended December 31			For nine months ended September 30	
Key Financial Ratios	**2019**	**2020**	**2021**	**2021**	**2022[7]**
Recurring income contribution[1]...................	100%	100%	100%	100%	100%
EBITDA margin..	84%	85%	92%	101%	98%
Net Profit Margin...	32%	39%	64%	62%	91%
Current Ratio[2]	0.94	1.36	1.33	1.09	5.22
Solvency Ratio[3]	0.11	0.14	1.02	0.65	1.96
Debt to Equity[4]...	2.38	1.83	n/a	n/a	n/a
Return on Equity[5]...	19%	20%	21%	11%	31%
Asset to Equity[6]..	3.66	3.15	1.17	1.17	1.11

Notes:

(1) Recurring income is composed of sale of electricity income for the years ended December 31, 2020, 2019 and 2018, a mix of sale of electricity and lease revenue for year ended December 31, 2021 and nine months ended September 30, 2021 and purely lease revenue for the nine months ended September 30, 2022.

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

(3) Solvency ratio is derived by dividing net profit after tax before depreciation and amortization by total liabilities at the end of a given period. Solvency ratio measures Company's ability to meet its long-term obligations.

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

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

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

(7) These ratios are derived using the statements of financial position as of December 31, 2021 and the statements of comprehensive income for the nine months ended September 30, 2022. As such, the current assets, current liabilities, total loans and borrowings, total equity, average shareholder's equity, total assets and shareholder's equity used for the ratios in this column are ₱145,115 thousand, ₱108,806 thousand, ₱nil thousand, ₱1,628,046 thousand, ₱1,096,575 thousand, ₱1,908,820 thousand and ₱1,628,046 thousand, respectively.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the Company has identified the critical accounting policies discussed below. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, it believes that the following critical accounting policies warrant particular attention. For more information, see Note 24 to the Company's historical financial statements included in this Prospecuts.

COMPANY AS A LESSEE

The Company recognizes a right-of-use asset and a lease liability at lease inception and its lease recognition policy is in accordance with PFRS, 16.

Lease payments received are recognized as an income on a straight-line basis over the lease term. Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

COMPANY AS LESSOR

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases of the Company's solar plant, freehold and leasehold assets are recognized in profit or loss on a straight-line basis over the lease term. In computing the straight-line basis, the Company only considers the guaranteed base lease but not the variable lease arrangements with its lessees. The guaranteed base lease is based on three-year average historical plant generation output multiplied by the three-year historical average tariff rate, while variable lease amounts are based on 50% of the incremental revenue in excess of the agreed base lease revenue of the lessee.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

DESCRIPTION OF STATEMENTS OF KEY LINE ITEMS

The Company, prior to its formation into a REIT, was a renewable energy developer owning 22.33MW Solar Power Plant in Clark and was engaged in power generation. In May 2021, the Company amended its Articles of Incorporation (AOI) as approved by its Board of Directors and shareholders to focus on real estate investment trust and assigned its Solar Energy Service Contract (SESC) to the Sponsor (CREC), making the latter the operator of the Clark Solar Power Plant. These amendments were duly approved by the SEC in October 2021 while the SESC assignment was approved by the DOE in December 2021.

Currently, the Company owns three freehold lands in Armenia, Tarlac, Bulacan and South Cotabato and four leasehold rights in Silay, Toledo, Dalayap, Tarlac and are being leased out CS Tarlac 1, CS Bulacan, CS South Cotabato, CS Negros Occidental, CS Cebu and CS Tarlac 2, respectively thereby making lease revenues as the primary source of income. The Company also owns the Clark Solar Power Plant being leased out to CREC as the operator.

Prior to being a REIT Company, the Company recognized sale of electricity in its financial statements as the main revenue, as a power-generating Company. In terms of asses recognition, these parcels of land (both freehold and leasehold) are recognized as investment properties in the Company's financial position. The Clark Solar Plant, on the other hand, is booked as property, plant and equipment.

The tables below set out the total comprehensive income of the Company for each of the years ended December 31,2020 and 2021 and for each of the nine months ended September 30, 2021 and 2022 based on the Company's Financial Statements.

STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	For the year ended December 31,			
	2019	2020	2021	2021
	₱ thousands (except earnings per Share) (Audited)			U.S.$ thousands (Unaudited)
Sale of electricity	248,011	269,077	334,519	5,678
Lease revenue	--	--	17,774	302
Revenues	**248,011**	**269,077**	**352,293**	**5,980**
Cost of service	(98,376)	(94,624)	(74,208)	(1,260)
Gross profit	**149,635**	**174,453**	**278,085**	**4,720**
Operating expenses	(3,387)	(7,988)	(56,973)	(967)
Income from operations	**146,248**	**166,465**	**221,113**	**3,753**
Other expenses – net	(66,677)	(62,350)	(3,433)	(58)
Income before income tax	**79,571**	**104,115**	**217,680**	**3,695**
Income tax expense	—	—	8,200	139
Net income	**79,571**	**104,115**	**225,880**	**3,834**
Other comprehensive income	—	—	51	1
Total comprehensive income	**79,571**	**104,115**	**225,931**	**3,835**
Basic/Diluted Earnings per Share	**₱ 0.03**	**₱ 0.04**	**₱ 0.08**	**n/a**

For the nine months ended September 30,		
2021	2022	2022
₱ thousands (except earnings per Share)		U.S.$ thousands
(Audited)	(Reviewed)	(Unaudited)

	For the nine months ended September 30,		
	2021	**2022**	**2022**
	₱ thousands (except earnings per Share)		**U.S.$ thousands**
Sale of electricity	190,675	—	—
Lease revenue	—	996,839	16,921
Revenues	**190,675**	**996,839**	**16,921**
Cost of service	(51,764)	(67,450)	(1,145)
Gross profit	**138,911**	**929,389**	**15,776**
Operating expenses	(17,700)	(12,936)	(220)
Income from operations	**121,211**	**916,453**	**15,556**
Other expenses – net	(2,624)	(9,994)	(170)
Income before income tax	**118,587**	**906,459**	**15,387**
Income tax expense	—	—	—
Net income	**118,587**	**906,459**	**15,387**
Other comprehensive income	51	—	—
Total comprehensive income	**118,638**	**906,459**	**15,387**
Basic/Diluted Earnings per Share	**₱ 0.05**	**₱ 0.14**	**n/a**

See "*Business and Properties – The Properties*" for a breakdown of income and other financial information of each Property. See "*Summary of Financial Information*" and "*Selected Financial Information*" and the notes thereto included in this Prospectus.

Lease revenues

The Company's lease revenue pertains to income from the lease of properties to the Lessees who operate solar power plants on such leased properties. The lease revenue is computed in compliance with PFRS 16 "Leases", on a straight-line basis by using the total lease receivable, including escalation rates divided by the lease term, plus any variable component which are measured based on the actual results for the period as mutually agreed by the contracting parties.

Cost of services

The Company's cost of services represents cost related to the leased properties such as depreciation of the solar plant, amortization of right-of-use assets and property and fund management fees.

Operating expenses

The Company's operating expenses mainly relates to local business taxes which is a percentage of gross receipts for each taxable year.

Other income (expenses)

The Company's other income (expenses) mainly relates to finance costs on an interest bearing loan with a local bank and interest income which primarily comprise interest earned from the Company's cash in banks. In May 2022, the loan was assumed by the Parent Company, hence, as of December 31, 2021 and September 30, 2022, the Company did not have any outstanding loans payable.

RESULTS OF OPERATIONS

Nine months ended September 30, 2022 compared with the nine months ended September 30, 2021

	For the nine months ended September 30,			
	2022	**2021**	**Increase (decrease)**	**% Change**
	₱ thousands		**₱ thousands**	
	(Reviewed)	**(Audited)**		
Sale of electricity	—	190,675	(190,675)	(100.0%)
Lease revenue	996,839	—	996,839	100.0%
Revenue	**996,839**	**190,675**	**806,164**	**422.8%**
Cost of service	(67,450)	(51,764)	(15,686)	30.3%
Gross profit	**929,389**	**138,911**	**790,478**	**569.1%**
Operating expenses	(12,936)	(17,700)	4,764	(26.9%)
Income from operations	**916,453**	**121,211**	**795,242**	**656.1%**
Other expenses – net	(9,994)	(2,624)	(7,370)	280.9%
Income before income tax	**906,459**	**118,587**	**787,872**	**664.4%**
Income tax expense	—	—	—	—
Net income	**906,459**	**118,587**	**787,872**	**664.4%**

Revenues increased by 423% or P806.16 million

Revenues for the period amounted to P996.84 million, 423% or P806.16 million higher from the same period last year. The Company's revenue in 2022 mainly consists of lease revenue from its freehold properties amounting to P262.81 million, leasehold properties amounting to P522.27 million and solar plant amounting to P211.75 million which lease agreement mostly commenced beginning January 1, 2022. In 2021, prior to REIT formation, 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 30% or P15.69 million
Direct costs amounted to P67.45 million and were higher by 30% or P15.69 million. The increase mainly pertains to related property and fund management fee recognized in 2022 which were based on the fixed based rental revenue. Meanwhile, the direct cost of 2021 pertains to cost of operating the Clark solar plant prior to REIT formation.

Gross Profit increased by 569% or P790.48 million
Gross profit amounted to P929.39 million for the first nine 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 acquisition and transfers of freehold and leasehold assets.

Other Operating Expenses decreased by 27% or P4.76 million
Net Other Operating Expenses for the nine-month period amounted to P12.94 million. The decrease of P4.76 million was mainly related to decrease taxes and licenses for the period.

Finance cost decreased by 55% or P15.38 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 (Charges) decreased by 90% or P22.75 million
Other charges - net, which consists of finance income, unrealized foreign currency gains and losses and other income (expenses) amounted to P2.61 million, 90% 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 and the increase in cash generated from operations.

Net Income increased by 664% or P787.87 million
Net income amounted to P906.46 million compared to year ago level of P118.59 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.

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

	For the year ended December 31,			
	2021	2020	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
	(Reviewed)	(Audited)		
Sale of electricity	334,519	269,077	65,442	24.3%
Lease revenue	17,774	—	17,774	100.0%
Revenue	**352,293**	**269,077**	**83,216**	**30.9%**
Cost of service	(74,208)	(94,624)	20,416	(21.6%)
Gross profit	**278,085**	**174,453**	**103,632**	**59.4%**
Operating expenses	(56,973)	(7,988)	(48,985)	613.2%
Income from operations	**221,112**	**166,465**	**54,647**	**32.8%**
Other expenses – net	(3,433)	(62,350)	58,917	(94.5%)
Income before income tax	**217,679**	**104,115**	**113,564**	**109.1%**
Income tax expense	8,200	—	8,200	100.0%
Net income	**225,879**	**104,115**	**121,764**	**117.0%**

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 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 P2.6 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.

STATEMENTS OF FINANCIAL POSITION

	As of December 31		
	2020	**2021**	**2021**
Current Assets	**₱ thousands (Audited)**		**U.S.$ thousands (Unaudited)**
Cash and cash equivalents	71,738	49,014	832
Trade and other receivables	258,905	41,893	711
Other current assets	11,601	54,208	919
	342,244	145,115	2,462
Non-current Assets			
Trade and other receivables - noncurrent	—	85,982	1,460
Property, plant and equipment - net	1,390,338	1,331,185	22,597
Investment properties - net............	—	288,013	4,889
Right-of-use assets - net	39,685	37,559	638
Deferred income tax assets	—	8,200	139
Other non-current assets	8,975	12,766	217
	1,438,998	1,763,705	**29,940**
Total Assets	**1,781,242**	**1,908,820**	**32,402**
Current Liabilities			
Trade and other payables	125,610	51,397	873

Due to a related party....................	—	56,145	953
Loans payable – current portion......	126,446	—	—
Lease liabilities – current portion	294	1,263	21
Income tax payable........................	—	—	—
Other current liability	—	—	—
	252,350	108,805	1,847
Non-current Liabilities			
Loans payable – net of current portion	909,810	—	—
Due to a related party- net of current portion	—	68,522	1,163
Lease liabilities – net of current portion	51,061	103,133	1,751
Retirement benefit obligation	2,916	315	5
Other non-current liabilities	—	—	—
	963,787	171,970	2,919
Total Liabilities	**1,216,137**	**280,775**	**4,766**
Equity			
Share capital	540,000	1,374,546	23,333
Additional paid-in-capital................	—	2,465	42
Retained earnings (Deficit)	25,105	250,985	4,260
Other comprehensive income	—	51	1
Total Equity	**565,105**	**1,628,046**	**27,636**
Total Liabilities and equity	**1,781,242**	**1,908,821**	**32,402**

	As of September 30,	
	2022	**2022**
Current Assets	**₱ thousands (Reviewed)**	**U.S.$ thousands (Unaudited)**
Cash and cash equivalents	301,021	5,110
Trade and other receivables	7,458	127
Other current assets	34,808	591
	343,287	5,828
Non-current Assets		
Trade and other receivables - noncurrent	177,466	3,012
Property, plant and equipment - net	1,286,837	21,844
Investment properties - net..	2,927,822	49,700
Right-of-use assets – net..	35,956	610
Deferred tax assets	8,200	139
Other noncurrent assets	5,279	90
	4,441,560	**75,395**
Total Assets	**4,784,847**	**81,223**
Current Liabilities		
Trade and other payables	62,767	1,066
Due to a related party...	—	—
Loans payable – current portion...	—	—
Lease liabilities – current portion	2,945	50
Income tax payable...	—	—
Other current liability	—	—
	65,712	1,116
Non-current Liabilities		
Loans payable – net of current portion	—	—

	As of September 30,	
	2022	2022
	₱ thousands	U.S.$ thousands
Due to a related party – net of current portion	55,963	950
Security deposit	138,265	2,347
Lease liabilities – net of current portion	228,490	3,879
Retirement benefit obligation	315	5
Other non-current liabilities	—	—
	423,033	7,181
Total Liabilities	**488,745**	**8,297**
Equity		
Share capital	1,636,364	27,777
Deposit for future subscription	—	—
Additional paid-in-capital	2,307,336	39,167
Retained earnings	352,353	5,981
Other comprehensive income	51	1
Total Equity	**4,296,104**	**72,926**
Total Liabilities and equity	**4,784,849**	**81,223**

As of September 30, 2022 compared with as ot December 31, 2021

	As of			
	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
Current Assets				
Cash and cash equivalents	301,021	49,014	252,007	514.2%
Trade and other receivables	7,458	41,893	(34,435)	(82.2%)
Other current assets	34,808	54,208	(19,400)	(35.8%)
	343,287	145,115	198,172	136.6%
Non-current Assets				
Trade and other receivables - noncurrent	177,466	85,982	91,484	106.4%
Property plant and equipment – net	1,286,837	1,331,185	(44,348)	(3.3%)
Investment properties - net	2,927,822	288,013	2,639,809	916.6%
Right-of-use assets – net	35,956	37,559	(1,603)	(4.3%)
Deferred income tax assets	8,200	8,200	—	0.0%
Other non-current assets	5,279	12,766	(7,487)	(58.6%)
	4,441,560	1,763,705	2,677,855	151.8%
Total Assets	**4,784,847**	**1,908,820**	**2,876,027**	**150.7%**
Current Liabilities				
Trade and other payables	62,767	51,397	11,370	22.1%
Due to a related party	—	56,145	(56,145)	(100.0%)
Lease liabilities – current portion	2,945	1,263	1,682	133.2%
	65,712	108,805	(43,093)	(39.6%)
Noncurrent Liabilities				
Due to a related party – net of current portion	55,963	68,522	(12,559)	(18.3%)
Security deposit and deferred rent income	138,265	—	138,265	100.0%

Lease liabilities – net of current portion	228,490	103,133	125,357	121.5%
Retirement benefit obligation	315	315	—	—
	423,033	171,970	251,063	146.0%
Total Liabilities	**488,745**	**280,775**	**(207,970)**	**74.1%**
Equity				
Share capital	1,636,364	1,374,546	261,818	19.0%
Additional paid-in-capital	2,307,336	2,465	2,304,871	93,503.9%
Retained earnings	352,353	250,985	101,368	40.4%
Other comprehensive income	51	51	—	—
Total Equity	**4,296,103**	**1,628,046**	**2,668,057**	**163.9%**
Total Liabilities and equity	**4,784,848**	**1,908,821**	**2,876,027**	**150.7%**

ASSETS

Current Assets increased by 137% or by P198.17 million

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

Cash and Cash Equivalents increased by 514% or P252.00 billion
The increase in cash and cash equivalents is related to cash generated from its operations.

Trade and Other Receivables decreased by 82% or by P34.43 million
The decrease in trade and other receivables is mainly related to the collection of receivables from Transco from the sale of electricity during the fourth quarter of 2021. The balance of trade receivables mainly relates to 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 36% or by P19.40 million
Prepayments and other current assets decreased by P19.40 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 P2.68 billion or 152%

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

Trade and other receivables – noncurrent increased by P91.48 million or 106%
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. Bulk of this account was recognized in 2022 after 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. 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 3% or by P44.35 million
This account pertains to the Clark Solar Power Plant being leased out CREC post REIT formation. In 2021, the Company assigned its Solar Energy Service Contract to CREC as the operator of the solar

plant which then pays CREIT lease payments in return. The movement in the Company's property, plant and equipment mainly pertains to the depreciation charges for the period

Investment Properties increased by 917% 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 P139.47 million. Meanwhile, amortization of leasehold asset amounted to P8.05 million during the period.

Right of Use Assets decreased P1.60 million or 4%
Right of Use Assets pertain to the leasehold rights on the land where its Clark Solar Plant is located and booked in accordance to PFRS 16, Leases. The movement in this account pertains to amortization charges for the period.

Deferred tax assets amounted to P8.20 million
There is no movement in the Company's deferred tax asset for the period.

Other Non-Current Assets decreased by 59% or P7.49 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 decreased by 40% or by P43.09 million

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

Trade and Other Payables increased by 22% or by P11.37 million
The decrease is mainly due to payment of advances from the Parent Company and payments made to supplier from the operations and maintenance and IPO related activities that it availed during the last quarter of 2021.

Lease liabilities – current portion increased by 133% or by P1.68 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 P125.44 million. As a result, current portion of lease liabilities increased as well.

Non-Current Liabilities increased by 146% or P251.06 million

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

Lease liabilities – *noncurrent portion increased by 122% or by P125.36 million*
The increase is due to the recognition of right of use asset and related lease liabilities from lease contracts which commenced in 2021. The amount was reduced by payments during the period and reclassifications to current portion.

Due to related parties – noncurrent decreased by 18% or by P12.56 million
This account pertains to liabilities to Parent Company which are not to be demanded within one year. The decrease is due to the payments made to the Parent Company during the period.

Security deposit increased by 100% or P138.26 million

This account pertains to the receipt of security deposit from the lessee as stipulated in the lease contract amounting to P142.02 million. Subsequent to initial recognition, the security deposit are discounted based on effective interest method and any amortizations during the period are recognized in the profit or loss.

'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 increased by 164% or by P2.67 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 P906.46 million 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 and September 14, 2022, the Company also paid dividends amounting to P287.99 and P287.99 million, respectively pertaining to 1Q 2022 and 2Q 2022 results of operations and were taken from the earnings of the same period.

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

	As of			
	December 31, 2021 (Audited)	**December 31, 2020 (Audited)**	**Increase (decrease)**	**% Change**
	₱ thousands		**₱ thousands**	
Current Assets				
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%)
Non-current Assets				
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%)
Deferred income tax assets	8,200	—	8,200	100.0%
Other non-current assets	12,766	8,975	3,791	(42.2%)
	1,763,705	1,438,998	324,708	22.6%
Total Assets	**1,908,820**	**1,781,242**	**127,578**	**7.2%**
Current Liabilities				
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%
	108,805	**252,350**	(143,545)	(56.9%)
Noncurrent Liabilities				
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%)
	171,970	963,787	(791,817)	(82.2%)
Total Liabilities	**280,775**	**1,216,137**	**(935,362)**	**(76.9%)**
Equity				
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%
Total Equity	**1,628,046**	**565,105**	**1,062,941**	**188.1%**
Total Liabilities and equity	**1,908,821**	**1,781,242**	**127,579**	**7.2%**

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 dcreased 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 decreased by ₱217 million to ₱41.9 million as of December 31, 2021, compared to ₱259 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 ₱288 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 decreased by ₱2.1 million or 5.4% from ₱39.7 million as of December 31, 2020, to ₱37.6 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.

<u>Liabilities</u>

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 P834.5 million and the net income for the period amounting to P225.8 million.

LIQUIDITY AND CAPITAL RESOURCES

For 2020, 2021 and for the nine months ended September 30, 2022, the Company's principal sources of liquidity were cash flows from operations and the equity subscription by CREC. As of September 30, 2022, the Company had cash and cash equivalents totaling ₱301.0 million. The Company expects that its principal uses of cash for 2022 will be for operational costs and expenses and payment of dividends.

The Company is not aware of any demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated and should be read together with the Company's statements of cash flows included in the Company's Financial Statements.

	For the year ended December 31,			
	2019	**2020**	**2021**	**2021**
	₱ thousands			**U.S.$ thousands**
	(Audited)			**(Unaudited)**
Net cash generated from operating activities	150,451	119,588	86,267	1,464
Net cash used in investing activities.....	(176)	—	—	—
Net cash used in financing activities	(190,005)	(94,916)	(108,990)	(1,850)
Net increase (decrease) in cash and cash equivalents......................................	**39,730**	**24,672**	**(22,723)**	**(386)**
Effects of exchange rate changes in cash	—	—	—	—
Cash and cash equivalents at beginning of year	**86,794**	**47,065**	**71,737**	**1,218**
Cash and cash equivalents at end of year	**47,065**	**71,737**	**49,014**	**832**

	For the nine months ended September 30,		
	2021	**2022**	**2022**
	₱ thousands		**U.S.$ thousands**
	(Audited)	**(Reviewed)**	**(Unaudited)**
Net cash generated from operating activities.......	77,110	986,944	16,754
Net cash used in investing activities.....................	—	(2,507,919)	(42,572)
Net cash used in financing activities.....................	(72,083)	1,772,982	30,096
Net increase (decrease) in cash and cash equivalents...	**5,027**	**252,007**	**4,278**
Cash and cash equivalents at beginning of year..	**71,737**	**49,014**	**832**
Cash and cash equivalents at end of year...........	**76,764**	**301,021**	**5,110**

Note:

(1) The translations from Pesos to U.S. dollars have been made on the basis of the BSP Reference Rate on September 30, 2022 of ₱58.91 = U.S.$1.00. See "Exchange Rates."

Cash flows from operating activities

The Company's net cash provided by operating activities is primarily affected by the revenues and expenses related to its solar plant operations and rental income, as adjusted by non-cash items such as unrealized foreign currency losses, interest expense and depreciation and amortization. The Company's cash flows from operating activities, are also affected by working capital changes such as changes in receivables, other current assets, due to/ from related parties, accounts payable or other liabilities.

Net cash provided by operating activities for the nine months ended September 30, 2022 and 2021 amounted to ₱987 million (U.S.$16.8 million) and ₱77 million, respectively. Net cash provided by operating activities amounted to ₱86.3 million (U.S.$1.5 million) and ₱119.6 million for the years ended December 31, 2021 and 2020, respectively.

For the nine months ended September 30, 2022, the Company had an operating income before working capital changes of ₱969.8 million. This was reduced by prepayments and other current assets of ₱16,3 million, receivables of ₱54.7 million, due to a related party of ₱68.7 million, and a net increase in trade payables of ₱11.4 million, security deposit ₱137.3 million and other non-current assets of ₱7.5 million. After collection of interest of ₱0.6 million, resulting net cash generated from operating activities amounted to ₱986.9 million (U.S.$16.8 million).

For the year ended December 31, 2021, the Company had an operating income before working capital changes of ₱280.9 million. This was reduced by receivables of ₱166.4 million, and decreases in prepayments of ₱6.9 million, other non-current assets of ₱3.8 million and trade payables of ₱17.7 million. After the collection of ₱0.3 million interest, resulting net cash generated from operating activities amounted to ₱86.3 (U.S.$1.5 million).

For the year ended December 31, 2020, the Company had an operating income before working capital changes of ₱232.6 million. This was reduced by receivables of ₱132.2 million, and decreases in prepayments of ₱0.2 million and trade payables of ₱19.0 million. After the collection of ₱0.7 million interest, resulting net cash generated from operating activities amounted to ₱119.6 (U.S.$2.0 million).

Cash flow used in investing activities

The Company does not anticipate significant capital expenditure for the Clark Solar Power Plant as it is regularly maintained. The Company expects that any expansion of its portfolio will be from the addition of pipeline projects of the Citicore Group.

Cash flows used in financing activities

The Company's net cash flow provided by financing activities for the nine months ended September 30, 2022 was ₱2,507.9 million (U.S.$42.6 million). The Company's net cash flow used in financing activities for the nine months ended September 30, 2021 was ₱1,773.0 million. The Company's net cash used for financing activities were primarily due lease liability payments.

The Company's net cash flow used in financing activities for the years ended December 31, 2019, 2020 and 2021 were ₱190.0 million, ₱94.9 million and ₱109.0 million (U.S.$1.9 million), respectively. The Company's net cash used for financing activities were primarily due to debt service payments to local banks (and a previous shareholder in 2018) and payments of lease liabilities, in 2019, 2020 and 2021 respectively.

INDEBTEDNESS

As of September 30, 2022, the Company did not have any outstanding loan payables.

CAPITAL EXPENDITURES

There were no significant capital expenditure for the Properties for the years ended December 31, 2019, 2020 and 2021. The Company, however acquired the Bulacan and South Cotabato Land properties for an aggregate amount of ₱2,507.9 million for the nine months ended September 30, 2022 from the Primary Shares Issuance last February 22, 2022.

The Company also does not expect any significant capital expenditure on the Existing Properties for Projection Year 2022 or Projection Year 2023. Any significant capital expenditure is expected to come from future injection of land or solar property or both (Please refer to the Use of Proceeds Section).

Although these are the Company's current plans with respect to capital expenditures, such plans may change as a result of a change in circumstances and the actual amount of expenditures may vary from the planned amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As the Company continues to grow its portfolio, it may incur additional capital expenditure.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the contractual maturities of the Company's financial liabilities, including interest payments and excluding the impact of netting agreements as of September 30, 2022:

	As of September 30, 2022									
	On demand	< 30 days	30 – 60 days	61 – 90 days	> 90 days	Up to one year	> 1 – 3 years	> 3 – 5 years	Over 5 years	Total
	₱ millions									
Lease liabilities	—	—	—	—	—	18.5	63.2	62.7	273.1	417.5
Trade payable and accrued expenses .	62.8	—	—	—	—	—	—	—	—	62.8
Security Deposit ...	—	—	—	—	—	—	—	—	138.3	138.3
Due to a related party	—	—	—	—	—	—	56.0	—	—	56.0
Total	62.8	—	—	—	—	18.5	119.2	62.7	411.4	674.6

As of September 30, 2022, there is no known event that will trigger a direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2022, there were no off-balance sheet transactions, arrangements or obligations (including contingent obligations) that were likely to have a current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The Company also has no subsidiaries.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below. The Company's Board has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, security prices and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

The Company is exposed to foreign exchange risk arising from various currency exposures, and primarily to the U.S. dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates. The Company's foreign currency denominated monetary liability refers to a portion of lease liabilities in U.S. dollars. The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in currencies other than Pesos.

CREDIT RISK

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk arises primarily from its cash in banks and trade and other receivables. Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before availing of local bank lines.

FINANCIAL RISK DISCLOSURE

Other than the impact of COVID-19 to the business which is disclosed in Note 1 to the interim financial statements, there are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity revenue in any material way. Moreover, there are no significant elements of income or loss from the Company's continuing operations. The Company does not anticipate having any cash flow or liquidity problems.

SEASONALITY

The Company's revenues (including rental payments from the Leased Properties) are correlated to the amount of electricity generated by its solar power plant and the solar power plants operating on the Leased Properties, which in turn is dependent upon irradiance and weather conditions generally. Irradiance and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. Other than this, there were no seasonal factors that had a material impact on the financial condition or operations of the Company for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2022.

The Company believes that such seasonality is effectively managed as it and its lessees have installed systems to (i) monitor the daily output of such power plants and (ii) calibrate and improve output, as the need arises, based on an expected performance ratio with respect to the peak nominal rated capacity of the photo-voltaic ("**PV**") panel modules installed. The calculations typically involve consideration of solar specific issues, such as solar irradiation and PV panel degradation (at a minimum), spectrum temperature, and the effects of seasonal weather variability.

Pro forma Financial Information

The Pro forma Financial Information was prepared to show the effects of the significant transactions that would have affected the historical information as of December 31, 2021 of the Company had these occurred at an earlier date. The following transactions occurred in 2022 but were reflected in the pro-forma condensed financial information as if the transactions happened on January 1, 2021:

1. Recognition of income taxes at effectively-zero tax rate for the Company's REIT operations

2. Quarterly declaration of dividends computed using the Company's distributable income to be paid on the quarter following the quarter of declaration.

3. Additional shares issuance in February 22, 2022 as a result of the Company's listing with PSE.

4. Acquisition of the Bulacan and South Cotabato properties from CSBI and CSSCI.

5. Property and Fund management fees from the base lease arrangements.

6. Recognition of right of use assets, lease liabilities,security deposits and amortized cost from lease contracts that took effect in 2022.

Consequently, the following significant transactions were reflected in the pro-forma financial statements as it occurred:

1. On May 26, 2021 the CREC subscribed to 2,400,000,000 shares as consideration for the assignment of its advances to the Company amounting to P602,65,864.

2. Likewise on May 26, 2021, CST1 subscribed to a total of 938,182,006 shares of the Company as consideration for the assignment of parcels of land, with an aggregate area of 138,164 sqm located in Brgy. Armenia, Tarlac.

3. The increase in the Company's authorized capital was approved by the SEC on October 12, 2021. Accordingly the issuance of shares for items 1 and 2 were reflected upon SEC's approval. Prior to SEC's approval, the subscriptions were treated as deposit for future stock subscription.

The following table summarizes the Company's Pro-forma Condensed Statements of Financial Position as of September 30, 2022 and December 31, 2021 and Pro-forma condensed statements of total comprehensive income for the period ended September 30, 2022 and 2021 and for the year ended December 31, 2021.

Pro forma Statements of Total Comprehensive Income

	December 31, 2021	For the nine months ended September 30 2021	2022	September 30, 2022
	₱ thousands (except earnings per Share) Unaudited			U.S.$ thousands Unaudited
Lease revenue	1,310,862	983,146	983,833	16,701
Sale of electricity	—	—	—	—
Revenues	1,310,862	**983,146**	**983,833**	**16,701**
Cost of services	(91,290)	(68,470)	(70,996)	(1,205)
Gross profit	**1,219,572**	**914,676**	**912,837**	**15,496**
Operating expenses	(21,461)	(18,884)	(21,901)	(372)
Income from operation	**1,198,111**	**895,792**	**890,936**	**15,124**
Other expenses - net	(42,549)	(38,454)	(11,554)	(196)
Income before income tax	**1,155,562**	**857,338**	**879,382**	**14,928**
Income tax benefit	8,200	—	—	—
Net income	**1,163,762**	**857,338**	**879,382**	**14,928**
Other comprehensive income	—	—	—	—
Total comprehensive income	**1,163,762**	**857,338**	**879,382**	**14,928**
Basic/Diluted Earnings per Share	**₱ 0.30**	**₱ 0.27**	**₱ 0.13**	**n/a**

Pro forma Statements of Financial Position

	December 31, 2021	September 30, 2022	September 30, 2022
	₱ thousands (Unaudited)		U.S.$ thousands (Unaudited)
Current Assets			
Cash and cash equivalents	186,184	161,403	2,740
Trade and other receivables, net	86,010	107,076	1,818
Prepayment and other current assets	18,544	34,809	591
	290,738	303,287	5,148
Non-current Assets			
Trade and other receivables, net of current portion	364,556	441,536	7,495
Property, plant and equipment - net	1,331,185	1,286,837	21,844
Investment properties - net	2,924,307	2,917,170	49,519
Right-of-use assets - net	37,559	35,956	610
Deferred income tax assets, net	8,200	8,200	139
Other non-current assets	5,279	5,279	90
	4,671,087	4,694,978	79,697
Total Assets	**4,961,825**	**4,998,266**	**84,846**
Current Liabilities			
Trade payables and other liabilities	48,173	74,662	1,267
Due to a related party	56,145	—	-
Loans payable – current portion	—	—	—
Lease liabilities – current portion	15,477	2,264	38
Income tax payable.	—	—	—
Other current liability	—	—	—
	119,795	76,926	1,305

Non-current Liabilities			
Loans payable – net of current portion........	—	—	—
Due to a related party- net of current portion	68,522	55,963	950
Lease liabilities – net of current portion	223,736	226,183	3,839
Security deposits and deferred rent income	116,289	144,897	2,460
Retirement benefit obligation	—	—	—
Other non-current liabilities	—	—	—
	408,547	427,043	7,249
Total Liabilities	**528,342**	**503,969**	**8,554**
Equity			
Share capital	1,636,363	1,636,363	27,777
Additional paid-in-capital	2,307,336	2,307,336	39,167
Retained earnings (Deficit)	489,784	550,598	9,345
Other comprehensive income	—	—	—
Total Equity	**4,433,483**	**4,494,297**	**76,289**
Total Liabilities and equity	**4,961,825**	**4,998,266**	**84,843**

Please see the *Pro-forma Condensed Statements of Financial Position as of September 30, 2022 and December 31, 2021 and Pro-forma condensed statements of total comprehensive income for the period ended September 30, 2022 and 2021 and for the year ended December 31, 2021* attached to this Prospectus.

BUSINESS AND PROPERTIES

OVERVIEW

Citicore Energy REIT Corp. (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. It was listed on the Main Board of The Philippine Stock Exchange Inc. on February 22, 2022. Primarily, the Company serves as the commercial REIT platform of the Citicore Group. As a REIT, the Company focuses on expanding its income-generating renewable energy real estate properties.

As of the date of this Prospectus, the Company's renewable energy property portfolio consists of:

a. a solar power plant with an installed capacity of 22.325MWp_{DC} and other real properties (the "**Clark Solar Power Plant**") which have been leased to CREC and that are located on a 250,318 sq.m parcel of land (the "**Clark Land**") inside Clark Freeport Zone, Pampanga, (the "**Clark Property**"), with the Company owning the leasehold rights over the Clark Land; and

b. land leased to solar power plant operators, comprising (A) Company-owned parcels of land in Brgy. Armenia, Tarlac City (the "**Armenia Property**"), in Brgy. Pasong Bangkal, San Ildefonso, Bulacan (the "**Bulacan Property**") and in Brgy. Centrala, Suralla, South Cotabato (the "**South Cotabato 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, Bulacan Property, South Cotabato Property, Toledo Property, Silay Property and Dalayap Property, the "**Properties**"). The Bulacan Property and the South Cotabato Property are recently acquired properties of the Company in 2022 using part of the proceeds from the Company's initial public offering.

The Clark Solar Power Plant, the Armenia Property, the Bulacan Property, the South Cotabato Property, the Toledo Property, the Silay Property and the Dalayap Property (collectively, the "**Leased Properties**") are leased by the Company to CREC, Citicore Solar Tarlac 1, Citicore Solar Bulacan, Inc. ("**Citicore Bulacan**") (, Citicore Solar South Cotabato, Inc. ("**Citicore South Cotabato**"), Citicore Solar Cebu, Inc. ("**Citicore Cebu**"), Citicore Solar Negros Occidental, Inc. ("**Citicore Negros Occidental**"), and Citicore Solar Tarlac 2, Inc. ("**Citicore Tarlac 2**", collectively with CREC, Citicore Tarlac 1, Citicore Bulacan, Citicore South Cotabato, Citicore Cebu, and Citicore Negros Occidental, the "**Lessees**"), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 145 MWp_{DC}.

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

The Leased Properties have an aggregate appraised value of ₱14.5 billion (U.S.$263.0 million) based on the Valuation Reports issued by Cuervo Appraisers.

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

	Clark Solar Power Plant	Armenia Property	Bulacan Property	South Cotabato Property	Toledo Property	Silay Property	Dalayap Property
Location	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
Land area (sq.m.)	250,318	138,164	253,880	79,997	730,000	431,408	103,371
Right over property	Leased	Owned	Owned	Owned	Leased	Leased	Leased
Land lease expiry	September 2039	N/A	N/A	N/A	May 2041	October 2040	October 2040
Lessor	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
Right of first refusal	None	N/A	N/A	N/A	Yes	None	Yes
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	15	6.23	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	March 12, 2016	December 9, 2015	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	Yes	Yes	No	No	No
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Bulacan	Citicore South Cotabato	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	December 31, 2046	Deecmber 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	2,484,073,000	1,067,493,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	21.4%	4.7%	17.2%	7.4%	26.1%	19.9%	3.2%

The Company built and owns the Clark Solar Power Plant on the Clark Land that it leases from the Clark Development Corporation pursuant to a 25-year lease which expires on September 2039. The Armenia Property was acquired by the Company from the Sponsors pursuant to the Property-for-Share Swap (as defined below) while the Bulacan Property and the South Cotabato Property were acquired through a straight acquisition using part of the proceeds from 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 (as defined in "*Business and Properties —History*" below). See "*Certain Agreements Relating to the Company and the Properties*" for more information on such arrangements.

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base revenue for the current fiscal year. The "**Guaranteed Base Lease**" is the basic lease payment accruing to the lessee that the lessor will receive independent of the lessee's solar power plant performance for the lease period. The Guaranteed Base Lease is paid every month and is divided equally for the year. The schedule of the Guaranteed Base Lease are as follows:

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

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

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

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

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

Lease Period	**Annual Base Revenue (₱ Amount)**							
	Clark Solar Power Plant	**Silay Property**	**Toledo Property**	**Armenia Property**	**Dalayap Property**	**Bulacan Property**	**South Cotabato Property**	**Total**
Year 2021	48,976,026.64			9,884,214.44	8,749,206.75			67,609,447.83
Year 2022	302,004,602.41	292,383,257.09	400,832,004.16	61,552,344.41	54,686,553.62	202,757,361.14	89,957,162.04	1,404,173,284.87
Year 2023	300,796,584.00	333,380,059.54	430,655,389.77	67,918,019.26	59,608,702.01	201,946,331.70	89,597,333.40	1,483,902,419.68
Year 2024	305,430,485.49	333,373,179.84	430,646,502.68	67,916,617.69	59,607,471.91	205,057,402.29	90,977,619.07	1,493,009,278.97
Year 2025	310,458,710.54	334,502,484.88	432,105,322.09	68,146,685.92	59,809,392.83	208,433,210.59	92,475,360.67	1,505,931,167.52
Year 2026	315,597,515.33	335,639,293.40	433,573,834.38	68,378,282.81	60,012,655.37	211,883,259.00	94,006,040.31	1,519,090,880.60
Year 2027	320,849,819.41	336,783,820.92	435,052,317.97	68,611,452.25	60,217,298.09	215,409,507.62	95,570,527.62	1,532,494,743.88
Year 2028	326,218,625.83	337,936,285.54	436,541,054.58	68,846,238.68	60,423,359.96	219,013,972.64	97,169,717.12	1,546,149,254.35
Year 2029	313,318,190.16	339,096,907.98	438,040,329.34	69,082,687.07	60,630,880.46	222,698,727.90	98,804,528.92	1,541,672,251.83
Year 2030	337,318,190.16	340,265,911.62	439,550,430.82	69,320,842.92	60,839,899.53	226,465,906.67	100,475,909.47	1,574,237,091.19
Year 2031	343,055,394.09	341,443,522.57	441,071,651.07	69,560,752.30	61,050,457.60	230,317,703.36	102,184,832.38	1,588,684,313.37
Year 2032	348,921,997.70	342,629,969.67	442,604,285.74	69,802,461.82	61,262,595.57	234,256,375.35	103,932,299.17	1,603,409,985.02
Year 2033	354,921,459.83	343,825,484.58	444,148,634.08	70,046,018.70	61,476,354.89	238,284,244.79	105,719,340.10	1,618,421,536.97
Year 2034	361,057,338.70	345,030,301.82	445,704,999.03	70,291,470.69	61,691,777.47	242,403,700.57	107,547,015.06	1,633,726,603.34
Year 2035	367,333,294.82	346,244,658.81	447,273,687.28	70,538,866.18	61,908,905.76	246,617,200.28	109,416,414.39	1,649,333,027.52
Year 2036	365,863,961.64	347,468,795.90	448,855,009.32	70,788,254.12	62,127,782.75	245,630,731.48	108,978,748.74	1,649,713,283.95

Lease Period	Annual Base Revenue (₱ Amount)							
	Clark Solar Power Plant	Silay Property	Toledo Property	Armenia Property	Dalayap Property	Bulacan Property	South Cotabato Property	Total
Year 2037	364,400,505.79	348,702,956.46	450,449,279.53	71,039,684.09	62,348,451.94	244,648,208.55	108,542,833.74	1,650,131,920.10
Year 2038	362,942,903.77	349,947,386.91	452,056,816.23	71,293,206.31	62,570,957.40	243,669,615.72	108,108,662.41	1,650,589,548.75
Year 2039	271,118,349.12	351,202,336.77	453,677,941.74	71,548,871.60	62,795,343.74	242,694,937.25	107,676,227.76	1,560,714,007.98
Year 2040		293,723,382.25	455,312,982.46	71,806,731.43	52,518,046.79	241,724,157.50	107,245,522.85	1,222,330,823.28
Year 2041			190,400,945.39	72,066,837.94		240,757,260.87	106,816,540.75	610,041,584.95
Year 2042				72,329,243.92		239,794,231.83	106,389,274.59	418,512,750.34
Year 2043				72,594,002.84		238,835,054.90	105,963,717.49	417,392,775.23
Year 2044				72,861,168.85		237,879,714.68	105,539,862.62	416,280,746.15
Year 2045				73,130,796.82		236,928,195.82	105,117,703.17	415,176,695.81
Year 2046				61,169,118.58		235,980,483.04	104,697,232.36	401,846,833.98

COMPETITIVE STRENGTHS

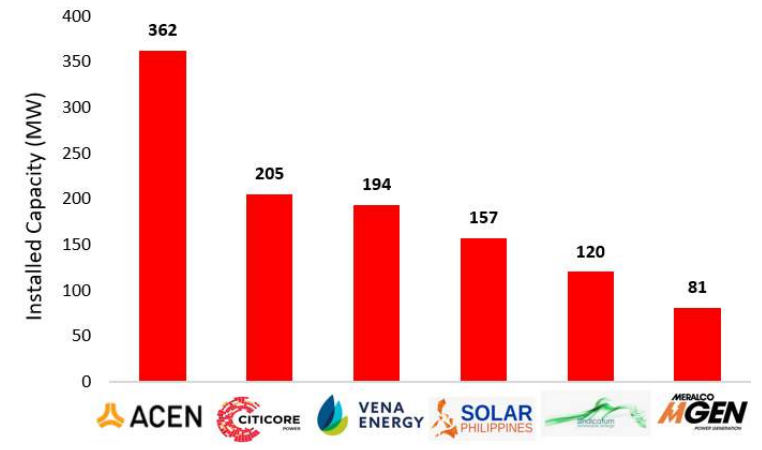
The Company believes that it benefits from the following competitive strengths:

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

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

CREC's strengths lie in its proven track record, strong brand reputation, and ability to develop solar power plants of different capacities and across multiple regions in the Philippines. As of September 30, 2022, the Citicore Group was the 2nd largest solar power generator in the Philippines with an overall capacity of 205MW_{DC}.

Ranking by installed capacity (MW_{DC}) – based on attributable stake



Source: Department of Energy

As of the date of this Prospectus, 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 145MWp_{DC}.

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

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

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from the agreed base lease revenue for the current fiscal year.

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

As of September 30, 2022, 95%, or 137.8MWp_{DC}, of the total installed capacity of the solar power plants located on the Leased Properties are contracted to TransCo and Contestable Customers across a diverse range of industries, and 5%, or 7.2MWp_{DC}, is sold by the lessees who operate the solar power plants on such Leased Properties under priority dispatch on the WESM. The Lessees' key customers include creditworthy purchasers such as large diversified conglomerates such as AC Energy

Corporation, multinational companies such as Shell Energy Philippines, industrial park operators such as Freeport Area of Bataan, and Economic Power Management, Inc. (EPMI) a wholly owned subsidiary of Laguna Technopark, developer of one of the country's leading world class industrial parks, among others.

As of September 30, 2022, the top five customers of the Company's Lessees comprise 80.6% of 154.4MW_{AC} or the total contracted capacity of the solar power plants located in the Leased Properties and the largest customer of the Lessees accounted for 33.0% of the total contracted capacity of the solar power plants located in the Leased Properties. All of the customers of the Company's lessees together have a weighted average (by contracted capacity) term of 6.8 years. Out of the total contracted capacity of such solar power plants of 145.0MW_{DC} as of September 30, 2022, 23.5% will expire in 2023, 6.3% will expire in 2024, 7.1% will expire in 2025 and 63.1% will expire beyond 2025. Many of the Company's lessees' customers have been clients of such lessees since 2017 and have renewed their contracts.

As of December 31, 2021, the top five customers of the operators of the solar power plants located in the Leased Properties comprise 87.4% of 140.6MW_{AC} or the total contracted capacity of the solar power plants located on such properties and the largest customer for the solar power plants located on such properties accounted for 35.6% of the total contracted capacity of such solar power plants. All of the customers of the operators of the solar power plants located on the Leased Properties have a weighted average (by contracted capacity) term of 7.3 years. Out of the total contracted capacity of such solar power plants of 140.6MW_{AC} as of December 31, 2021, 18.8% will expire in 2022, 8.0% will expire in 2023, 3.9% will expire in 2024 and 69.3% will expire beyond 2025.

The Sponsors are also committed to further broadening the Lessees' customer base through improving their pricing methodology and enhancing customer service experience, to increase the Lessees' competitiveness and profitability. In addition, the newly acquired properties in 2022 are sites utilized by FIT-eligible solar power plants.

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

The narrative of the Philippine power sector is underpinned by its robust economic fundamentals and attractive demographic qualities. The Philippines' GDP grew at an 8.8% compounded annual growth rate ("**CAGR**") from 2009 to 2019. Although the Philippine economy contracted by 8.3% in 2020, the World Bank forecasts 5.3% and 5.6% growth in 2021 and 2022, respectively. Fitch Solutions, an affiliate of the Fitch Group, forecasts power consumption to grow at an annual average of 4.6% from 2020 to 2029, despite the effects of the COVID-19 pandemic. Further, based on the Power Development Plan 2016-2040 published by the DOE, to meet the projected electricity demand requirement by 2040, the power system capacity addition that the Philippines will require is 43,765MW_{DC} broken down as follows: 25,265 MW_{DC} for baseload, 14,500 MW_{DC} for mid-merit and 4,000 MW_{DC} for peaking.

In order to meet increasing demand, growth in installed capacity is essential and has compelled the Philippine government to encourage the expansion in renewable energy capacity. The National Renewable Energy Program has set a target of reaching 15,304MW_{DC} of installed renewable capacity by 2030 (vs c.3,500MW_{DC} in 2017), representing 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's renewable portfolio standards ("**RPS**") 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 plants means that it has the flexibility to allocate its energy production for both base and peak demands. The expansion of the Company's renewable energy real property portfolio through the Citicore Group's upcoming projects will continue to increase the Company's flexibility in meeting the varying requirements of its customers at the lowest cost possible. With a target of growing its solar renewable energy capacity to $1.5GW_{DC}$ by 2025, the Citicore Group is well positioned to address the country's need for clean power sources, and benefit from the RPS mandated by the DOE.

Based on the DOE's Power Development Plan, there is a forecast of a power supply shortage beginning in 2022-2023. Given the longer construction period required by conventional power plants, the Company believes that solar power plant 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 has 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 97.6.0% 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 and 2021 and for the nine months ended September 30, 2022:

Solar Power Plant	**Availability Ratio([1])**				
	For the year ended December 31,				**For the nine months ended September 30,**
	2018	**2019**	**2020**	**2021**	**2022**
Clark Solar Power Plant	99.5%	99.1%	99.2%	99.7%	99.4%
Armenia Property	99.9%	99.7%	99.2%	99.2%	99.0%
Toledo Property	97.7%	91.6%	99.3%	97.5%	98.4%
Silay Property[(3)]	94.9%	97.6%	97.9%	91.0%	82.2%
Dalayap Property	100.0%	99.6%	99.3%	99.1%	99.4%
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(2)				
	For the year ended December 31,				For the nine months ended September 30,
	2018	2019	2020	2021	2022
Clark Solar Power Plant.....	76.0%	76.0%	76.5%	77.3%	77.0%
Armenia Property	80.0%	77.3%	76.9%	76.9%	78.5%
Toledo Property	78.3%	76.4%	75.9%	76.1%	74.9%
Silay Property...................	78.4%	76.8%	77.3%	78.6%	75.5%
Dalayap Property	78.2%	78.9%	77.7%	78.4%	78.5%
Bulacan Property	78.7%	76.3%	77.0%	78.9%	78.1%
South Cotabato Property ..	77.5%	75.8%	76.0%	78.9%	78.3%

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.

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

Solar power plant operations in the Philippines have also proven resilient during the COVID-19 pandemic. Despite the 4.04% year-on-year contraction of 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

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	215,299
% of Total Solar Power Generation in the Philippines	18.5%	18.2%	18.4%	16.7%	14.65%

Opportunity for growth through optimization of operations and asset acquisition

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

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

The Company is also well positioned to benefit from the Citicore Group's pipeline of renewable energy assets, which will potentially allow the Company to expand its property portfolio subject to such assets meeting the Company's investment criteria. The Citicore Group has a strong pipeline of solar power plants with an expected combined installed capacity of $1.5GW_{DC}$, which is under various stages of development and which the Citicore Group expects to complete 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 be (but not exclusively) focused on solar power plants, but may include other renewable energy properties available in the market, (ii) be located in underdeveloped areas where the Company has completed and validated the availability of resources and the potential of such area for future township developments to drive long-term appreciating land value; and (iii) be the site of a renewable energy power plant that has achieved successful plant testing and commissioning, accompanied by stable off-take contracts for 100% of such plant's expected generation output.

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

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

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

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

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

Strategically located Properties with potential for future development.

The Company believes that its Properties 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, to which the Company owns the leasehold rights (i.e., the Clark Property, the Toledo Property, the Silay Property, and the Dalayap Property). The Company has a right of first refusal, subject to certain conditions, in the event the lands 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_2 annually, or an aggregate of 7,000,000 tons of CO_2 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 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)

BUSINESS STRATEGIES

The Company's principal strategy is to invest in income-generating renewable energy real estate properties. These properties include lands and other real assets that are used or aimed at harnessing power that meet the Company's investment criteria. These properties are determined with the help of the Company's Fund Manager and Property Manager, both of which work closely with the Company's management team. The Company intends to grow its portfolio and to maximize revenue potential.

FUND MANAGER

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

Proactive identification of asset growth opportunities

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

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

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

Growth through potential investments

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

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

The Company may acquire new projects through direct acquisition, or through tax-free-exchanges, depending on what would be the most beneficial transactional form for the Company at such time.

The Company may also procure new land sites through long-term leases, joint ventures or acquisitions, which shall be studied, and proposed to the Company' management. The Company believes that the identification and targeting of such new projects and additional locations offer potential opportunities for future income and capital growth.

Active capital and risk management

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

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

PROPERTY MANAGER

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

Proactive asset management

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

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

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

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

Active optimization of operating costs

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

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

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

In the ordinary course of the Company's business, it engages in a variety of transactions with related parties. Pursuant to the REIT Law, the Company's related parties include the Sponsors, the Fund Manager, the Property Manager, the Company's associates, members of the Citicore Group, related parties under common ownership and management, and key management personnel.

The Company's related party transaction policy is to ensure that these transactions are entered into on terms, which are not more favorable to the Related Party than those generally available to third parties dealing on an arm's length basis, and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving body, as determined by the Board, to ensure that the Company's resources are not misappropriated or misapplied. Please also see the section entitled "*Related Party Transaction*" in this Prospectus for more information.

RECENT DEVELOPMENTS

Acquisition of the Bulacan Property and South Cotabato Property

In 2021, CREIT entered into a Memorandum of Agreement (MOA) with Citcore Bulacan for the sale of land properties owned by Citcore Bulacan. Pursuant to the said MOA, on March 29, 2022, CREIT executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Bulacan from Citcore Bulacan for a total consideration of ₱1.75 billion. Simultaneous with the execution of the deed of aboslute sale, the same parties also executed a lease agreement whereby the Citcore Bulacan shall use the same property for the operation and maintenance of the 15MWp$_{DC}$ solar power plant. The lease is valid until December 31, 2046.

In 2021, CREIT entered into a MOA with Citicore South Cotabato for the sale of land properties located in Bry. Centrala, Suralla, South Cotabato. On June 6, 2022, CREIT executed a deed of absolute sale for the purchase of several parcels of land located in South Cotabato from Citicore South Cotabato for a total consideration of ₱ 755.8 million. Simultaneous with the execution of deed of absolute sale, the same parties also executed a lease contract whereby the Citicore South Cotabato shall use the same property for the operation and maintenance of the 6.2 MWp$_{DC}$ solar power plant. The lease is valid until December 31, 2046.

Both the Bulacan Property and the South Cotabato Property were acquired through a straight acquisition using part of the proceeds from the Company's initial public offering. Both properties were valued using Income Approach adopting the Discounted Cash Flow Method based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model. The Direct Capitalization Approach was also used as a secondary method to cross-check the value of the properties.

Impact of COVID-19on the Operations of the Properties

The outbreak of COVID-19, which was declared a global pandemic by organizations such as the World Health Organization, in the first quarter of 2020, has severely affected and continues to seriously affect the global economy. In a move to contain the COVID-19 outbreak, on March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 and imposed an enhanced community quarantine ("**ECQ**") to arrest the continuing effect of the disease. The ECQ mandated the temporary closure of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of Luzon, except by diplomats and uniformed workers (carrying medical supplies), among others. On May 16, 2020, the Government started to ease its quarantine restrictions in certain areas and placed Metro Manila under a modified enhanced community quarantine ("**MECQ**") and thereafter eased its quarantine restrictions in certain areas and Metro Manila, placing these under a general community quarantine ("**GCQ**") or modified GCQ ("**MGCQ**"). The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restraints on travel and business operations in the Philippines. The Government continues to calibrate the imposition of these measures depending on the situation in specific localities. On March 27, 2021, the Government placed Metro Manila and neighboring provinces under ECQ from March 29, 2021 to April 11, 2021, due to a surge in COVID-19 cases in these areas. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas was downgraded to the MECQ classification. Thereafter, beginning May 15, 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ classification. In third quarter of 2021, the Alert Level System pilot program was implemented and Metro Manila was classified under Alert Level 4, which is the second highest level and the second most stringent restriction under such program. The Government has since downgraded Metro Manila to Alert Level 1 as the NCR has seen a decline in COVID-19 cases and an increase in vaccination coverage. On September 12, 2022, the President issued Executive Order No. 3 making the wearing of face masks in open spaces and non-crowded outdoor areas with good ventilation voluntary; provided that not fully vaccinated individuals, senior citizens and immunocompromised individuals are highly encouraged to wear their masks and physical distancing will be observed at tall times.

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

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

Nevertheless, due to the uncertainty brought about by COVID-19 to the Philippine economy, the Company has taken certain prudential actions, such as (i) implementing cost-reduction and cash preservation strategies, including deferral of some non-essential and capital expenditures, maximizing credit terms provided by suppliers and creditors and focusing on collection of outstanding receivables,

(ii) utilizing Bayanihan Act and Bayanihan 2 Act, in relation to the deferral of principal and interest payments of loans, (iii) comprehensive and regular monitoring of the Company's liquidity position and cash flow, and (iv) reviewing insurance coverage to protect against potential risk.

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

Measures to Mitigate the Spread of COVID-19

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

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

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

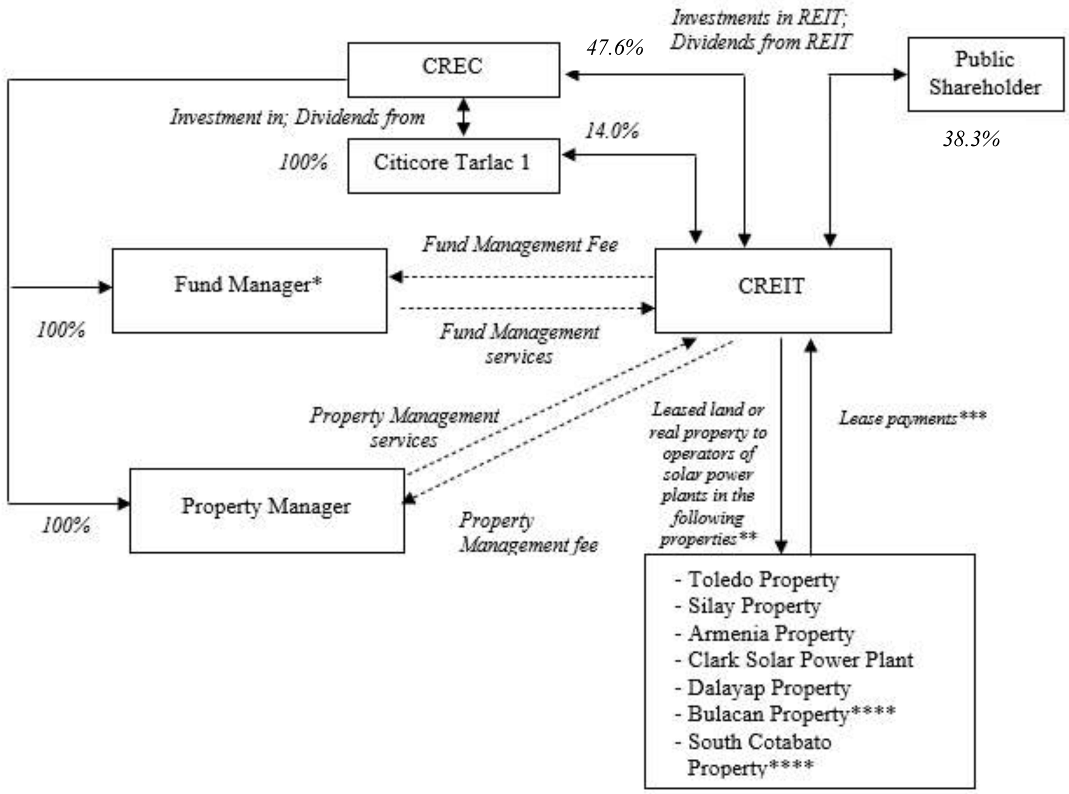
The Company has made contingency plans in response to the COVID-19 situation. In the event of a community lockdown or quarantine, site personnel are requested to stay in the plant throughout the duration of such measures, and the Company will take all the appropriate measures as prescribed by the Government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

HISTORY

The Company was incorporated on July 15, 2010 as Enfinity Philippines Renewable Resources Inc., and was focused on the exploration, development and utilization of renewable resources such as sun and wind. On May 25, 2021, the Company's shareholders, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Enfinity Philippines Renewable Resources Inc." to "Citicore Energy REIT Corp.", and (ii) increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the increase in authorized capital stock, CREC will subscribe to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63. In addition, CREC and Citicore Tarlac 1 will subscribe to 19,461,142 Shares and 918,720,864 Shares, respectively, or a total of 938,182,006 Shares, as consideration for the assignment of 11 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac. The change in name of the Company and the increase in capital stock were approved by the Philippine SEC on October 12, 2021. In addition, on October 12, 2021, four Shares were issued to the independent Directors of the Company. On February 22, 2022, CREIT inital public offering, the Company issued additional 1,047,272,000 primary shares to public. As a result of the foregoing transactions, 6,545,454,004 Shares are issued and outstanding as of the date of this Prospectus.

CORPORATE AND SHAREHOLDING STRUCTURE

The operational and ownership structure and the relationship of the various parties, as of the date of this Prospectus, is illustrated in the following diagram:



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Notes:

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

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

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

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

THE PROPERTIES

As of the date of this Prospectus, 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,and the Dalayap Property.

The Leased Properties comprising the Clark Solar Power Plant, Armenia Property, Bulacan Property South Cotabato Property, the Toledo Property, the Silay Property and the Dalayap Property are leased by the Company to its Lessees comprising CREC, Citicore Tarlac 1, Citicore Bulacan, Citicore South Cotabato, Citicore Cebu, Citicore Negros Occidental and Citicore Tarlac 2, Inc., respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 145.0MWp$_{DC}$.

Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, the parent company of CREC.

Gross Revenue

The Properties generated total Gross Revenue of ₱248.0 million, ₱269.1 million and ₱352.3 million, for the year ended December 31, 2019, 2020, 2021, respectively. Meanwhile actual revenues amounted ₱996.8 million for the nine months ended September 30, 2022.

Property	**Gross Revenue for the year ended December 31, 2019[(1)]**	**Percentage of total Gross Revenue**	**Gross Revenue for the year ended December 31, 2020[(1)]**	**Percentage of total Gross Revenue**	**Gross Revenue for the year ended December 31, 2021[(1)]**	**Percentage of total Gross Revenue**	**Gross Revenue for the nine months ended September 30, 2022[(1)]**	**Percentage of total Gross Revenue**
	(₱ millions)	**(%)**	**(₱ millions)**	**(%)**	**(₱ millions)**	**(%)**	**(₱ millions)**	**(%)**
Clark Solar Power Plant	248.0	100.0	269.1	100.0	334.5	95.0	211.5	21.2
Armenia Property	N/A	N/A	N/A	N/A	17.8	5.0	43.6	4.3
Toledo Property	N/A	N/A	N/A	N/A	N/A	N/A	276.6	27.8
Silay Property.	N/A	N/A	N/A	N/A	N/A	N/A	209.2	21.0
Dalayap Property	N/A	N/A	N/A	N/A	N/A	N/A	36.5	3.7
Bulacan Property	N/A	N/A	N/A	N/A	N/A	N/A	151.9	152.2
South Cotabato Property	N/A	N/A	N/A	N/A	N/A	N/A	66.8	67.0
Total..............	248.0	**100.0**	269.1	**100.0**	352.3	**100.0**	906.5	**100.0**

Note:

(1) Includes income from straight-line method of recognizing Rental Revenues.

Net Profit

The Leased Properties generated the Net Profit and Net Profit Margin for year ended December 31, 2021 and for the nine months ended September 30, 2022, respectively, as set out in the table below.

Property	**December 31, 2021**	**NPM**	**September 30, 2022**	**NPM**
	(₱ millions)	**(%)**	**(₱ millions)**	**(%)**
Clark Solar Power Plant	N/A	N/A	149.3	70.6
Armenia Property	9.7	100.0%	43.0	98.6
Toledo Property	N/A	N/A	265.4	96.0
Silay Property.	N/A	N/A	202.0	96.7
Dalayap Property	8.1	94.4%	31.1	85.3
Bulacan Property	N/A	N/A	149.8	98.6
South Cotabato Property	N/A	N/A	65.9	98.6
Total..............	17.8	**97.4%**	906.5	**91.1**

Valuation

The Properties were valued by Cuervo Appraisers as of October 31, 2021 as follows:

Property	**Valuation[1]**	**Percentage of Total Valuation**
	(₱ millions)	**(%)**
Clark Solar Power Plant..	3,101.9	21.4
Armenia Property	687.2	4.7
Toledo Property	3,776.8	26.1
Silay Property...	2,884.6	19.9
Dalayap Property	470.2	3.2
Bulacan Property	2,484.1	17.2
South Cotabato Property	1,067.5	7.4
Total...	14,472.3	**100.0**

Notes:

(1) See the "Independent Property Valuation Summary Report" attached at Annex 2.

The valuation was made on the basis of market value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. To arrive at the market value of the Properties, Cuervo Appraisers used the income approach, specifically a discounted cash flow analysis for Properties other than the Clark Solar Power Plant. Cuervo Appraiser's assumptions include the following:

1. *Dalayap Property*

- Remaining lives of the lease at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are 19 years;

- Discount rate is estimated at 7.01% per annum; and

- Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

2. *Silay Property*

   - Remaining lives of the lease at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are both 19 years;

   - Discount rate is estimated at 7.01% per annum; and

   - Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

3. *Toledo Property*

   - Each of the lease lives between the lessor and the lessee, and sublessor and sublessee is 19.42 years which would end on May 31, 2041;

   - Discount rate is estimated at 7.01% per annum; and

   - Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

4. *Armenia Property*

   - The value of the land at the time of reversion is the same at the time appraisal;

   - The remaining life of the contract of lease is 25 years;

   - The discount rate applicable to the lease contracts is 7.01%; and

   - Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

5. *Clark Property*

   - Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date.

   - The remaining life of contract of lease is 18.25 years; and

   - Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

6. *Bulacan Property*

- Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date.

- The remaining life of contract of lease is 25 years; and

- Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

7. *South Cotabato Property*

- Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date.

- The remaining life of contract of lease is 25 years; and

- Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

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. See "*Certain Agreements Relating to the Company and the Properties*" for more information on such arrangements.

TENANCY AGREEMENTS

The Company leases the Armenia Property to Citicore Tarlac 1 and the Clark Solar Power Plant to CREC, the Bulacan Property to Citicore Bulacan, the South Cotabato Property to Citicore South Cotabato and subleases the Toledo Property to Citicore Cebu, the Silay Property to Citicore Negros Occidental and the Dalayap Property to Citicore Tarlac 2.

	Clark Solar Power Plant	**Armenia Property**	**Bulacan Property**	**South Cotabato Property**	**Toledo Property**	**Silay Property**	**Dalayap Property**
Location	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
Land area (sq.m.)	250,318	138,164	253,880	79,997	730,000	431,408	103,371
Right over property	Leased	Owned	Owned	Owned	Leased	Leased	Leased

Land lease expiry	September 2039	N/A	N/A	N/A	May 2041	October 2040	October 2040
Lessor	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
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	15	6.23	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	March 12, 2016	December 9, 2015	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	Yes	Yes	No	No	No
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Bulacan	Citicore South Cotabato	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	December 31, 2046	December 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	2,484,073,000	1,067,493,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	21.4%	4.7%	17.2%	7.4%	26.1%	19.9%	3.2%

RENTAL RATES

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of agreed base lease revenue for the current fiscal year.

OCCUPANCY

The Leased Properties (not including the Clark Solar Power Plant) have been 100% occupied by their respective Lessees for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2022. The Company occupied the Clark Property for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2022.

CUSTOMER PROFILE

CREC sells the electricity generated by the Clark Solar Power Plant to TransCo pursuant to a 20-year offtake contract commencing on March 16, 2016, which was assigned to CREC by CREIT on December 24, 2021 pursuant to DOE approval.

The other Lessees of the Company sell the electricity generated by their respective solar power plants to Transco and to Contestable Customers operating in various industries who have entered into offtake agreements with such Lessees, and any excess capacity to the WESM.

As of September 30, 2022, the top five customers of the Company's Lessees comprise 80.6% of $154.4MW_{AC}$ or the total contracted capacity of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the largest customer of the Lessees accounted for 33.0% of the total contracted capacity of the solar power plants located in the Leased Properties. All of the customers of the Company's lessees together have a weighted average (by contracted capacity) term of 6.8 years. Out of the total contracted capacity of such solar power plants of 154.4MW_{AC} as of September 30, 2022, 23.5% will expire in 2023, 6.3% will expire in 2024. 7.1% will expire in 2025 and 63.1% will expire beyond 2025. Many of the Company's lessees' customers have been clients of such lessees since 2017 and have renewed their contracts.

No.	**Sector/Industry**	**Customer Profile**	**% of total contracted capacity in MWac of the solar power plants located on the Leased Properties (as of September 30, 2022)**
1	Industrial Park Locators	Various light to medium industries locators inside Laguna Technopark	33.0%
2	National Transmission Corporation	Philippine government owned and controlled corporation, owner of the country's power grid that is being operated, maintained, and developed by the National Grid Corp of the Philippines. It is in charge of administering the Feed-in-Tariff to renewable power generators	24.2%
3	Retail Electricity suppliers	Licensed Retail Electricity Suppliers supplying power to large commercial and industrial customers	18.8%
4	Property Maangement Comapnies	Property management companies managing multiple residential condominiums, office buildings and commercial centers	9.5%
5	Freeport Area of Bataan	Philippine government agency attached to the Office of the President of the Philippines that operates and manages the Freeport Area of Bataan in Mariveles, an export processing zone.	6.5%
6	Distribution Utilities	Electric Distribution Companies supplying power to their franchise area customers which are	2.5%

		classified as residential, commercial and industrial	
7	MWM Terminals	Private landport operator of Paranaque Integrated Terminal Exchange, a public transport terminal in Paranaque City	2.4%
8	Food Processing Companies	Food processing companies engaged in bakery flour and flour-related products and feed mills	1.8%
9	GMR-Megawide Cebu Airport Corporation	Private airport operator of Mactan-Cebu International Airport, the country's second largest international gateway	1.3%

MAINTENANCE

Over the course of the useful life of the Properties, the Property Manager will have primary responsibility for the maintenance of the land premises underlying the Properties and oversight of CREC's operation and maintenance of the Clark Solar Power Plant.

The Property Manager shall be in charge of management and maintenance of the Properties. The Property Manager shall also be in charge of formulating and implementing policies and programs in respect of facility management, maintenance and improvement, as well as extraordinary maintenance, in the event of damage from weather disturbances, such as typhoons, earthquakes, or floods, and from other unforeseen events. The Property Manager may engage contractors or service providers for such purposes, on behalf of the Company.

The solar power plants operated by the Company's Lessees engage full-time employees focused on the operations and maintenance of such assets. The Lessees endeavor to keep the respective solar power plants operated by them in good working order. The table below shows the availability rate and performance ratio of the solar power plants located on the Leased Properties for the year ended December 31, 2021 and for the nine months ended September 30, 2022.

Solar Power Plant	**For the year ended December 31, 2021**		**For the nine months ended September 30, 2022**	
	Availability Rate(1)	**Performance Ratio(2)**	**Availability Rate(1)**	**Performance Ratio(2)**
Clark Solar Power Plant............	99.2%	77.3%	99.5%	77.0%
Armenia Property	99.2%	76.9%	98.9%	78.5%
Toledo Property	99.3%	76.1%	98.8%	74.9%
Silay Property...........................	97.9%	78.6%	95.4%	75.5%
Dalayap Property	99.3%	78.4%	98.8%	78.7%
Bulacan Property	99.3%	78.9%	99.9%	78.1%
South Cotabato Property	98.3%	78.9%	98.3%	78.3%

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.

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.

PROPERTIES TO BE ACQUIRED

The Company aims to eventually group renewable energy capacity to 804 MWpDC by 2025, a fivefold increase from its current capacity of 145 MW_{PDC}. Listed below are projects of CREC, the Sponsor, that can potentially be infused into the Company, and which will enable it to reach its target capacity pf 949 MW_{pDC}.

Project Name	Capacity (MWpDC)	Investment Type	Status	Completion Date
Solar Rooftops System	6.5	Solar Rooftop PV System	Completed	2022
Arayat-Mexico Solar Farm Phase 1	72	Land + Solar Farm	Completed	2022
Arayat-Mexico Solar Farm Phase 2	42	Land + Solar Farm	Pre-development	2023
Zambales Solar Farm	65	Land + Solar Farm	Pre-development	2023
Batangas Solar Farm "A"	90	Land + Solar Farm	Pre-development	2023
Batangas Solar Farm "B	40	Land + Solar Farm	Pre-development	2023
Batangas Solar Farm "C	170	Land + Solar Farm	Pre-development	2023
Pangasinan Solar Farm	91	Land + Solar Farm	Site Selection	2023
Laguna Solar Farm	78	Land + Solar Farm	Site Selection	2023
Bulacan Solar Farm	130	Land + Solar Farm	Site Selection	2023
Isabela Run-of-River Hydro	20	Run-of River Hydro	Construction	2023
Total	**804.5**			

Of the above, the Company will use the proceeds of the offer to acquire the Solar Rooftops System and the parcels of land for Batangas Solar Farm "A", Batangas Solar Farm "B", and Batangas Solar Farm "C". The Solar Rooftops System will be purchased from Sunny Side Up Power Corp., a subsidiary of CREC. Upon acquisition by the Company of the system, the Property Manager will have primary responsibility for the oversight of SSUPC's operation and maintenance of the Solar Rooftops System.

THIRD-PARTY SUPPLIERS

The third-party suppliers of the solar power plants operated by the Lessees of the Company include manpower services, such as housekeeping services and security services, among others. Neither the Company nor any of its Lessees is dependent on any third-party supplier.

GREEN INITIATIVES

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

Further, based on the Company's estimates, the solar power plants operated on the Leased Properties are able to reduce approximately 231,720 tons of CO_2 annually, or an aggregate of 7,000,000 tons of CO_2 for the entire design life of the power plants.

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

Particulars of the Properties

	Clark Solar Power Plant	**Armenia Property**	**Bulacan Property**	**South Cotabato Property**	**Toledo Property**	**Silay Property**	**Dalayap Property**
Location	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
Land area (sq.m.)	250,318	138,164	253,880	79,997	730,000	431,408	103,371
Right over property	Leased	Owned	Owned	Owned	Leased	Leased	Leased
Land lease expiry	September 2039	N/A	N/A	N/A	May 2041	October 2040	October 2040
Lessor	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
Right of first refusal	None	N/A	N/A	N/A	Yes	None	Yes
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	15	6.23	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	March 12, 2016	December 9, 2015	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	Yes	Yes	No	No	No
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Bulacan	Citicore South Cotabato	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1 ,2 022	January 1, 2022	January 1, 2022	January 1, 2022	November 1, 2021

Expiration of the tenancy	September 4, 2039	October 31, 2046	December 31, 2046	December 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	2,484,073,000	1,067,493,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	21.4%	4.7%	17.2%	7.4%	26.1%	19.9%	3.2%

LEASED PROPERTIES

The Lessees operate solar power plants with a total installed capacity of 145.0MWp$_{DC}$ on the Properties.

Clark Solar Power Plant

A solar power plant with an installed capacity of 22.3MWpDC and other real properties (the "**Clark Solar Power Plant**") is located on a 250,318 sq.m. parcel of land (the "**Clark Land**") in the Clark Freeport Zone, which the Company leases from the Clark Development Corporation. The Company's lease is for 25 years commencing on September 5, 2014, and is renewable upon mutual consent of the parties.

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. See "*Certain Agreements Relating to the Company and the Properties*".

The Company has assigned the BOI registration in relation to the Clark Solar Power Plant to CREC, which will entitle CREC to enjoy incentives such as a zero VAT rating, income tax holiday for seven years until 2023 with a 10% preferential rate thereafter and a tax exemption on carbon credits.

For the nine months ended September 30, 2022 gross revenue of the Clark Property amounted to ₱211.5 million. Revenues for the years ended December 31, 2019, 2020 and 2021 and and nine months ended September 30, 2021 were still from sale of electricity.

As of October 31, 2021, the Clark Property was valued at ₱3,101.9 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this Prospectus for more details.

Armenia Property

The Armenia Property comprises 11 parcels of land with a total area of 138,164 sq.m. located in Brgy. Armenia, Tarlac City. The Armenia Property is owned by the Company and was leased out by the Company to Citicore Tarlac 1 for a period of 25 years commencing on November 1, 2022. Citicore Tarlac 1 operates a solar power plant with an installed capacity of 8.84MWp$_{DC}$ on the Armenia Property. Citicore Tarlac 1's solar power plant was commissioned on February 29, 2016.

Citicore Tarlac 1 sells the electricity generated by its solar power plant to Contestable Customers operating in various industries.

Gross revenues for the year ended December 31, 2021 and nine months ended September 30, 2022 of the Armenia Property amounted to ₱9.7 million and ₱43.6 million, respectively. Revenues for the years ended December 31, 2019, 2020 and nine months ended September 30, 2021 were still from sale of electricity.

As of October 31, 2021, the Armenia Property was valued at ₱687.2 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this Prospectus for more details.

Toledo Property

The Toledo Property comprises leasehold rights over land with an area of 730,000 sq.m. located in Brgy. Talavera, Toledo City, Cebu.

The Company owns the leasehold rights over the Toledo Property pursuant to a Deed of Assignment whereby Citicore Cebu transferred all its rights and obligations with respect to the Toledo Property to the Company. The lessor of the Toledo Property is Leavenworth Realty Development, Inc., which holds the usufructuary rights to such property. The Company's leasehold rights are for a remaining term of 19 years, expiring on May 31, 2041, and renewable upon mutual agreement of the parties. The Company has a right to match any bona fide offer from a third party to purchase the property from the landowner.

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 60MWp$_{DC}$ on the Toledo Property. Citicore Cebu's solar power plant was commissioned on June 30, 2016.

Citicore Cebu sells the electricity generated by its solar power plant to Contestable Customers operating in various industries.

For the nine months ended September 30, 2022 gross revenue of the Toledo Property amounted to ₱276.3 million. Revenues for the years ended December 31, 2019, 2020 and 2021 and and nine months ended September 30, 2021 were still from sale of electricity.

As of October 31, 2021, the Toledo Property was valued at ₱3,776.8 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this Prospectus for more details.

Silay Property

The Silay Property comprises leasehold rights over land with an area of 431,408 sq.m. located in Silay City, Negros Occidental.

The Company owns the leasehold rights over the Silay Property pursuant to a lease agreement between the Company as lessee, and Claudio Lopez, Inc. as lessor, with a term of 18 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 $25MWp_{DC}$ on the Silay Property. Citicore Negros Occidental's solar power plant was commissioned on March 8, 2016.

Citicore Negros Occidental sells the electricity generated by its solar power plant to Contestable Customers operating in various industries.

For the nine months ended September 30, 2022 gross revenue of the Silay Property amounted to ₱208.9 million. Revenues for the years ended December 31, 2019, 2020 and 2021 and and nine months ended September 30, 2021 were still from sale of electricity.

As of October 31, 2021, the Silay Property was valued at ₱2,884.6 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this Prospectus for more details.

Dalayap Property

The Dalayap Property comprises leasehold rights over parcels of land with an area of 103,371sq.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 7.5MWp_{DC} on the Dalayap Property. Citicore Tarlac 2's solar power plant was commissioned on February 27, 2016.

Citicore Tarlac 2 sells the electricity generated by its solar power plant to Contestable Customers operating in various industries.

Gross revenues for the year ended December 31, 2021 and nine months ended September 30, 2022 of the Dalayap Property amounted to ₱8.1 million and ₱36.4 million, respectively. Revenues for the years ended December 31, 2019, 2020 and nine months ended September 30, 2021 were still from sale of electricity.

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

Bulacan Property

The Bulacan property consists of a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan which the Company purchased in 2022.

The Company leased out the entire Bulacan Property to Citicore Bulacan for a period of 25 years commencing on January 1, 2022. Citicore Bulacan operates a solar power plant with an installed capacity of 15MWp_{DC} in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016.

For the nine months ended September 30, 2022 gross revenue of the Bulacan Property amounted to ₱151.9 million. Revenues for the years ended December 31, 2019, 2020 and 2021 and and nine months ended September 30, 2021 were still from sale of electricity.

As of October 31, 2021, the Bulacan Property was valued at ₱2,484.1 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this Propectus for more details.

South Cotabato Property

The South Cotabato property is a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato which was acquired in 2022.

The entire South Cotabato property is leased out to Citicore South Cotabato for 25 years commencing January 1, 2022. Citicore South Cotabato operate a solar power plant with an installed capacity of $6.23MWp_{DC}$ in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015.

For the nine months ended September 30, 2022 gross revenue of the South Cotabato Property amounted to ₱66.8 million. Revenues for the years ended December 31, 2019, 2020 and 2021 and and nine months ended September 30, 2021 were still from sale of electricity.

As of October 31, 2021, the South Cotabato Property was valued at ₱1,067.5 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this Propectus for more details.

There are no expenditures relating to development activities for the year ended December 31, 2019, 2020, 2021 and for the nine months ended September 30, 2022.

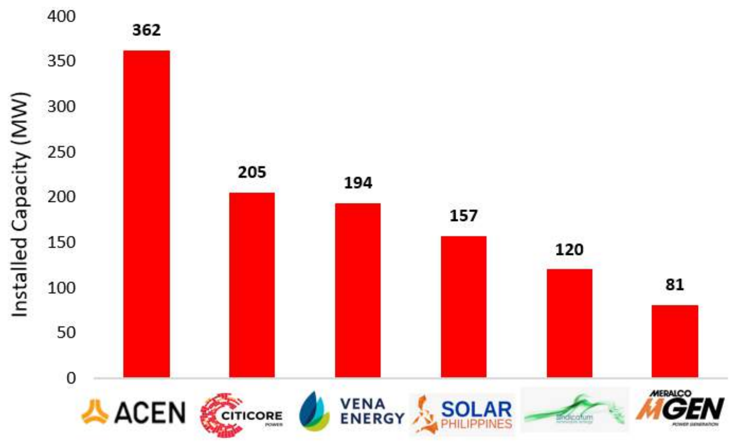
COMPETITION

The Lessees' main competitions 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 prices of commodities, such as natural gas and coal, are important drivers of energy pricing and competition in most energy markets, including in the Philippines.

The Clark Solar Power Plant operated by CREC is FIT-certified and is expected to generate stable cash flows from a guaranteed electricity purchase agreement with the Government, and is not expected to be affected by market competition. However, bilateral contracts between the Company's other lessees and their customers, are subject to direct competition from both renewable and non-renewable players in the Philippine energy industry.

In respect of the solar power industry, the Lessees' main competitors are Vena Energy, AC Energy, Solar Philippines, PetroSolar, Aboitiz Power and Energy Development Corporation. As of September 30, 2022, the Citicore Group was the second largest solar power generator in the Philippines with an overall capacity of $205MW_{DC}$.

Ranking by installed capacity (MW_{DC}) – based on attributable stake



Source: Department of Energy

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.

EMPLOYEES

The Company's employees are not subject to Collective Bargaining Agreements and are not entitled to any supplemental benefits or incentive arrangements from the Company. As of the date of this Prospectus, the Company has four employees.

Except for a per diem per board meeting of ₱50,000 and ₱25,000 that the Company pays to each of the independent Directors for every board meeting and committee meeting, respectively, that they attend, there are no other arrangements for the payment of compensation or remuneration to the Directors of the Company in their capacity as such. The Company's executive officers have been, and will continue to be, compensated by the Sponsors and the Citicore Group.

The executive officers of the Company will be seconded from other companies in the Citicore Group.

The Company believes that the Company, the Property Manager, and the Fund Manager are in compliance with all minimum compensation and benefit standards, as well as applicable labor and employment regulations.

INTELLECTUAL PROPERTY

As of the date of this Prospectus, the Company does not own any trademarks or intellectual property.

REGULATORY COMPLIANCE

The Property Manager is responsible for ensuring the Company's continued compliance with applicable laws and regulations, including any changes or updates that may materially impact or adversely affect the Company's operations and business. As of the date of the Prospectus, the Company had obtained, or is in the process of renewing, all governmental approvals, permits and licenses issued by the appropriate Government agencies or authorities, which are necessary to conduct the Company's business and operations. As of the date of this Prospectus, the Company has applied and paid the necessary fees for the issuance of material licenses, permits, and certifications. The Company is also awaiting issuance of certain permits from the appropriate government agencies in the ordinary course of renewal.

Renewal applications for all the expired licenses, permits and certifications have been filed by the Company with the concerned regulatory agencies. Should any licenses, permits and certifications be denied or will not be renewed, the Company and its Lessees may be subject to payment of fines and surcharges imposed by each regulatory agency. The Company is not aware of any reason why renewal of the licenses, permits and certifications will be denied or will not be renewed.

The Company's material licenses, permits, and certifications are as follows:

Material Licenses, Permits, and Certifications of the Company

Issuing agency	Permit/License/Certification	Issued to	Date issued	Date of expiration
Securities and Exchange Commission	Certificate of Incorporation (CS201010780)	Enfinity Philippines Renewable Resources Inc.	07/15/2010	n/a
Bureau of Internal Revenue	Certificate of Registration (4RC0000906760)	Enfinity Philippines Renewable Resources Inc.	08/04/2010	n/a
Clark Development Corporation	Certificate of Business Registration (2020-148)	Enfinity Philippines Renewable Resources Inc.	02/16/2020	02/15/2023
Clark Development Corporation[5]	Certificate of Environmental Compliance (2022-0206 and 2022-0208)	Enfinity Philippines Renewable Resources Inc.	03/04/2022	02/12/2023

[5] While the board of directors of the Clark Development Corporation (CDC) already approved the Company's change in name from Enfinity Philippines Renewable Resources, Inc., CDC has yet to release its formal letter approving the same. Thus, when the permits were issued, the same were still under EPRRI's name.

Material Licenses, Permits, and Certifications of the Company

Issuing agency	Permit/License/Certification	Issued to	Date issued	Date of expiration
Clark Development Corporation	Sanitary Permit (2022-0633)	Enfinity Philippines Renewable Resources Inc.	07/07/2022	06/30/2023
Clark Development Corporation	Certificate of Annual Inspection (CAI2022-0974 to 77)	Enfinity Philippines Renewable Resources Inc.	07/01/2022	06/23/2023
Clark Development Corporation	Certificate of Operation (C002022-375)	Enfinity Philippines Renewable Resources Inc.	07/01/2022	06/23/2023

** On August 18, 2021, the ERC has granted the Company a Provisional Authority to Operate ("PAO") the solar power plant on the Clark Property for period of one (1) year beginning July 14, 2021 to July 13, 2022 which is contingent to the validity of permits and licenses issued by other government agencies, and compliance with the conditions set forth under the PAO.*

The relevant material licenses, permits and certifications of the Company from the DOE, TransCo and ERC necessary for the operation of the Clark Solar Power Plant have been assigned to CREC as of December 24, 2021, while the other licenses, permits and certifications have been approved by or have been applied for with the relevant Government agencies.

The operation of a solar power project is authorized by the Government through the DOE by its execution of a Solar Energy Service Contract (SESC) with a duly qualified Renewable Energy (RE) Developer who possesses the legal, financial and technical qualifications to undertake a solar project. The SESC specifically grants the RE Developer the exclusive right to explore, develop and operate a solar power project within the identified contract area. After the SESC is awarded, the DOE then requires monitoring reports and compliances from the registered RE Developer. The RE Developer may assign or transfer part or all of its rights and obligations under the SESC to its affiliate upon submission of a written agreement between the assignor and the assignee. The assignee shall further undergo legal, financial and technical evaluations by the DOE before the latter approves the assignment.

LEGAL PROCEEDINGS

As of the date of this Prospectus, to the best of the Company's knowledge and belief and after due inquiry, none of the Company, the Fund Manager, or the Property Manager are currently involved in any material litigation claims or arbitration, either as plaintiff or defendant, which could be expected to have a material and adverse effect on the Company's financial position.

Apart from the disclosure below, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, none of the directors, nominees for election as director, or executive officers of the Company, the Fund Manager, or the Property Manager have in the five year period prior to the date of this Prospectus have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; nor have they been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or from acting as a director, officer, employee, consultant, or agent occupying any fiduciary position.

Apart from the disclosure below, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, none of the directors, nominees for election as director or executive officers of the Company, the Fund Manager, or the Property Manager have been convicted by final judgment of any violation of the REIT Act, the Philippine Revised Corporation Code, the General Banking Law, the Insurance Code, the Securities Regulation Code, or any other related laws and any rules or regulations, or orders thereunder; nor have they been found insolvent or incapacitated to contract. Similarly, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, none of the Company's Properties are the subject of any pending material litigation, claims or arbitration, which could be expected to have a material and adverse effect on the Company's financial position.

NBI Anti-Fraud Division and Atty. Larry T. Iguidez vs. Atty. Steven Y. Dicdican, Et Al. NPS Docket No. XVI-Inv-20k00362.

This case stemmed from a complaint dated September 3, 2020 filed against several respondents including, Oliver Y. Tan, Edgar B. Saavedra, Jez G. Dela Cruz, and Manuel Louie B. Ferrer (collectively, "**Respondents**"), for violations of (i) Section 3(j) of Republic Act ("RA") No. 3019, (ii) Section 2-A of the Anti-Dummy Law, and (iii) Section 4(g) of RA No. 6713. Complainant alleged that the Respondents handed the operation, administration, and management of the Mactan Cebu International Airport ("**MCIA**"), which is vested in GMR Megawide Cebu Airport Corporation ("**GMCAC**"), a consortium led by Megawide Construction Corporation ("**Megawide**") and the GMR Infrastructure Limited, to foreign nationals in violation of the Constitutional prohibition on having foreign nationals as executive and managing officers of a public utility.

Acting on the complaint, the National Bureau of Investigation ("**NBI**") recommended to the Department of Justice ("**DOJ**") the prosecution of Respondents being members of the Board of Directors of GMCAC for allegedly violating the Anti-Dummy Law. In their Joint Counter-Affidavit dated February 1, 2021, Respondents denied the allegations and explained that 1) the acts cited in the complaint do not constitute managerial or executive functions but are in the nature of public relations which the Respondents, as the members of the board of directors, cannot be expected to personally handle, 2) the engagement of foreign nationals is limited to advisory and/or consultation purposes only, 3) it is the Board of Directors that exercises the corporate powers, conducts the business, and controls all properties of GMCAC and 4) none of the indicators of "dummy status" are present. On July 14, 2021, the Respondents, through counsel, received an Order from the DOJ requiring the parties to submit their respective memoranda within 30 days from receipt of the Order. On August 13, 2021, the Respondents submitted their Memorandum. On October 15, 2021, newspaper articles reported that the DOJ has indicted the GMCAC executives, including the Respondents, for the alleged violation of the Anti-Dummy Law. In a disclosure submitted by Megawide to the PSE on the same date, Megawide clarified that despite reports, it has not received any official documents pertaining the filing of criminal charges against the directors and officers of GMCAC and assured the public that it will respond to this case in the proper forum and expects to do so successfully. On November 26, 2021, Megawide, via the PSE, disclosed that it received information that warrants of arrest against the Respondents have been issued by the Regional Trial Court ("**RTC**") of Lapu-Lapu City and that it is a procedural step to acquire jurisdiction over the Respondents. The warrants were issued for Criminal Case No. R-LLP-21-01781-CR by Branch 68 of the RTC in Lapu-Lapu City. This has been addressed by the Respondents with the posting of bail and the warrants were lifted and set aside on November 26, 2021. The arraignment was initially scheduled on December 7, 2021 but was deferred to February 9, 2022 in view of the previous filing of a Petition for Review on October 29, 2021 before the Department of Justice.

Based on the same set of facts and circumstances, NBI, unbeknownst to the Respondents at the time, also filed a complaint with the Office of the Ombudsman (OMB-C-C-20-0156 and OMB-C-A-20-0176) against several individuals, including the Respondents for violations of Section 3(e) and (j) of RA No. 3019 and Section 4(g) of RA 6713. A Joint Resolution was issued on July 20, 2021 by the Office of the Ombudsman finding probable cause to indict the Respondents, acting in conspiracy with the other respondents, for violation of Section 3(e) of RA 3019. All the other charges against the Respondents were dismissed. On November 8, 2021, Megawide, via the PSE, disclosed that it received a copy of the Joint Resolution on November 5, 2021. Prior to receiving such joint resolution on November 5, 2021, none of the Respondents obtained or received any notice, subpoena or order from the Office of the Ombudsman directing the submission of their respective counter-affidavits. As a result, they were not given the opportunity to present their defenses and participate in the preliminary investigation. On November 10, 2021, the Respondents filed their Motion for Partial Reconsideration and/or Reinvestigation praying for the dismissal of the complaint for lack of probable cause or, in the alternative, to conduct a reinvestigation to afford the Respondents their right to due process. 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.

The Company believes that the proceedings disclosed above do not affect the ability or integrity of the directors or executive officers involved.

INDUSTRY OVERVIEW

The information that appears in the executive summary of the independent market research report in this Industry Overview section, including all data (actual, estimates and forecasts) has been prepared by Frost & Sullivan in a Research Report dated October 10, 2021 and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in the Company. The Company believes that the sources of information contained in this Industry Overview are appropriate sources for such information and has taken reasonable care in reproducing such information. The Company has no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

The information prepared by Frost & Sullivan and set out in this Industry Overview and elsewhere in this Prospectus and the commissioned industry report attached as Annex 3 to this Prospectus has not been independently verified by the Company or the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and none of them gives any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

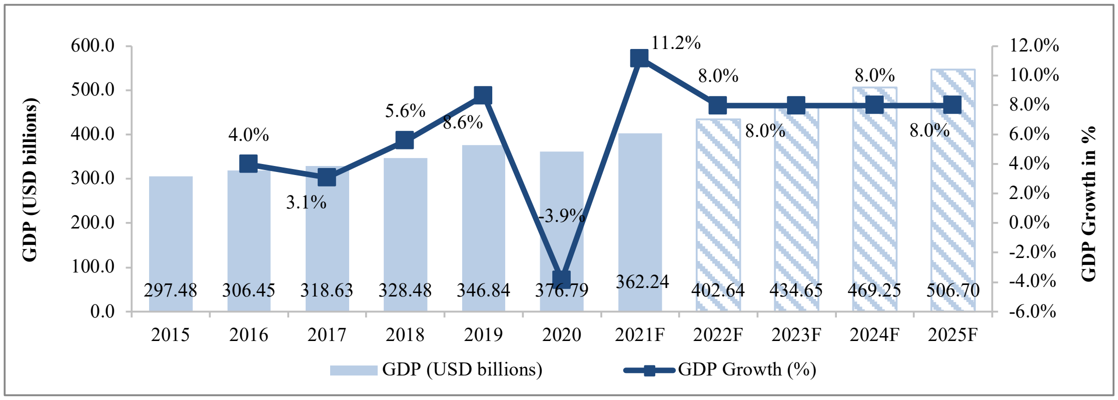
The commissioned industry report includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. Investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.

Unless otherwise indicated, certain forward-looking statements contained herein were made prior to the outbreak of the COVID-19 pandemic and have not been updated to account for the impact or extent of such outbreak. There can be no assurance that such forward-looking statements would not have been materially different if the COVID-19 pandemic had been taken into account.

MACROECONOMIC VIEW

As the world slowly recovers from COVID-19, the Philippines' economic outlook is expected to be positive, contributing to a growing GDP and GDP per capita. In 2021, the Philippines' GDP is expected to reach PHP 17,568.64 billion (USD 362.24 billion) at current prices, growing at a CAGR of 6% between 2015 and 2025. This growth is expected to be driven by sustained public projects, especially under the government's "Build, Build, Build" initiative, a comprehensive infrastructure development program; private consumption and spending; and innovative projects, such as climate-friendly intra-city transit systems.

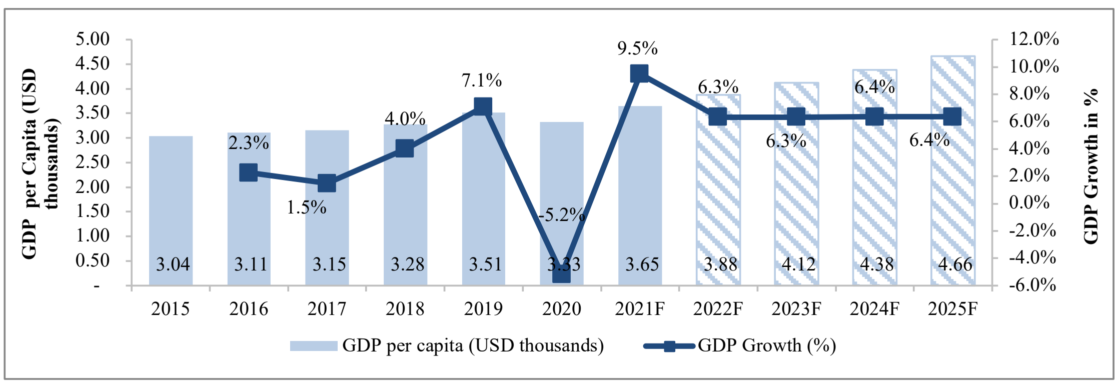
GDP AND GDP GROWTH, PHILIPPINES, 2015 – 2025F



Source: IMR World Economic Outlook, Frost & Sullivan

The GDP per capita of the Philippines was PHP 161,505 (USD 3,330) in 2020. It is expected to reach PHP 266,156 (USD 4,663) by 2025, growing at a CAGR of 4.4% between 2015 and 2025. This growth is expected to be driven by higher spending likely to occur in the post-pandemic period.

GDP Per Capita and Growth, Philippines, 2015-2025F

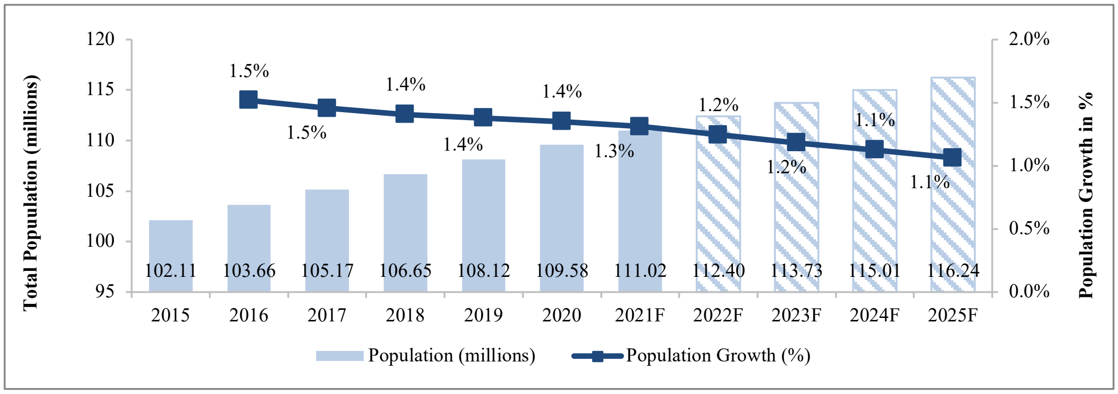


Source: IMR World Economic Outlook, Frost & Sullivan

POPULATION

It is estimated that the country's population will grow to 111 million by the end of 2021. This growth is expected to continue until 2025 and then decline due to the increasing preference for smaller family sizes and various government health programs.

Total Population, Philippines 2015- 2025F

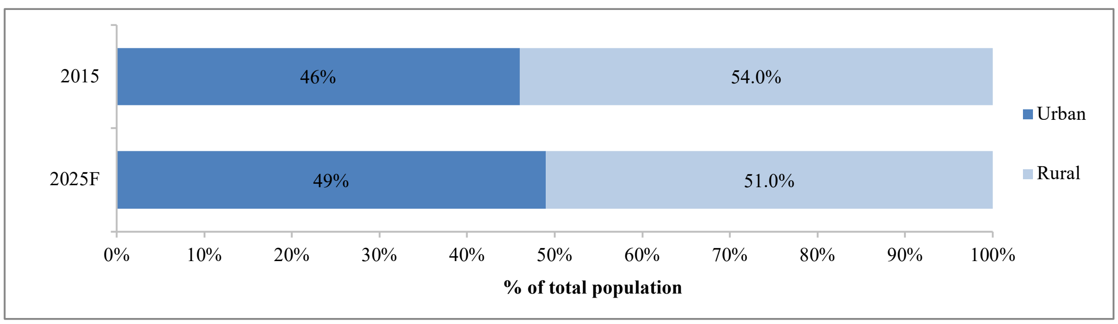


Source: World Bank, Philippine Statistics Authority, Frost & Sullivan

The working-age population is expected to grow by 1 million in 2021, reaching 71.83 million, or 64.7%, of Filipinos between 15 and 64 years old. This increase in the working-age population implies a demographic precondition for greater productivity, given its potential to support the dependent population. However, this creates a need for the country to create new jobs, a challenging proposition during the pandemic.

The urban population is expected to grow from 46% of the total population (~47 million) in 2015 to 49% (~57 million) in 2025. Economic growth is increasingly around the central city hubs, such as Metro Manila and middleweight regions, including cross-border areas for trade-in logistics, such as Cebu; designated economic zones; and satellite regions within commutable distance from the mega cities.

URBAN AND RURAL POPULATION, PHILIPPINES, 2015 AND 2025F



Source: ASEAN Sustainable Urbanization Strategy Report, Frost & Sullivan

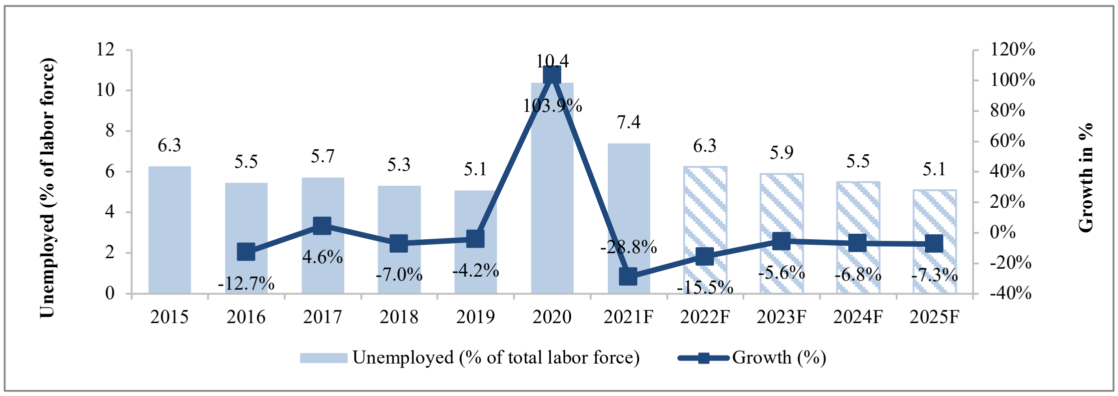
COVID-19 IMPLICATION

Impact on Businesses and Households

A strict lockdown, “Enhanced Community Quarantine,” to control the spread of the virus was imposed starting in August 2021. Only essential businesses and services were allowed to open, and only 1 family member was permitted to step out to buy necessities. The lockdown negatively impacted retail sales for manufacturers, transportation, and services. In a recent study by the Asian Development Bank (“ADB”), approximately 70% of the Philippines’ micro, small, and medium enterprises (“MSME”) were also forced to temporarily close due to the pandemic. With almost 13% of MSMEs opting to work from home, the remote working setup was not considered a viable option, resulting in temporary layoffs.

Consequently, household income was negatively affected. The ADB reported that 85% of Philippine households experienced financial difficulty during the pandemic. It was also observed that lower-income households were more likely to face income decline than higher-income households. The disparity of the impact of the lockdown will likely result in broader income inequality post-pandemic. The unemployed population grew by approximately 104% in 2020, amounting to 10.4% of the labor force. Unemployment is expected to decrease gradually in 2021, as the threat of the pandemic decreases, and economic recovery begins.

UNEMPLOYMENT, PHILIPPINES, 2015-2025F



Source: IMF World Economic Outlook, Frost & Sullivan

GOVERNMENT RESPONSE

To help alleviate the pandemic's adverse economic impact, the government enacted the Republic Act No.11469 or the "Bayanihan to Heal as One Act." The Act allowed the president to reallocate almost PHP 275 billion (USD 5.67 billion) for the pandemic response, from the estimated PHP 438 billion (USD 9.03 billion) 2020 national budget and mandated economic assistance for disadvantaged families and displaced workers.

As the pandemic persisted, Republic Act No. 11494 or the "Bayanihan II Act" was subsequently signed into law. The PHP 165.5 billion (USD 3.4 billion) package allocated PHP 39.5 billion (USD 814 million) for loans for small businesses; PHP 24 billion (USD 495 million) for the agriculture sector; and PHP 13 billion (USD 268 million) for the displaced workers. It extended grace periods and allowed zero-interest instalments for rental payments and utility bills incurred by residential occupants and small businesses. The net operating losses of the companies for 2020 and 2021 were also allowed to be carried over as a deduction from gross income for the next 5 consecutive taxable years. The percentage tax on shares of stock sold or exchanged through Initial Public Offering was also removed.

Other enacted reform measures include the CREATE initiative, which immediately reduced the corporate income tax rate from 30% to 25%, followed by a 1% annual decrease from 2023 to 2027. The Financial Institutions Strategic Transfer was also enacted to allow financial institutions to dispose of non-performing loans and assets to address liquidity concerns.

The Philippines' public health system struggled to cope with the continuous increase in cases, which was attributed to a shortage of health workers and poor health infrastructure. Mass testing and systematic tracking were challenging. As cases continue to rise, a "State of Calamity" declaration was extended until the end of 2021.

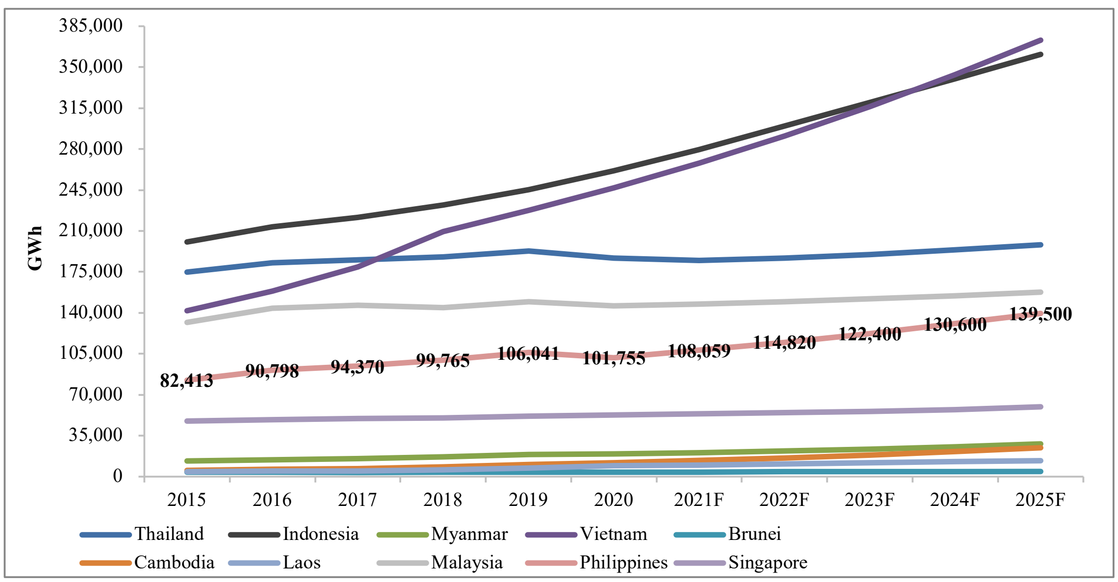
ELECTRICITY IN ASEAN

DEMAND AND CONSUMPTION

The Association of Southeast Asian Nations (ASEAN) is a crucial participant in the global economy, with a cumulative GDP of over PHP 121 trillion (USD 2.5 trillion). The economic growth the region has experienced increased its energy demand by 70% compared to the energy demand in 2000. As of 2020, ASEAN accounts for 5% of the total global energy demand.

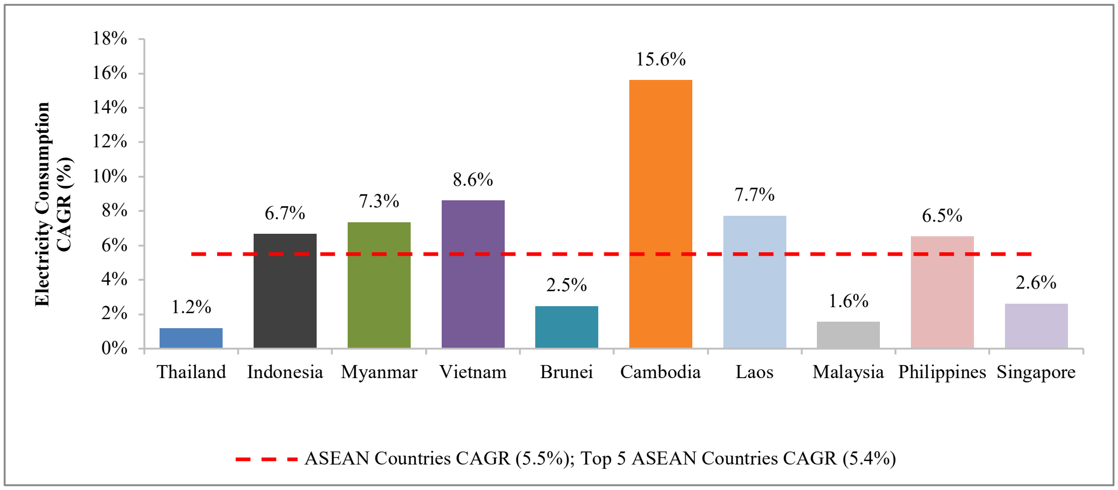
Overall, electricity consumption in ASEAN is expected to grow at a CAGR of 5.5% from 2020 to 2025, with Vietnam overtaking Indonesia as the top consumer. In the Philippines, electricity consumption is expected to grow at a CAGR of 6.5% from 2020 to 2025.

ELECTRICITY CONSUMPTION, ASEAN, 2015-2025F



Source: Metropolitan Electricity Authority (MEA), Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA), Ministry of Energy Thailand, National Electricity Supply Business Plan (RUPTL) 2019-2028, Economic Research Institute for ASEAN and East Asia (ERIA), Ministry of Electricity and Energy Myanmar, Vietnam Electricity (EVN), Electricity Authority of Cambodia (EAC), Ministry of Energy and Mines Laos, Energy Commission Malaysia, Department of Energy (DOE) Philippines, Energy Market Authority (EMA) Singapore, Frost & Sullivan

ELECTRICITY CONSUMPTION CAGR, ASEAN COUNTRIES, 2020–2025F

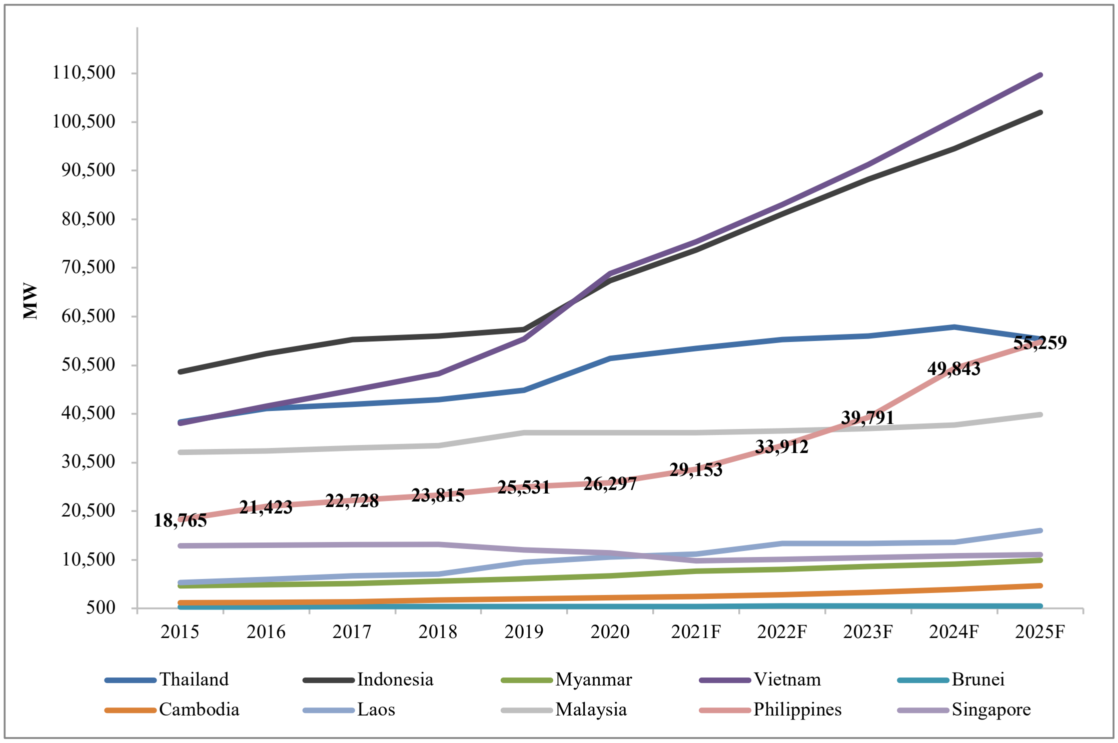


Source: Metropolitan Electricity Authority; EGAT; Provincial Electricity Authority; Ministry of Energy Thailand; National Electricity Supply Business Plan (RUPTL) 2019–2028; Economic Research Institute for ASEAN and East Asia; Ministry of Electricity and Energy Myanmar; EVN; EAC; Ministry of Energy and Mines Laos; Energy Commission Malaysia; DOE Philippines; EMA Singapore; Frost & Sullivan

INSTALLED CAPACITY IN ASEAN

Overall, installed capacity in ASEAN will grow at a CAGR of 7.4% from 2020 to 2025. In the Philippines, installed capacity is expected to grow from 26,297 MW in 2020 to 55,259 MW in 2025, recording a CAGR of 16% during the same period

TOTAL INSTALLED CAPACITY, ASEAN, 2015-2025F



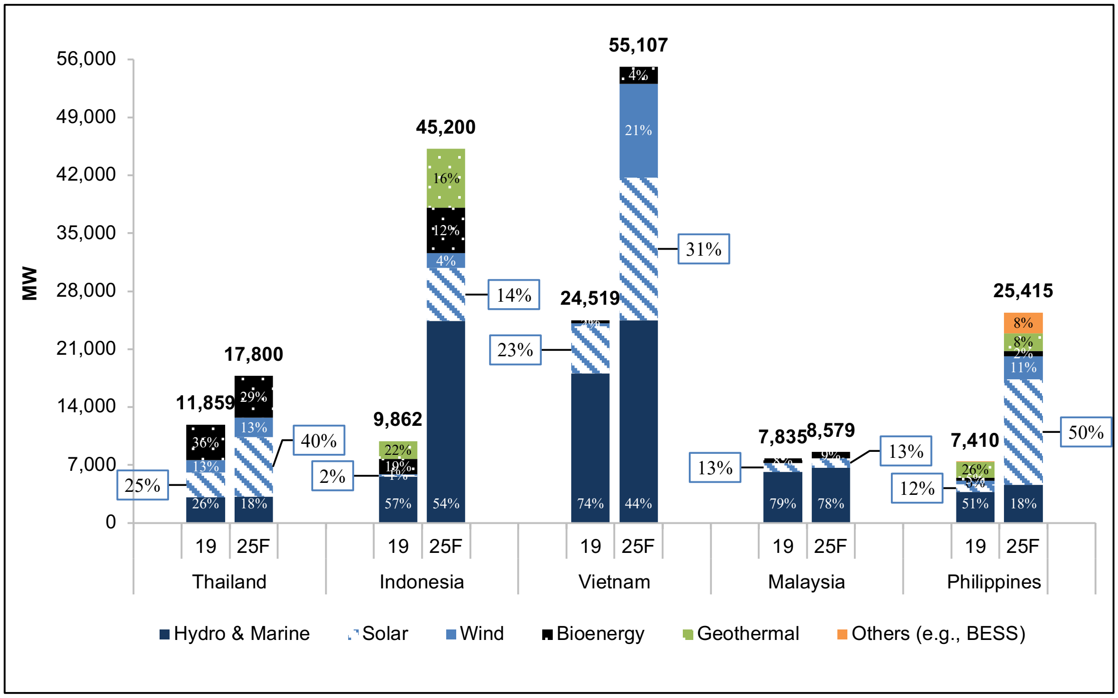
Source: EGAT, RUPTL 2019-2038, Ministry of Electricity and Energy Myanmar, EVN, EAC, EDL Generation Public Company (Laos), Energy Commission Malaysia, DOE Philippines, CEIC Data, EMA Singapore, Frost & Sullivan

RENEWABLE ENERGY (RE)

Among the ASEAN member states, Vietnam, Thailand, the Philippines, Malaysia, and Indonesia represent a share of approximately 84% of ASEAN's total installed RE capacity. Vietnam leads substantially with a 34% share, followed by Thailand (17%), Indonesia (13%), Malaysia (10%), and the Philippines (10%). As a region, ASEAN established an ambitious target of integrating at least 23% RE by 2025 to support economic growth and sustainability.

In the Philippines, total RE installed capacity reached 7,663.8MW in 2020 (inclusive of 11MW of BESS) with hydropower and geothermal energy the most significant contributors at 49% and 25%, respectively. Total RE capacity is expected to grow at a CAGR of 22.8%, equal to 25,415 MW, by 2025.

RENEWABLE ENERGY INSTALLED CAPACITY BY TYPE, KEY ASEAN COUNTRIES, 2019 AND 2025F



Source: International Renewable Energy Agency (IRENA), Energy Commission Malaysia, DOE, Philippine Energy Plan 2018-2040, Ministry of Energy and Mineral Resources Revised Kebijakan Energi Nasional 2025, National Power

Development Plan 2021-2030 ("Draft PDP8"), Frost & Sullivan

OVERVIEW OF THE POWER GENERATION INDUSTRY IN THE PHILIPPINES

INTRODUCTION

The Philippines consists of three main regions: Luzon, Visayas, and Mindanao. Separate transmission grids exist for each region, but the grid in Mindanao does not have an interconnection. A critical transmission project to link the power grids in Visayas and Mindanao is currently under construction.

The Philippines relies heavily on imported fuels for power generation. According to the Department of Energy ("DOE"), the country's dependence on coal was met by total imports of 27.7 million metric tons ("MT") and local production amounting to 15.2 million MT in 2019, which totaled 33.1 million MT. Of the total coal demand, the power generation industry consumed 28.7 million MT, equivalent to 86.7% of the total consumption in 2019.

In 1973, the Philippine National Oil Company was formed as the country's custodian of the national oil and gas reserves, which led to the development of indigenous gas reserves supplying gas to the combined cycled gas turbine ("CCGT") power plants, notably from the Malampaya gas field (expected depletion by 2027).

As an alternative to fossil fuels being used in power generation, a 621 MW nuclear power plant was built at Bataan in 1984 but was never commissioned.

The power sector went through a massive privatization exercise with the introduction of the Electric Power Industry Reform Act ("EPIRA") in 2001, which led to the liberalization of the market and growth of the RE sector. With the enforcement of the RE Act in 2008, the Philippines has since made significant progress in developing its indigenous RE resources. By the end of 2020, 29.1% of the 26.3 Gigawatt ("GW") national installed capacity consisted of RE, primarily in the form of hydropower, geothermal, and solar, which was equivalent to 7.7 GW, surpassing the contribution of natural gas-based (13.1%) and oil-fired power plants (13%).

Generally, coal-fired and geothermal power plants have served as baseload generators, whereas natural gas-fired power plants served as both mid-merit and peaking plants. Additionally, oil-based and hydropower plants are classified as peaking plants. As the Malampaya gas field is expected to deplete soon, the San Gabriel and Avion plants were both built to achieve commercial operations by 2016, with the intention of switching to re-gasified imported liquefied natural gas ("LNG") once the infrastructure for it is readily available. Australia-based Energy World Corporation Limited ("EWC") is currently developing the country's first LNG import terminal in Pagbilao, which is due to be complete by 2022. There was also a discussion on the trans-ASEAN gas pipeline, although the country has not moved toward developing cross-border pipelines with any of its neighboring countries to date.

Under EPIRA (Republic Act 9136), several permits and approvals are required prior to developing private power projects. These permits and approvals need to be acquired from government-owned entities, such as the DOE, Department of Environmental & Natural Resources ("DENR"), and Energy Regulatory Commission ("ERC"), and the Department of Agrarian Reform. Additionally, connection approval to the transmission grid is required from the National Grid Corporation of the Philippines ("NGCP"). Below are some of the required permits/approvals to be obtained from government-owned entities:

NECESSARY APPROVALS/PERMITS TO BE OBTAINED

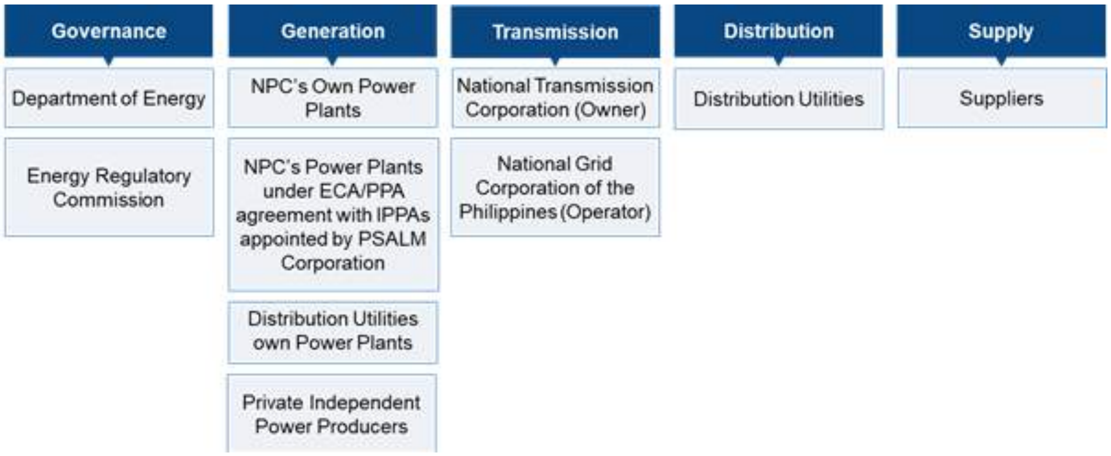
Government Agency	Required Approval/Permits
DOE	Certificate of Endorsement for Power Generation Project
DENR	Environmental Compliance Certificate, Wastewater Discharge Permit, Permit to Operate (Air Pollution Source and Control Installation), Special Land Use Permit, Forest Land Use Agreement
ERC	Certificate of Compliance, Power Sales Agreement ("**PSA**")
Department of Agrarian Reform	Land Use Conversion Permit

Source: DOE of Philippines

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

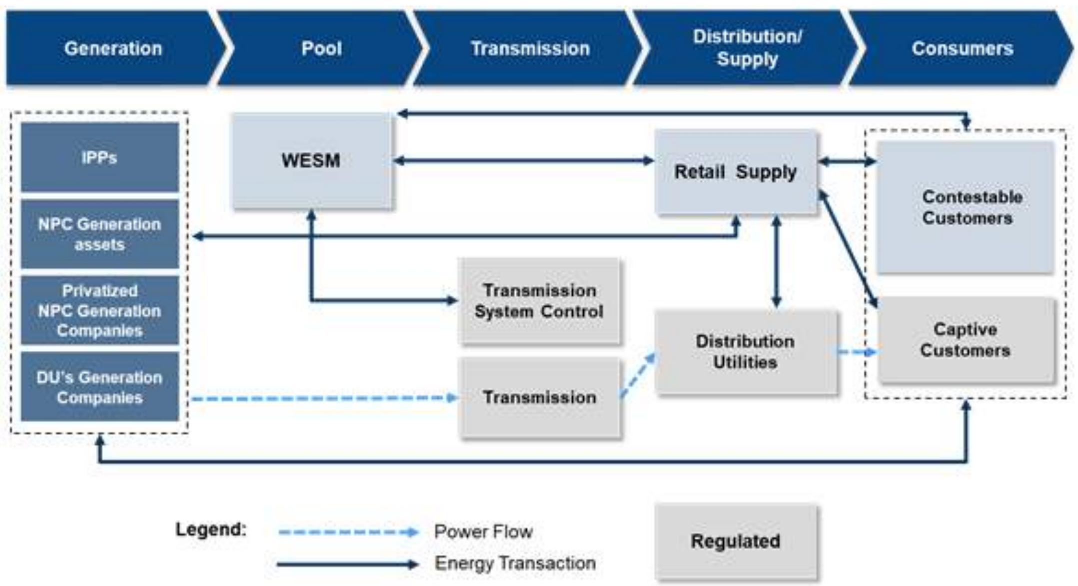
POWER MARKET STRUCTURE AND KEY INDUSTRY STAKEHOLDERS

ELECTRICITY INDUSTRY STRUCTURE, THE PHILIPPINES



Source: Frost & Sullivan analysis

ELECTRICITY MARKET STRUCTURE, THE PHILIPPINES



Source: Frost & Sullivan analysis

With the push for restructuring within the power sector, under the purview of EPIRA 2001, one objective was to promote the utilization of RE sources and enhance the competitive operations of the electricity market. As a result, the Wholesale Electricity Spot Market ("WESM"), was established and started commercial operation in Luzon in June 2006, with the Visayas grid subsequently integrated into it in December 2010. Prior to the implementation of the Retail Competition Open Access ("RCOA") in December 2012, ERC had set aside 4 other pre-conditions that would have enabled the implementation of the RCOA: the approval of unbundled transmission and distribution wheeling charges, initial implementation of the cross-subsidy removal scheme, achieving at least 70% privatization of National Power Corporation's ("NPC") generation assets in Luzon and Visayas, and transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to independent power producer administrators ("IPPA").

WHOLESALE MEMBERSHIP, THE PHILIPPINES, Q1 2021

Wholesale Membership (Q1 2021)	Registered
Generation Companies	136
Private distribution utilities & Local government utilities	20
Electric cooperatives	71
Directly Connected Customers	48

Source: IEMOP Quarterly Report Q1 2021

The DOE and the Philippine Electricity Market Corporation ("PEMC") have been trying to pursue an operational WESM in Mindanao and as such had introduced the Interim Mindanao Electricity Market ("IMEM") in November 2013. The ambition of the IMEM was to ultimately transition Mindanao into the WESM; however, the program was suspended in the following year due to various factors, such as the lack of liquidity, payment issues, and grid interruptions. The WESM in Mindanao was previously slated to be launched in June 2017 but was expected to commence in June 2021, ahead of the completion of the grid interconnection between Visayas and Mindanao. However, as of July 2021, DOE reported that the commercial operation of the WESM in Mindanao has not yet been achieved .

RCOA MEMBERSHIP, THE PHILIPPINES, Q1 2021

Retail Membership (2017)	Registered
Retail Electricity Supplier	35
Local Retail Electricity Supplier	14
Retail Metering Service Provider	56
Contestable Customer	1553
Supplier of Last Resort	25

Source: IEMOP Quarterly Report Q1 2021; Quarterly Retail Market Assessment Report (26 December 2020 – 25 March 2021)

EXISTING LAWS AND REGULATIONS

ELECTRICITY SECTOR LEGAL FRAMEWORK

EPIRA 2001 (Republic Act No. 9136)	The Renewable Energy Act of 2008 (Republic Act No.9513)
• Accelerates electrification • Ensures quality, reliability, security, and affordability of electricity supply • Provides transparency and reasonable price of electricity • Diversifies ownership of generation, transmission, and distribution sectors • Protects public interests • Promotes utilization of indigenous and RE • Privatizes the NPC • Establishes independent regulator • Encourages energy efficiency and demand-side management ("DSM")	• Accelerates the exploration and development of RE to achieve self-reliance and reduce dependency on fossil fuels • Increases the utilization of RE via structured supporting policies and promotion via providing fiscal and non-fiscal incentives • Encourages the development and utilization of RE resources to reduce harmful emissions • Establishes the necessary infrastructure and mechanism to carry out aforementioned policies

Source: Government of Philippines

Through the RE Act of 2008, NREP 2011–2030 was formulated as the policy framework for achieving the Philippines' RE targets. In detail, it outlined an additional capacity of RE of approximately 15.3 GW by 2030, which included the development of the first ocean energy facility in the Philippines, although the project has been delayed due to not having received feed-in tariff ("FiT") approval from ERC. The DOE has established a revised RE roadmap, NREP 2017–2040, which was set out in the Philippine Energy Plan 2018–2040. The new plan hopes to include at least 20 GW of RE installed capacity by 2040.

FOREIGN INVESTMENT FOR INFRASTRUCTURE SECTOR LEGAL FRAMEWORK

The Foreign Investments Act of 1991 (Republic Act No. 7042) (As amended by RA 8179)	The Build–Operate–Transfer (BOT) Law (Republic Act No.6957) (As amended by RA 7718)	The Government Procurement Reform Act of 2003 (Republic Act No. 9184)
• The Act attracts, promotes, and welcomes productive investments from foreign sources. • Foreign investments will be encouraged in enterprises that significantly benefit Filipinos. • Foreign investments will be welcome as a supplement to domestic capital and technology in those enterprises serving the domestic market.	• The law recognizes the indispensable role of the private sector as the main engine for national growth and development and provides the most appropriate incentives to mobilize private resources for the purpose of financing the construction, operation, and maintenance of infrastructure and development projects normally financed and undertaken by the government. • Such incentives, aside from legally required financial incentives, will include providing a climate of minimum government regulations and procedures.	• The Act promotes the ideals of good governance in all its branches, departments, agencies, subdivisions, and instrumentalities, including government-owned and/or controlled corporations and local government units ("**LGU**").

Source: Government of Philippines

ELECTRICITY GENERATION POLICY FRAMEWORK

PDP 2017–2040	Philippines Energy Plan 2018–2040 Volume 2: Sectoral Plans and Roadmaps
• Provides the long-term outlook on the demand and supply requirements in the 3 major grids: Luzon, Visayas, and Mindanao.	• The plan comprises 8 energy sector strategic directions: ensure energy security; expand energy access; promote a low carbon future; strengthen collaboration among all government agencies involved in energy; implement, monitor, and integrate sectoral

• The PDP also presents the holistic power sector roadmaps for short-, medium-, and long-term planning horizons.	and technological roadmaps and action plans; advocate the passage of the department's legislative agenda; strengthen consumer welfare and protection; and foster stronger international relations and partnerships.

Source: Government of Philippines

Key Elements of the electricity sector legal framework (The Electric Power Industry Reform Act 2001)

Section	Heading	Content	Remarks
6	Generation	Generation of electric power, an industry that affects public interest, will be competitive and open.	The generation sector is competitive and open for investment.
		Any law to the contrary notwithstanding, power generation will not be considered a public utility operation. For this purpose, any person or entity engaged, or that will engage, in power generation and supply of electricity will not be required to secure a national franchise.	The generation sector is not considered a public utility and not subjected to constitutional restrictions of public utilities.
		Upon implementation of retail competition and open access, the prices charged by a generation company for the supply of electricity will not be subject to regulation by ERC, except as otherwise provided in this Act.	Unregulated electricity prices ensure cost recovery and profit for the generation sector.
8	Creation of the National Transmission Company ("**TRANSCO**")	Except as provided herein, no person, company or entity other than TRANSCO will own any transmission facilities.	Transmission remains in the public sector.
9	Functions and responsibilities	Upon the effective implementation of this Act, TRANSCO will have the responsibility to provide open and non-discriminatory access to its transmission system to all electricity users.	Non-discriminatory access to the transmission grid is mandated by law.
		A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the Transmission Development Plan ("**TDP**"), provided that such facilities are required only for the purpose of connecting to the transmission system	Generation companies may develop their own evacuation lines and might even be required for timely cash on delivery ("**COD**") but are vulnerable to nationalization at the price set by ERC.

Section	Heading	Content	Remarks
		and are used solely by the generating facility, subject to prior authorization by ERC. In the event that such assets are required for competitive purposes, ownership of the same will be transferred to TRANSCO at a fair market price. Finally, in the case of disagreement on the fair market price, ERC will determine the fair market value of the asset.	
25	Retail rate	The retail rates charged by DUs for the supply of electricity in their captive market will be subject to regulation by ERC based on the principle of full recovery of prudent and reasonable economic costs incurred or other such principles that will promote efficiency as may be determined by ERC.	Full cost recovery of retail rates to the captive market is guaranteed. The distribution is likely to provide credit-worthy counterparties.
29	Supply sector	Any law to the contrary notwithstanding, supply of electricity to the contestable market will not be considered a public utility operation. For this purpose, any person or entity that will engage in the supply of electricity to the contestable market will not be required to secure a national franchise.	The supply sector is not considered a public utility and is not subjected to constitutional restrictions of public utilities.
		The prices to be charged by suppliers for the supply of electricity to the contestable market will not be subject to regulation by ERC.	Retail competition in effect and the market structure involve bilateral over the counter and wholesale pools. The off-takers have to be selected carefully on the basis of creditworthiness.
30	WESM	The DOE will establish a WESM, which will provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.	The WESM is already established and in operation. Revenue fluctuation is based on the market determined price for untied volumes.
45	Cross-ownership, market power abuse, and anti-competitive behavior	No generation company, distribution utility, or its respective subsidiary, affiliate, stockholder, or official of a generation company or distribution utility, or other entity engaged in generating and supplying electricity specified by ERC within the 4th civil	Distribution companies and generation companies cannot own TRANSCO and vice versa.

Section	Heading	Content	Remarks
		degree of consanguinity or affinity, will be allowed to hold any interest, directly or indirectly, in TRANSCO or its concessionaire. Likewise, TRANSCO or its concessionaire or any of its stockholders or officials or any of their relatives within the 4th civil degree of consanguinity or affinity, will not hold any interest, whether directly or indirectly, in any generation company or distribution utility.	
		To promote true market competition and prevent harmful monopoly and market power abuse, ERC safeguards, including that no company or related group can own, operate, or control more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity.	Ownership and operating rights in generation companies are limited to 30% generation capacity of the grid or 25% generation capacity of the whole country.
		To prevent market power abuse between associated firms engaged in generation and distribution, no distribution utility will be allowed to source from bilateral power supply contracts more than 50% of its total demand from an associated firm engaged in generation but such limitation; however, it will not prejudice contracts entered into prior to the effectivity of this Act.	For distribution companies, sourcing electricity via bilateral power supply contracts from generation companies is limited to 50% of total electricity demand of distribution companies.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Electricity Sector Legal Framework (The Renewable Energy Act 2008)

Section	Heading	Content	Remarks
6	Renewable portfolio standard ("**RPS**")	The content was covered in section 1.2 of this report.	-
7	FiT system	(a) The system comprises priority connections to the grid for electricity generated from emerging RE resources, such as wind, solar, ocean, run-of-river (ROR) hydropower, and biomass power plants, within the Philippines.	There is priority connection to the grid for electricity generated from RE.

Section	Heading	Content	Remarks
		(b) This also includes priority purchase and transmission of, and payment for, such electricity by the grid system operators.	There is priority dispatch for electricity generated from RE.
8	RE market (“**REM**”)	The DOE will establish the REM and direct PEMC to implement changes to the WESM rules to incorporate the rules specific to the operation of the REM under the WESM.	This was planned for implementation in January 2019 but delayed further. Currently, REM is said to be implemented in June 2021.
9	Green Energy Option	End users may directly contract from RE facilities their energy requirements distributed through their respective DUs. Consistent herewith, TRANSCO or its successors-in-interest, DUs, PEMC, and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Green Energy Option.	End users are allowed to source for RE. TRANSCO, DUs, and PEMC are mandated to facilitate necessary connections. There is an option for direct sales to large-end consumers for RE.
15	Incentives for RE projects and activities	(a) Income tax holiday (“**ITH**”)—For the first 7 years of commercial operations, the duly registered RE developer will be exempt from income taxes levied by the national government. Additional investments in the project will be entitled to additional income tax exemption on the income attributable to the investment, provided that the discovery and development of new RE resources will be treated as a new investment and will therefore be entitled to a fresh package of incentives and provided further that the entitlement period for additional investments will not be more than 3 times the period of the initial ITH.	RE developers are entitled to a 7-year ITH. Additional investments are entitled to additional tax holidays but are not to exceed 21 years.
		b) Duty-free importation of RE machinery, equipment and materials—Within the first 10 years upon the issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, will not be subject to tariff duties, provided that the said machinery, equipment, materials, and parts are directly and actually needed and used exclusively in the RE facilities for	RE developers are entitled to import duty exemption on RE machinery, equipment, and materials. DOE endorsement is required.

Section	Heading	Content	Remarks
		transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the shipment will be directly delivered by customs authorities, and provided further that the endorsement of the DOE is obtained before the importation of such machinery, equipment, materials, and parts are made.	
		(d) Net operating loss carry-over ("**NOLCO**")—The NOLCO of the RE developer during the first 3 years from the start of commercial operation will now be carried over as a deduction from gross income for the next 7 consecutive taxable years immediately following the year of such loss, provided that operating loss resulting from the eligibility of incentives provided for in this Act will not be entitled to NOLCO.	RE developers are entitled to carry over net operating loss from the first 3 years to the next 7, including tax shielding and free cash flow enhancement.
		(f) Accelerated depreciation—If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on this, provided that the project or its expansions will no longer be eligible for an ITH.	RE projects that failed to receive an ITH can apply for accelerated depreciation, but those that received accelerated depreciation are not eligible for an ITH.
		(g) 0% value-added tax ("**VAT**") rate—The sale of fuel or power generated from renewable sources of energy, such as biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources, using technologies, such as fuel cells and hydrogen fuels, will be subject to 0% VAT, pursuant to the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337. All RE developers will be entitled to zero-rated VAT on its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities. This provision will also apply to the whole process of exploring and developing RE sources up to its conversion into power, including but not limited to the services	Sales of electricity generated from RE are entitled to 0% VAT. Purchase of goods and services for the purpose of RE projects' exploration and development are entitled to 0% VAT, including contractors.

Section	Heading	Content	Remarks
		performed by subcontractors and/or contractors.	
		(h) Cash incentive of RE developers for missionary electrification—An RE developer, established after the effectivity of this Act, will be entitled to a cash generation-based incentive per kWh rate generated, equivalent to 50% of the universal charge for power needed to service missionary areas where it operates the same, to be chargeable against the universal charge for missionary electrification.	RE developers are entitled to a cash incentive equal to 50% of universal charge for missionary electrification.
		(i) Tax exemption of carbon credits—All proceeds from the sale of carbon emission credits will be exempt from any and all taxes.	Sales of carbon credits generated from operating RE projects are exempt from all taxes.
		(j) Tax credit on domestic capital equipment and services—A tax credit equivalent to 100% of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials, and parts had these items been imported will be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in this Act, provided that prior approval by the DOE was obtained by the local manufacturer and that the acquisition of such machinery, equipment, materials, and parts, will be made within the validity of the RE operating contract.	Purchases of capital equipment and services from domestic manufacturers for the purpose of RE projects exploration and development are entitled to 100% tax credit. Purchases must be made within the duration of the RE operating contract. Manufacturers need to be approved by the DOE.
19	Hybrid and cogeneration systems	The tax exemptions and/or incentives provided for in Section 15 of this Act will be availed of by registered RE developers of hybrid and cogeneration systems utilizing both RE sources and conventional energy, provided that the tax exemptions and incentives will apply only to the equipment, machinery, and/or devices utilizing RE resources.	Incentives in section 15 are only applicable to RE parts for hybrid and cogeneration systems.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Foreign Investment Act of 1991)

Section	Heading	Content
3	Definitions	g) The term "Foreign Investments Negative List" or "Negative List" shall mean a list of areas of economic activity whose foreign ownership is limited to a maximum of forty percent (40%) of the equity capital of the enterprises engaged therein.
8	List of Investment Areas Reserved to Philippines Nationals	List A shall enumerate the areas of activities reserved to Philippine nationals by mandate of the Constitution and specific laws.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the current FINL (Executive Order No. 65 Eleventh Regular Foreign Investment Negative List)

Section	Heading	Content	Remarks
List A	Up to Forty Percent (40%) Foreign Equity	Operation of public utilities except power generation and the supply of electricity to the contestable market	Complete (100%) ownership is allowed for generation companies and supply companies (to the contestable market)

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The BOT Law)

Section	Heading	Content	Remarks
1.3	Definition of Terms	Build-Operate-Transfer (BOT): In case of an infrastructure or development facility whose operation requires a public utility franchise, the proponent must be Filipino or, if a corporation, must be duly registered with the Securities and Exchange Commission (SEC) and owned up to at least 60% by Filipinos.	In BOT Scheme, for licensed business, foreign ownership is limited to 40% for project proponents of public utility projects
		Private sector infrastructure or development projects: For the construction stage of these infrastructure projects, the project proponent may obtain financing from foreign and/or domestic sources and/or engage the services of a foreign and/ or Filipino	During construction, foreign financing sources and foreign contractors are allowed. But foreign ownership is limited to 40% for facility

Section	Heading	Content	Remarks
		contractor: provided, that, in case an infrastructure or a development facility's operation requires a public utility franchise, the facility operator must be a Filipino or if a corporation, it must be duly registered with the SEC)and owned up to at least sixty percent (60%) by Filipinos.	operators of public utility projects
5.4	Pre-qualification requirements	For projects to be implemented under a contractual arrangement which requires a public utility franchise for its operation, and where the project proponent and facility operator are one and the same entity, the prospective project proponent must be Filipinos or, if corporations, must be duly registered with the SEC and owned up to at least 60% by Filipinos, or, if a consortium of local, foreign, or local and foreign firms, Filipinos must have at least 60% interest in said consortium.	If the project proponent and the facility operator is the same entity, foreign ownership is limited to 40% for facility operators of public utility projects
		For projects to be implemented through a contractual arrangement requiring a public utility franchise for its operation but where the project proponent and facility operator could be two separate and independent entities, the facility operator must be a Filipino or, if a corporation, must be duly registered with the SEC and owned up to at least 60% by Filipinos	If the project proponent and the facility operator is the different entity, foreign ownership is limited to 40% for facility operators of public utility projects
		For projects that do not require a public utility franchise for its operation, the prospective project proponent or the facility operator may be Filipino or foreign-owned.	No limit on foreign ownership for non-public utility projects

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Government Procurement Reform Act of 2003)

Section	Heading	Content	Remarks
3	Governing on Principles Government Procurement	Procurement of the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units (LGUs), will, in all cases, be governed by these principles, such as competitiveness by extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in public bidding.	Private participation in government procurement Is ensured via equal opportunity in public bidding.
4	Scope and Application	This Act shall apply to the procurement of infrastructure projects, goods, and consulting services, regardless of source of funds, whether local or foreign, by all branches and Instrumentalities of government, its department, offices and agencies, including government owned and/or controlled corporations and LGUs, subject to the provisions of Commonwealth Act No. 138.	This act is applied to infrastructure projects and foreign funding.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Electricity Generation Policy Framework (Power Development Plan 2017-2040)

Section	Heading	Content	Remarks
Generation	Power Sector Roadmap, Medium Term(2019-2022) to Long-term (2023-2040)	The entry of new and emerging technologies for power generation (e.g. ocean, fuel cells, and nuclear) consistent with the power mix policy.	DOE encourages development of new and emerging power generation technologies.
		The plant performance assessment/benchmarking should be led in to review and develop policies to improve power generation	DOE encourages the deployment of state-of-the-art technologies to achieve high performance power generation.
		Compliance to international standards for constructing power plants and accreditation of contractors should be encouraged	International standards and contractor's accreditation in power plants construction are adopted by DOE.

		Power generation projects should be monitored periodically	Power plant construction and operations will be monitored by DOE
		Technical support should be provided	Technical assistance from DOE is available.
		Investments in power generation should be promoted, including merchant power plants	merchant power plants (nonutility power generation) are included in investment promotion.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Electricity Generation Policy Framework (Philippines Energy Plan 2018-2040)

Section	Heading	Content	Remarks
RE for a Clean Future	Roadmap of the Sector, Medium Term (2019–2022)	The development of off-grid areas should be intensified for wider populace access to energy.	The DOE encourages RE developments in off-grid areas.
	Roadmap of the Sector, Long Term (2023–2040)	Implementation of RE projects should be continued and accelerated.	-
		The administration processes of Renewable Energy Service Contract (RESC) applications should be streamlined.	RESC application will be simpler than in the past.
		Technical assistance should be provided to lower investment costs.	Technical assistance from the DOE is available and may help reduce investment costs.
		Local technology producers should be promoted and incentivized.	The purchase of local technologies is promoted.
		An initiative should be explored on the harmonization of LGUs and national government related programs and policy.	Resistance to RE project development from local governments is expected to be minimum.
		Transmission development plans should be harmonized with RE targets.	RE project development should have minimum or no transmission constraint.
		The conduct of information, education, and communication should be continued to attain social acceptability.	Resistance to RE project developments is expected to be minimal.

Section	Heading	Content	Remarks
Harnessing Conventional Fuels	Upstream Oil and Gas, Roadmap of the Sector, Medium Term (2019–2022)	Three gas fields (Malampaya, San Martin, and Polyard A8 with 0.645 TCF) should be produced.	Domestic natural gas supply is in both medium- and long-term roadmaps. There is a small increase in confidence in gas supply continuity to natural gas power plants.
		Three service contracts (SCs) for gas should be administered.	
	Upstream Oil and Gas, Roadmap of the Sector, Long Term (2023–2040)	Seven gas fields (Malampaya, San Martin, Sampaguita, Polyard A8, Mangosteen, Progres, and Sta.Monica 1 with 4.04 TCF) should be produced.	
		Seven SCs for gas should be administered.	
Advocating Infrastructure Development in the Downstream Industry	Downstream Natural Gas Roadmap of the Sector, Medium Term (2019–2022)	The development of the upstream activities should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional projected LNG imports in Quezon and Batangas should be monitored.	
		New and emerging technologies in LNG storage and transport should be monitored.	
		The consumption of LNG in off-grid islands should be monitored.	
		The development and status of various natural gas projects (e.g., FSRU, FSU, LNG, CNG, and pipeline) should continue to be monitored.	
		New and existing natural gas power plants should be monitored.	
		The passage of the Natural Gas Bill should be advocated.	As the Natural Gas Bill will require off-takers, it will help support the development of LNG terminals and increase

Section	Heading	Content	Remarks
			confidence in the gas supply's continuity to natural gas power plants.
	Downstream Natural Gas Roadmap of the Sector, Long Term (2023–2040)	The activities of the upstream developments, including drillings of Malampaya East, should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional LNG imports should be monitored.	
		The operations of the pipeline, LNG terminals, satellite terminals, and distribution lines should be monitored.	
		New and existing natural gas power plants should continue to be monitored.	
		The commissioning of additional natural gas-based power plants should be espoused.	The development of additional natural gas power plants is supported.

Source: Government of Philippines and Frost & Sullivan analysis

VALUE CHAIN ANALYSIS

Key Entities in the Electricity Sector

Entities	Acronyms	Brief Description
Department of Energy	DOE	The establishment of the DOE was mandated by RA 7638 (Department of Energy Act of 1992). The DOE is responsible for preparing, integrating, coordinating, supervising, and controlling all plans, programs, projects, and activities of the government related to energy exploration, development, utilization, distribution, and conservation.
Energy Regulatory Commission	ERC	ERC was created under section 38 of EPIRA as an independent, quasi-judicial regulatory body.
National Power Corporation	NPC	NPC was established in 1936 to construct, operate, and maintain facilities for the production of electricity. EPIRA mandated the privatization of NPC's generation and transmission assets save for those necessary for missionary electrification. This has effectively reduced NPC's participation in the generation business through its small power utilities groups (SPUGs) across the country.

Entities	Acronyms	Brief Description
Power Sector Assets and Liabilities Management Corporation	PSALM Corporation	PSALM Corporation is government owned and controlled and was created in 2001. It manages the orderly sale, disposition, and privatization of NPC generation assets, real estate, and other disposable assets, and IPP contracts with the objective of liquidating NPC debts and stranded contract costs.
National Transmission Corporation	TRANSCO	TRANSCO is a government agency created per EPIRA to own and operate a nationwide transmission system. In 2009, TRANSCO turned over the management and operation of its transmission system to NGCP via concession agreements but retain ownership of transmission assets.
National Grid Corporation of the Philippines	NGCP	NGCP is a private corporation in charge of operating, maintaining, and developing transmission systems under concession agreement from TRANSCO. The shareholders of NGCP consist of Monte Oro Grid Resources, Calaca high Power Corporation and State Grid Corporation of China.
Wholesale Electricity Spot Market	WESM	The wholesale market for electricity created per EPIRA is governed by PEMC and operated by IEMOP.
Independent Electricity Market Operator of the Philippines	IEMOP	IEMOP is a non-stock, non-profit corporation established in June 2018 to assume the market operator functions of PEMC for WESM.
Independent Power Producers	IPPs	IPPs are power generating entities not owned by NPC.
Independent Power Producer Administrators	IPPAs	IPPAs are qualified independent entities appointed by PSALM Corporation to administer, conserve, and manage the contracted energy output of NPC's power generation companies engaging in either an energy conversion agreement or power purchase agreement (PPA). IPPAs are essentially brokers in selling electricity from NPC's power generation companies to the market, assuming the market risk from NPC.
Distribution Utilities	DUs	DUs are any electric cooperative, private corporation, government-owned utility, or existing LGU that has an exclusive franchise to operate a distribution system.
Suppliers	-	Suppliers are any person or entity authorized by ERC to sell, broker, market, or aggregate electricity to the end users.
National Electrification Administration	NEA	NEA is a government owned and controlled corporation committed to the rural electrification program created by RA 6038 in 1969. Due to its limited role and coverage, NEA is not covered in this report.
Small Power Utilities Group	SPUG	SPUG is a subsidiary of NPC. SPUG is mandated by EPIRA to perform the missionary electrification function and will be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the

Entities	Acronyms	Brief Description
		main transmission system. Due to its limited role and coverage, SPUG is not covered in this report.

Source: Government of Philippines

KEY MARKET DRIVERS AND RESTRAINTS

KEY MARKET DRIVERS

Increasing Rate of Urbanization

The total population of the Philippines as of 2020 stood at 109.6 million, having grown from 102.1 million in 2015 at a CAGR of 1.4%. Of the total 2020 population, the urbanization rate of the country stood at 47.4%. The expansion of the total population and expected increase in urbanization rates are expected to drive the demand for more generation capacity across the 3 islands. The PEP 2018–2040 has set out the target for RE of at least 20 GW by the end of 2040 and various other initiatives, such as the utilization of imported LNG, to meet the forecast peak system demand by 2040. Increasingly due to urbanization, the Philippines government, through NEA, is striving to realize the country's target of 100% electrification by 2022.

Strong Regulatory and Policy Framework

To encourage the growth of RE, the RE Act of 2008 set targets to propel the development of the country's potential in geothermal, hydropower, solar, wind, biomass, and ocean energy. The Act led to the development of the FiT program, which essentially provided a guaranteed payment to generators at the rate approved by ERC for producing power from eligible RE sources. As of May 2021, the highest uptake through the program was observed in the solar power segment, and the government has now allowed 100% foreign ownership for large-scale geothermal projects that have an initial investment of at least PHP 2,425 million (USD 50 million).

Additionally, to reduce the country's reliance on coal as the primary source of electricity generation, the government has issued EO 30, which led to the formation of the Energy Investment Coordinating Council ("EICC") in June 2017. The EICC was created for the purpose of coordinating the nation's efforts in streamlining regulatory processes, requirements, and forms relating to the development of energy investments in the Philippines, which include projects that are classified as Energy Projects of National Significance ("EPNS"). The conditions for a project to be considered as an EPNS have been stipulated in the EO 30, and as of January 2021, the DOE has certified 149 energy projects of EPNS status totaling PhP 795.5 billion, including the Batangas Clean Energy LNG import terminal and Excelerate Energy's Luzon LNG.

In 2019, the government completed the signing of the Republic Act 11234, also known as the Energy Virtual One-Stop Shop ("EVOSS") Act, with the expectation that it would lure more energy firms to invest in the country and thus reduce power rates. Overall, the newly enforced system is targeted to streamline the permitting process of power generation, transmission, and distribution projects. The streamlining process is expected to enable prospective developers to apply, monitor, and receive all the necessary permits and complete payment for charges and fees, all through an online centralized EVOSS platform, managed and maintained by the DOE.

To promote fair competition among the generation companies across the 3 islands and ensure consumer protection, ERC had enacted the Resolution No. 26 Series of 2005, which effectively set out the market's limitation on installed capacity ownership. The said resolution enforces a market share limitation of a single generating entity to no more than 30% installed capacity across each grid and 25% installed capacity of the national grid (consisting of the total installed capacity from all 3 grids combined). ERC has been mandated to set numbers (in MW) by 15 March annually.

Previously known as the Joint Congressional Power Commission, the power sector watchdog was renamed in 2019 to the Joint Congressional Energy Commission ("JCEC"). The newly rebranded energy commission was originally created to last for 10 years after the launch of EPIRA. However, JCEC's term was further extended beyond its supposed expiration on 26 June 2021. Since EPIRA, JCEC provides oversight on activities of the government stakeholders in the energy sector, inclusive of PSALM, DOE, and NEA. More importantly, JCEC has the statutory power to enforce amendments to EPIRA.

Liberalization of Power Generation Industry

As the country looked into the unbundling of its previous vertically integrated structure, the power sector has progressively witnessed more significant competition across the value chain. With the enforcement of EPIRA 2001 being the foundation for the opening of the market, the government, through its stakeholders, such as DOE, ERC, IEMOP, PEMC, PSALM, and NPC, have worked collectively to realize the vision of a more competitive electricity market. A more competitive electricity market would thereby lead to a fair and non-discriminatory environment and thus attract more domestic and foreign investments into the power sector, particularly in RE. With respect to RE, some of the prominent policy mechanism that has been set out since the enactment of EPIRA in 2001 includes the net metering, RPS, the Green Energy Option Program ("GEOP"), Competitive Renewable Energy Zone, Renewable Energy Trust Fund ("RETF"), and REM. Specifically, on the RETF, the National Renewable Energy Board ("NREB") under the DOE is responsible for reviewing and updating the NREP to provide the necessary support for the development of RE across the Philippines.

As of December 2020, private IPPs contributed to the majority of the gross power generation output across the 3 islands, although at various percentages. As Luzon has the highest number of residential, commercial, and industrial customers, the private IPPs, which are classified as non-NPC power plants, have contributed to 97.2% of the 72,386.3 GWh of gross power generation output. Comparatively, the private sector IPPs contributed to 76.1% of the 15,484.9 GWh of gross power generation output in Visayas, while Mindanao observed a marginal difference in terms of absolute contribution relative to Visayas, with 75.2% of the gross power generation output of 13,852.1 GWh coming from the non-NPC power plants.

As EPIRA 2001 mandated the liberalization of the industry, this has also led to the privatization of transmission operations in the country. The transfer of management of the operation of the assets from TRANSCO to privately-owned NGCP via a 25-year concession agreement took place in 2007, with NGCP officially assuming the role of Philippines power transmission service provider in 2009. The shareholders of NGCP include a consortium of Monte Oro Grid Resources (30% ownership) and Calaca High Power Corporation (30% ownership), with the remaining stakes owned by the State Grid Corporation of China. Through the NGCP, among the upcoming prominent projects that have yet to be realized is the Visayas–Mindanao grid interconnection, which has been delayed further than the expected completion date of December 2021. The absence of interconnection between the Mindanao grid with the other 2 grids, namely, Luzon and Visayas (with both having a commercially operating WESM), has been a major concern that has yet to be addressed prior to the integration of Mindanao into WESM.

In the power distribution and retail market, the various strategies from the government, including the Competitive Selection Process ("CSP") and RCOA, have increased competition across both segments. The CSP is a requirement imposed by ERC on the DUs to procure the least-cost power through their respective PSAs with any generation company in the market. As for the retail market, the IEMOP is looking into reducing the threshold level in 3 phases, enabling the lowest level of consumer category, within the 10 kW to 99 kW consumer bracket, to participate in the WESM to procure electricity by January 2023. Additionally, the DOE has introduced the GEOP, which is a voluntary policy mechanism that enables consumers having an electricity consumption of at least 100 kW to source their electricity from qualified retail energy suppliers that generate power from RE. Currently, there are 12 qualified firms generating RE that are listed in the GEOP initiative, including the 2 largest private IPPs in the country: AP and First Gen.

Easy Access to Capital

1. Infrastructure projects in Philippines are financed through three main sources such as Government's Budget, Official Development Assistance ("**ODA**") and Private Sector participation. Out of these, the primary source remains to be the Government's/public budget.

2. Government banking institutions such as the Land Bank of the Philippines and the Development Bank of the Philippines ("**DBP**") also extend loans to LGUs under various financing programs for infrastructure projects covering the following sectors such as: transport and logistics, power generation and distribution, water supply, social infrastructure, government offices, and tourism facilities. DBP has a dedicated program called "Financing Utilities for Sustainable Energy Development Program (FUSED)" to provide financing support for power generation and distribution projects.

3. At the end of 2019, the total ODA received by the country amounted to PHP 1047.6 billion (USD 21.6 billion) with major sources including Japan (39.4%), ADB (26.4%), World Bank (19.9%), Korea (2.9%), and China (2.7%).

4. The Government's Public-Private Partnerships ("**PPP**") Program is governed by the Philippine BOT Law, Republic Act No. 6957 as amended by R.A. 7718. The private sector can participate in infrastructure development through joint venture arrangements too. However, private sector financing has not been as successful in the Philippines unlike ODA financing of infrastructure projects.

5. Recently, the government has introduced the concept of "hybrid PPPs", where the cost of constructing the facility comes out cheaper by implementing the same through ODA, while its operation and maintenance is carried out efficiently through private sector financing.

6. The Philippines' capital market is also a major source of financing for infrastructure projects. Previously in 2016, the Philippine stock exchange has issued new listing and disclosure rules applicable to engage in PPP projects.

Competitive Power Market for Foreign Investors

1. Profit remittance abroad is generally not regulated. However, if the foreign exchange will be purchased from AABs or AAB-forex corps, the foreign investment must have been previously registered with the BSP.

2. In the Philippines, profits can be remitted abroad through either:

3. Remittance of dividends by a Philippine subsidiary to its foreign parent company.

4. Remittance of profits by a branch to its head office.

KEY MARKET RESTRAINTS

Tariff Mechanism Favors the Development of Conventional Power Plants

As of August 2020, the country registered the second highest average electricity prices (average of residential, commercial, and industrial rates combined) in Southeast Asia ("SEA"), with Cambodia having the highest cost of electricity. The trend in prices can be explained, as the country imports a significant amount of coal to meet the local demand of the power generation industry. Presently, the generation cost (which is predominantly driven by fuel cost) of electricity, as detailed in the latest EPIRA Implementation report, is more than 50% of the electricity tariff across all 3 islands.

The Philippines still practices an automatic pass-through fuel cost mechanism, which is expected to impede the energy transition in the country, as generators are not incentivized to switch to RE. Additionally, fossil fuel subsidies have not been entirely removed, and estimates from the Institute for Energy Economics and Financial Analysis ("IEEFA") suggest that the Department of Finance could save over PHP 9,700 million (USD 200 million) per year on diesel subsidies by switching to RE.

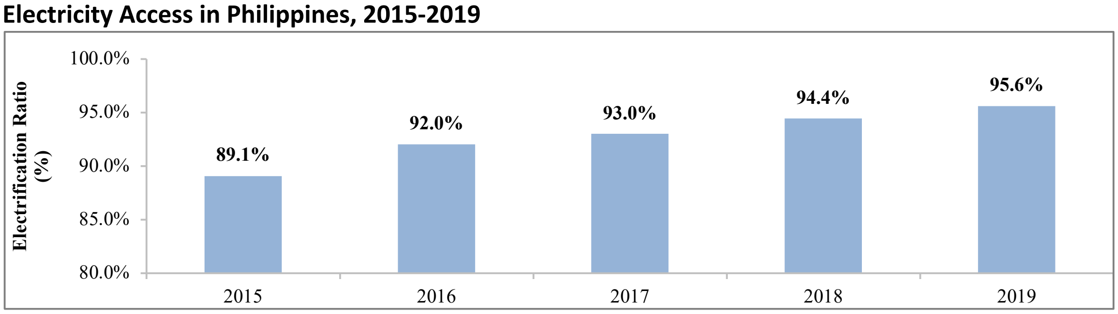
High Reliance on Fossil Fuels

By 2030, the Philippines will still rely heavily on fossil fuels as the major source of power generation. Based on the list of committed private sector-initiated projects from the DOE, coal and natural gas will represent nearly 50% of the additional total installed capacity of 26.5 GW by then. As coal power plants serve as baseload generators, and the automatic cost pass-through policy is still in practice, it is not possible to entirely move away from coal. In addition, the country is currently looking into the development of a number of LNG import terminals to mitigate the expected depletion of its Malampaya gas field.

INDUSTRY SIZE AND GROWTH

Electricity Access

Electricity Access in Philippines, 2015-2019



Source: The World Bank

Note: Data availability up to 2019 only

The percentage of the population that has access to electricity grew from 89.1% from 2015 to 95.6% in 2019. This means that a total population of 103.4 million had access to electricity, with the remaining population that are not electrified mainly residing in the rural parts of the Philippines, particularly Mindanao, where electrification rates on the island are relatively lower than Luzon and Visayas. Previously, the DOE had developed the Household Electrification Development Plan ("HEDP") 2013–2017 to promote both grid and off-grid electrification programs, which included various stakeholders, such as the NEA and NPC, through its SPUG power plants. Based on the Electric Power

Industry Roadmap 2017–2040, the DOE has targeted to achieve an 100% electrification ratio through the HEDP across the country by 2022.

Long-term Load/ Power Demand Forecast, The Philippines, 2019 to 2030

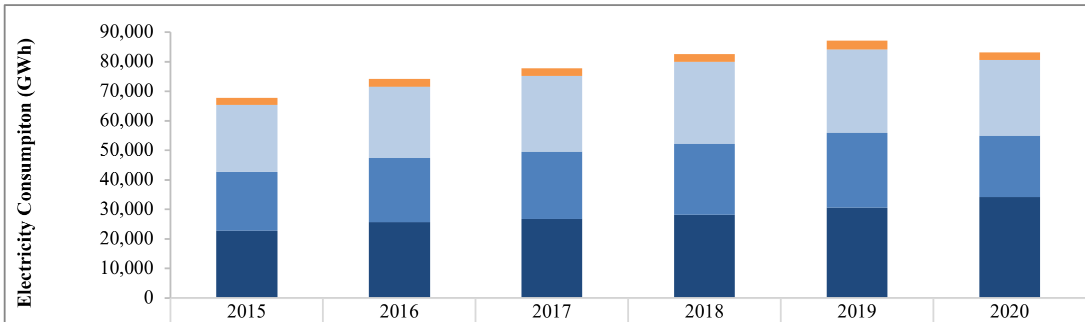
Country	Power demand (peak load) forecast	CAGR (time period)
The Philippines	From 15,817MW in 2019 to 31,851 MW in 2030 (reference scenario)	6.6% (2019 to 2030)

Source: Philippine Energy Plan 2018-2040

The peak demand for electricity is forecast to grow from 15,817 MW in 2019 to 31,851 MW in 2030 at a CAGR of 6.6%. In terms of comparison of the 3 grids, the peak demand is expected to grow from 11,476 MW in 2019 to 22,177 MW in 2030 at a CAGR of 6.2%, while peak demand in Visayas is expected to grow from 2,211 MW in 2019 to 4,801 MW in 2030 at a CAGR of 7.3%. Interestingly, the peak demand in Mindanao is expected to grow at the highest rate, from 2,130 MW in 2019 to 4,874 MW in 2030 at a CAGR of 7.8%. This could potentially be explained by the anticipated increase in electrification and urbanization rates, which would then significantly drive the demand for power consumption.

Electricity Consumption

Total Electricity Consumption in Gigawatt Hour ("GWh") by Customer Segments, the Philippines, 2015–2020



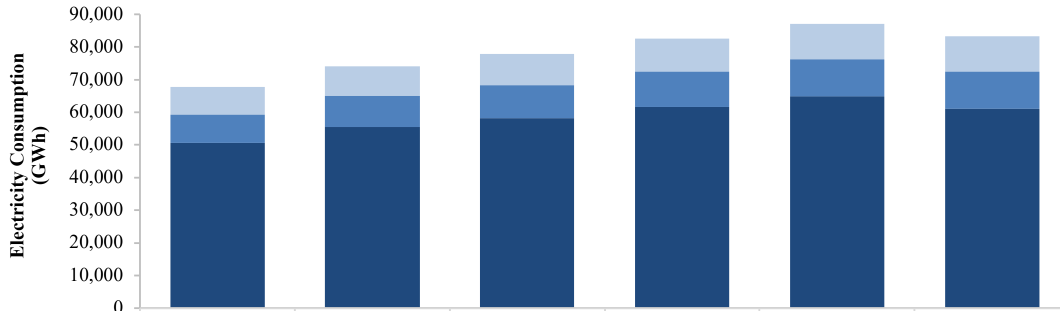
	2015	2016	2017	2018	2019	2020
Others	2,462.0	2,634.3	2,669.5	2,752.7	2,896.6	2,657.8
Industrial	22,513.9	24,116.8	25,573.3	27,587.3	28,194.0	25,566.3
Commercial	20,084.8	21,770.2	22,768.0	24,016.3	25,475.9	20,727.1
Residential	22,747.0	25,631.3	26,782.0	28,260.8	30,551.6	34,291.6

Source: Department of Energy

Note: Others refer to public buildings and streetlights

The total electricity consumption in the Philippines grew from 65,345.7 GWh in 2015 to 80,585 GWh in 2020 at a CAGR of 4.3%. Of the total electricity consumption in 2020, residential customers comprised 42.6% of the total electricity consumption equivalent to 34,291.6 GWh, followed by the industrial customers at 31.7% (25,566.3 GWh) and commercial customers at 25.7% (20,727.1 GWh). The government through DOE has introduced DSM programs to encourage lower consumption of electricity, including the adoption of energy efficient appliances.

Total Electricity Consumption (GWh) by Region, The Philippines, 2015–2020

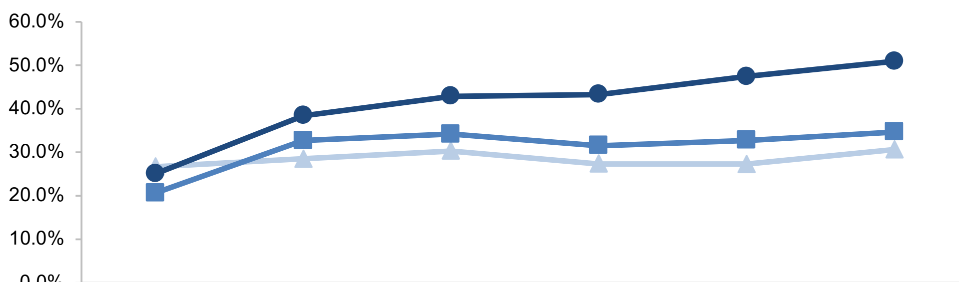


	2015	2016	2017	2018	2019	2020
Mindanao	8,453.2	9,140.5	9,496.6	10,244.4	10,787.2	10,790.5
Visayas	8,765.2	9,598.9	10,048.8	10,831.4	11,539.2	11,340.1
Luzon	50,589.3	55,413.1	58,247.4	61,541.3	64,791.6	61,112.1

Source: Department of Energy

RESERVE MARGIN

Reserve Margin by Grid, The Philippines, 2015-2020



	2015	2016	2017	2018	2019	2020
Luzon	26.7%	28.5%	30.3%	27.4%	27.3%	30.6%
Visayas	20.7%	32.7%	34.2%	31.6%	32.7%	34.7%
Mindanao	25.1%	38.4%	42.9%	43.3%	47.5%	50.9%

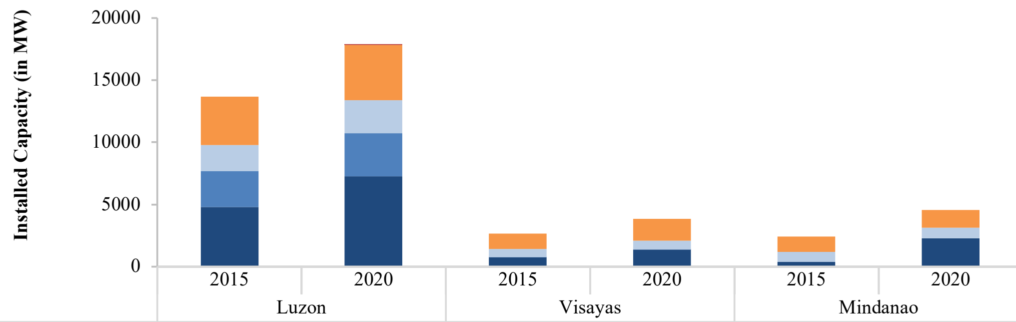
Source: Department of Energy, Frost & Sullivan Analysis

Note: Reserve margin taken as the total dependable installed capacity minus the peak demand

From 2015 to 2020, the reserve margins across each grid have grown relatively steady at various rates. The reserve margin in Luzon has grown from 26.7% in 2015 to 30.6% in 2020 while Visayas witnessed an increase from 20.7% in 2015 to 34.7% in 2020. On the other hand, Mindanao had witnessed the largest excess of dependable capacity, having grown from a reserve margin of 25.1% in 2015 to 50.9% in 2020. Previously, DOE had institutionalized a minimum of 25% reserve margin across grids to ensure the country's reliability in electricity supply. Once the Visayas-Mindanao grid interconnection is completed, the excess power generated in the Mindanao grid could be well utilized elsewhere.

INSTALLED CAPACITY

Total Installed Capacity (in MW) by Region and Fuel Type, The Philippines, 2015 & 2020



	Luzon 2015	Luzon 2020	Visayas 2015	Visayas 2020	Mindanao 2015	Mindanao 2020
BESS	-	11	-	-	-	-
Renewble Energy	3,863	4466	1,242	1,757	1,225	1,430
Oil	2,133	2,642	670	705	807	889
Natural Gas	2,861	3,452	1	1	-	-
Coal	4,812	7,280	769	1,399	382	2,264

Source: Department of Energy

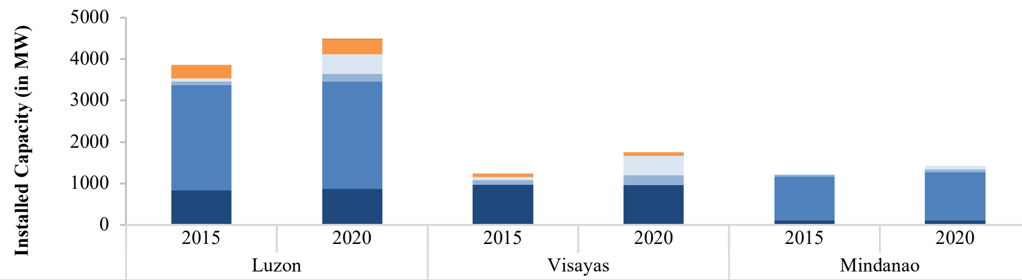
Due to the distinctive resource development policies in the Philippines, the three island regions are characterized by different fuel mix in power generation.

1. Luzon - Natural gas sourced from the Malampaya gas field has been a prominent feature to the development of natural gas-based generating assets in Luzon, with 5 operational plants on the island to date. With the expected boom in LNG imports, the number of natural gas-based power plants will observe a sharp increase in the next 10 years.

2. Visayas – Historically until 2016, geothermal energy has been the main source of power generation with major reserves found in Negros and Leyte. Since 2016, coal-fired power plants have surpassed geothermal capacity.

3. Mindanao – RE, in particular hydropower was the key source of power generation until 2015. However, due to power outages on the island, the government has pushed for developing coal-fired power plants for baseload generation. As a result, coal-based capacity has increased substantially between 2015 and 2020 . This includes new coal-fired power plants owned and operated by Filinvest Development Corporation’s **(“FDC”)**, SMC Global Power Holdings **(“SMC”)**, AP, and GNPower Kausawagan Ltd Co .

Renewable Energy Installed Capacity Mix (in MW) by Region, The Philippines, 2015 & 2020



	Luzon 2015	Luzon 2020	Visayas 2015	Visayas 2020	Mindanao 2015	Mindanao 2020
BESS	-	11	-	-	-	-
Wind	337	353	90	90	-	-
Solar	70	460	75	476	20	84
Biomass	83	195	101	216	36	73
Hydropower	2,528	2,593	11	21	1,061	1,165
Geothermal	844	865	965	955	108	108

Source: Department of Energy

Through the Republic Act 9513, known as the RE Act of 2008, the government introduced fiscal and non-fiscal incentives to promote the utilization of RE in the power generation industry. The non-fiscal policies include the RPS, net-metering ("NEM"), FiT system, and GEOP. As seen above, the growth of RE has been relatively robust.

First, the development of hydropower has been the most significant contributor to the promotion of RE as an alternative source of generation since EPIRA 2001. Luzon has the highest hydropower-based installed capacity, having marginally grown from 2,528 MW in 2015 to 2,592 MW in 2020 at a CAGR of 0.5%. Nonetheless, hydropower in Mindanao is more prevalent in Mindanao with a generating capacity of 1,165 MW by 2020, representing the majority RE that is found on the island.

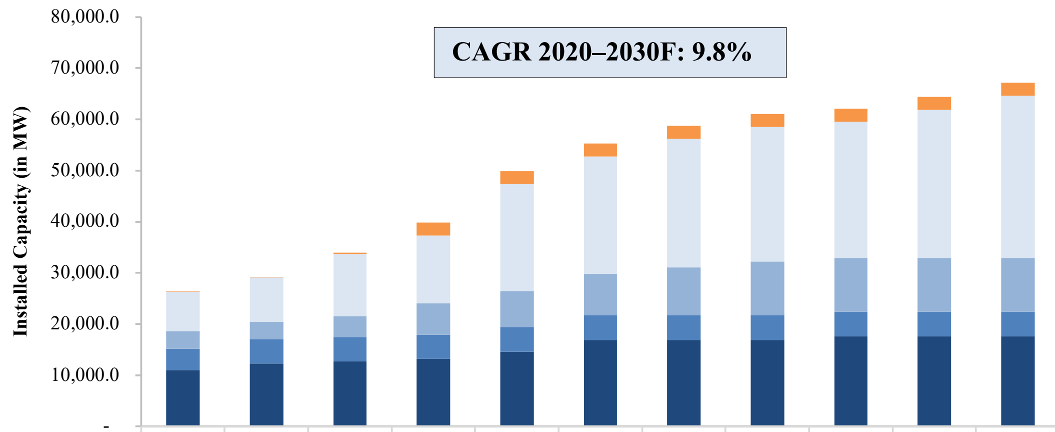
The overall push for RE was more notable within the Visayas island, as coal-based power plants were no longer the main sources of power generation. Specifically, on the RE development, geothermal and solar have been the 2 main sources of green energy, with a total installed capacity of 955 MW and 476 MW, respectively. By 2020, Luzon's grid observed the completion of the only battery energy storage system ("BESS") project in the Philippines. The BESS system, owned and operated by Masinloc Power Partners Co. Ltd., came online in June 2018

FISCAL POLICIES TO PROMOTE RE, THE PHILIPPINES, 2021

Incentive	Description
Duty-free Importation	10-year exemption from tariff duties
Tax Credit on Domestic Capital Equipment and Services	Equivalent to 100% of custom duties and value-added tax
Tax Credit on Domestic Capital Components, Parts, and Materials	100% equivalent of custom duties and value added tax
Income Tax Holiday	7-year tax exemption
Zero-rated Value-added Tax (VAT) Transactions	0% VAT on transactions
Tax Rebate for Purchase of RE Components	RE equipment for residential, industrial, and community use

Source: Department of Energy

Installed Capacity Forecast, The Philippines, 2020-2030F



	2020	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
BESS	11.0	91.0	200.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,530.0	2,530.0	2,530.0
RE	7,652.8	8,654.7	12,205.	13,208.	20,886.	22,914.	25,179.	26,314.	26,626.	28,980.	31,680.
Natural Gas	3,452.5	3,452.5	4,102.5	6,177.5	7,052.5	8,152.5	9,352.5	10,552.	10,552.	10,552.	10,552.
Oil	4,236.6	4,674.7	4,674.7	4,674.7	4,824.7	4,824.7	4,824.7	4,824.7	4,824.7	4,824.7	4,824.7
Coal	10,943.	12,279.	12,729.	13,229.	14,579.	16,867.	16,867.	16,867.	17,535.	17,535.	17,535.

Source: Department of Energy; Frost & Sullivan Analysis

Note:

1) *The forecasted installed capacity up to 2030 is based on DOE's list of committed and indicative private sector initiated power plants as of March 2021 in the country*

2) *Decommissioning plans of older generating plants has not been taken into account in the forecast as there are no published plans from the DOE.*

3) *Based on the list of committed private sector initiated power projects, additional capacity with a "to be determined" timeline is expected to come online by 2028 as per DOE's estimates*

The total installed capacity in the Philippines is expected to grow from 26,296.8 MW in 2020 to 67,122.9 MW in 2030 at a CAGR of 9.8%. Of the latter, 47.2% is expected to be coming from RE, 26.1% from coal, 15.7% from natural gas, 7.2% from oil, and 3.8% from BESS. From an estimated additional installed capacity equivalent to 40,826.1 MW from 2021 to 2030, 85.6% will be coming from Luzon, 10.7% from Visayas, and the remaining 3.7% from Mindanao. Based on the latest NREP released by the DOE, the RE target is to have least 20,000 MW generating capacity by 2040, which has been detailed in the PEP 2018–2040 in support of the government's "AmBisyon Natin 2040" master plan.

The expected addition of RE will total to 24,027.5 MW by the end of the forecast period, which is already 20.1% above the target that is being planned for 2040. Of the total RE that is expected to come online by 2030, 13,138.9 MW (54.7%) is expected to be coming from solar, followed by 5,597.2 MW (23.3%) from hydropower, 4,763.8 MW (19.8%) from wind, 371.6 MW (1.5%) from geothermal, and 154 MW (0.6%) from biomass. The existing RE roadmap does not include nuclear power into its policy development plans; however, the government created the Nuclear Energy Programme Implementing Organisation in 2016. In 2019, the DOE signed a memorandum of intent ("MoI") with Russia's Rusatom Overseas to explore a prefeasibility study on the construction of nuclear power plants based on small nuclear reactor technology.

The growth in natural gas-based generating capacity is expected to grow with the second highest CAGR, behind RE, from 3,452.5 MW in 2020 to 10,552.5 MW in 2030 at a CAGR of 11.8%. The development of natural gas-generating assets, primarily CCGT power plants, will mainly be observed in Luzon. The growth of natural gas comes at the backdrop of the expected completion of EWC's LNG import terminal and 2 other import terminals that have been included under the EPNS. As for the forecast oil-fired based installed capacity, the growth is very marginal, peaking at 4,824.7 MW by 2030. The expected marginal growth in oil-based generating capacity is probably due to the commitment of the DOE and other government stakeholders to reduce the importation of diesel, with the enforcement of the Tax Reform for Acceleration and Inclusion Law, which includes excise tax on oil products from 2018.

INDUSTRY THREATS

Lack of Gas

Philippines is expected to face a shortage of domestic gas by 2024 as Malampaya gas field will produce less natural gas. Unless new production and LNG import infrastructure comes on stream as planned, there will be a shortage of gas for power generation.

Mitigation: The location of gas-fired power plants should locate near the source of gas such as LNG terminals. Investment in both LNG terminals along with power plants is also conventional risk mitigation.

Restrictive Price Cap

Price cap and offer price ceiling are implemented to safeguard against anti-competitive behavior. Price caps are highly likely to remain restrictive, which reduces the revenue upside from the spot market.

Mitigation: No mitigation, except lobbying the market operator and regulator.

Development Delays

There have been several delays, both in infrastructure development, transmission access, and market development.

Mitigation: Projects should be located close to existing / near completion network of suitable voltage; negotiate airtight connectivity agreement as part of project development.

Terrorism and Natural Disasters

Natural disasters such as yearly typhoon impacts transmission and distribution grids. Philippines have been also experiencing terrorism in the form of transmission towers sabotage.

Mitigation: No mitigation.

Competitive Landscape and Structure

The 3 largest private IPPs in the Philippines as of 31 December 2020 are SMC Global Power Holdings, AP, and First Gen. These 3 generation companies have a significant market share in each grid; however, their expansion in capacity development is limited by Resolution No. 26 Series of 2005, which calls out the limitation of no more than 30% in each grid and 25% in the national grid mix, respective to the installed capacity ownership by a single entity. Out of the 6 players in table 2-18, FDC Utilities ("FDCUI") do not have a strong footing in the RE segment, as the company currently only owns 1 RE asset (a geothermal power plant) in its portfolio.

Singapore-based Vena Energy emerged as the leading player with respect to solar capacity in the country as of December 2020. To date, it holds a total portfolio of 193.5 MW of solar power, consisting of 2 solar farms in Visayas and 1 each in Luzon and Mindanao. Interestingly, ACEN is looking to add 2,500 MW of solar and wind power across the Philippines by 2025, which would then effectively position the company to be among the leading players in RE. As the adoption of emerging technologies, such as BESS, is increasingly being focused on to supply more flexible generation, companies that have announced plans to pursue BESS projects include SMC, AP, and ACEN. SMC, through its subsidiary Universal Power Solutions Inc., is expected to commission a total of 1,660 MW-worth of BESS projects in 2023 alone. Upon completion, SMC will be the leading owner and developer of BESS in the Philippines.

Effective Capacity of the key IPP Players in the Philippines (excluding utility players and off-takers), as of 31st December 2020

Name of IPP	Business Focus	Fuel Type	Country of Incorporation	Countries of Operation for Power Generation as of 31 December 2020	Effective Installed Capacity (MW) as of 2020	Revenue, 2020[1]
SMC	Power Generation, Distribution and Retail	Natural gas, coal, hydropower	The Philippines	The Philippines	4,714	PHP 110.97 billion (USD 2.29 billion)
AP	Power Generation, Distribution and Retail	Coal, oil, geothermal, hydropower, solar	The Philippines	The Philippines	4,429	PHP 106.51 billion (USD 2.20 billion)
First Gen[2]	Power Generation and Retail	Natural gas, geothermal, hydropower, wind, solar	The Philippines	The Philippines	3,495.2	PHP 88.77 billion (USD 1.83 billion)
ACEN	Power Generation and Retail	Solar, wind, geothermal, coal, diesel	The Philippines	The Philippines, Indonesia, Vietnam, and Australia	730[3]	PHP 19.72 billion (USD 0.41 billion) [4]
FDCUI	Power Generation and Retail	Coal, geothermal	The Philippines	The Philippines	513.5	PHP 8.20 billion (USD 0.17 billion)

Name of IPP	Business Focus	Fuel Type	Country of Incorpora tion	Countries of Operation for Power Generation as of 31 December 2020	Effective Installed Capacity (MW) as of 2020	Revenue, 2020[(1)]
Vena Energy	Power Generatio n	Solar, wind	Singapore	Japan, India, Thailand, Australia, the Philippines, Taiwan, and Indonesia	301.5[(5)]	PHP 4.18 billion (USD 0.09 billion) [(6)]

Source: Company websites

Notes:

1) *Conversion of 1USD to 50.26 PhP used*
2) *Include the portfolio of Energy Development Corporation*
3) *Total effective installed capacity in the Philippines*
4) *Philippine revenues only*
5) *Total effective installed capacity in the Philippines*
6) *Philippine revenues only*

FUTURE INDUSTRY OUTLOOK

Based on the present list of committed and indicative projects, the 20,000 MW RE target by 2040 is likely to be achieved by 2030. The growth of RE is expected to be primarily driven by new solar power capacity, guided by the plans and programs outlined in the NREP. However, nearly 95% of the additional capacity coming from solar is enlisted as indicative. The government introduced the EVOSS system in 2019, which is expected to be a key enabler in improving the entire application process of power sector project development, inclusive of RE.

The DOE allowed 100% foreign ownership on large-scale geothermal projects in October 2020 to promote its development in the country. Presently, most geothermal generating capacity comes from the Leyte and Negros islands within Visayas. By 2030, the total additional installed capacity (based on committed and indicative projects) of geothermal is only expected to reach 371.6 MW, which explains the government's decision to lower the barrier to entry for foreign investors, in particular, the United States, on geothermal investments.

In June 2021, the government launched the Philippine Offshore Wind Roadmap project that will be funded by the World Bank Group through its Energy Sector Management Assistance Program. Presently, the DOE has awarded 5 offshore wind power projects ("WPP") with a combined capacity of 5 GW. These include the Guimaras Strait WPP, Aparri Bay WPP, Guimaras Strait II Wind Project, Frontera Bay WPP, and San Miguel Bay WPP.

Besides RE, another type of fuel expected to be a driver in the country's energy transition is natural gas. With the development of LNG import terminals in the country, such as those having received the EPNS status to date, natural gas-based generating capacity is expected to peak by 2027, with 100% of additional capacity forecast to be coming from the Luzon island region.

To address the energy trilemma, another possibility to ensure sufficient and reliable supply of power includes the development of nuclear power in the Philippines, as the DOE had previously signed an MoI with Russia's Rusatom Overseas on SMR technology. As the country's electricity prices are among the highest in ASEAN, the government should carefully deliberate on nuclear power as an alternative source of baseload generation. The option to start the operations of the previously built nuclear power plant in Bataan has been cited as unviable, as the facility has outdated international safety standards.

On the development of the country's transmission and distribution assets, one of the most anticipated projects is the Visayas–Mindanao interconnection. Presently, Mindanao has the highest reserve margin compared to the other 2 grids. On completion of the interconnection, excess power could be utilized efficiently via distribution across the whole country to ensure an overall reliability in electricity supply. In 2020, the DOE had finalized the national smart grid policy framework, which is expected to be a key driver facilitating the integration of more flexible generations, such as RE and BESS.

Another upcoming trend in the power generation industry includes the development of floating solar farms in the Philippines, through the utilization of hydropower dams. The first 200 kW floating solar power plant concept was developed over Magat Dam by SN Aboitiz Power Group in 2019. Due to the success of the pilot project, the company is now looking into scaling up the facility to 67 MW and is currently conducting a feasibility study to validate the initial results and thus confirm the viability of a commercial-scale project. On the aspect of hybridization of power plants, AP, the JV partner in the 200 kW pilot floating solar plant, is considered to be an early adopter of BESS. The private IPP is presently working with Wartsila Corporation on the integration of BESS to its existing floating thermal power plant in Mindanao. With its completion expected by the end of 2021, the project will be the first floating energy storage system in SEA, with several other BESS projects announced by the company to be developed within the next 10 years.

OVERVIEW OF RENEWABLE POWER GENERATION – SOLAR ENERGY

Introduction

Historically, RE power in the Philippines has been largely associated with geothermal and hydropower capacity. Under the RE Act, all qualified intermittent RE sources will receive priority in dispatch. However, the government had introduced several fiscal and non-fiscal incentives to promote the utilization of other types of RE, primarily solar and wind, which have observed a significant uptake since the RE Act of 2008. The non-fiscal policies included the RPS, NEM, FiT system, and GEOP. Key highlights of the non-fiscal policies are given below:

1. Renewable Portfolio Standards (RPS)

2. Applicable to all 3 grids (Visayas, Mindanao, Luzon).

3. Mandated to all DUs for their captive customers, all suppliers supplying to contestable market, and all generation companies only for directly connected customers

4. Establish minimum RE requirement and minimum increment annually (1% of net electricity sales in previous year).

5. 1 MWh = 1 RE Certificate), which are generated are for compliance with RPS.

6. Green Energy Option Program (GEOP)

7. Voluntary RE policy mechanism to empower end users to choose RE sources.

8. DUs and RE suppliers facilitate the demand of end users.

9. All rates and charges to end users shall be unbundled, segregated and itemized for each of the generation components, transmission charges and distribution, supply charges and other applicable charges.

10. FiT Scheme

11. RE receives priority grid connection.

12. RE receives priority purchase, transmission of, and payment for such electricity by grid system operators.

13. Fixed tariff to be paid for electricity from each type of RE resources over fixed period not less than 12 years (implemented with 20 years).

14. Compensates eligible RE plants through the FiT-Allowance allocation, which is essentially a uniform charge billed to on-grid customers, to fund the projects that have been approved by the DOE

The FiT scheme was introduced by ERC in 2012, with initial installation targets and the associated rates provided as shown below. Several additions have been made since, including the inclusion of second FiT rates for solar and wind in 2015. In December 2020, the DOE, through the request made by the NREB, had approved the extension to the ROR hydropower quota, as it was not 100% utilized. However, in April 2021, the DOE announced the intention to remove the FiT scheme entirely (applicable to new capacity only), as it has been seen as a major financial burden to consumers. End users that procure power from the grid will have to bear the cost since the inclusion of the FiT-Allowance, enabling generators to partially recover the cost of developing eligible RE plants via the FiT scheme.

RE FiT rates, December 2020

RE Sources	FIT Rates (PhP per kWh)	Installed Capacity (MW)	Installation Target Balance (in MW)
ROR hydropower	5.9	34.6	103.89
	5.87	8.5	
	TBD	103.01	
Wind	8.53	249.9	0
	7.4	144	
Solar	9.68	108.9	0
	8.69	417.05	
Biomass	6.63	117.35	0
	6.6	14.56	
	TBD	125.13	
Ocean	Deferred	0	100

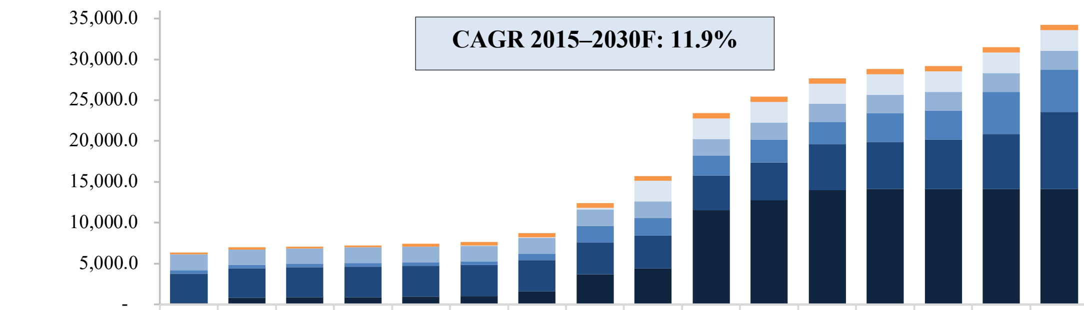
Source: Department of Energy

Note: With the removal of FiT that was announced on April 2021, it is unclear if the FiT rates for the ROR hydropower applicable to the remaining balance of installation target and for the ocean energy will remain effective.

The above policy measures have helped the country significantly in RE capacity building efforts since the enactment of RE Act of 2008.

INDUSTRY SIZE (2015-2025F)

Historical (2015-2020) and Forecast (2021F-2030F) of Installed Capacity, The Philippines



	2015	2016	2017	2018	2019	2020	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F	2029 F	2030 F
Biomass	221	233	224	258	363	483	527	594	606	620	628	634	634	637	637	637
BESS	0	0	0	0	11	11	91	200	2500	2500	2500	2500	2500	2530	2530	2530
Geothermal	1917	1916	1916	1944	1928	1928	1931	1997	2027	2068	2138	2198	2260	2260	2300	2300
Wind	427	427	427	427	427	443	765	2043	2143	2405	2764	2764	3517	3517	5209	5209
Hydropower	3600	3618	3627	3701	3760	3779	3873	3927	4048	4237	4631	5597	5745	6055	6677	9377
Solar	165	765	885	896	921	1019	1558	3644	4384	11557	12754	13987	14158	14158	14158	14158

Source: Department of Energy

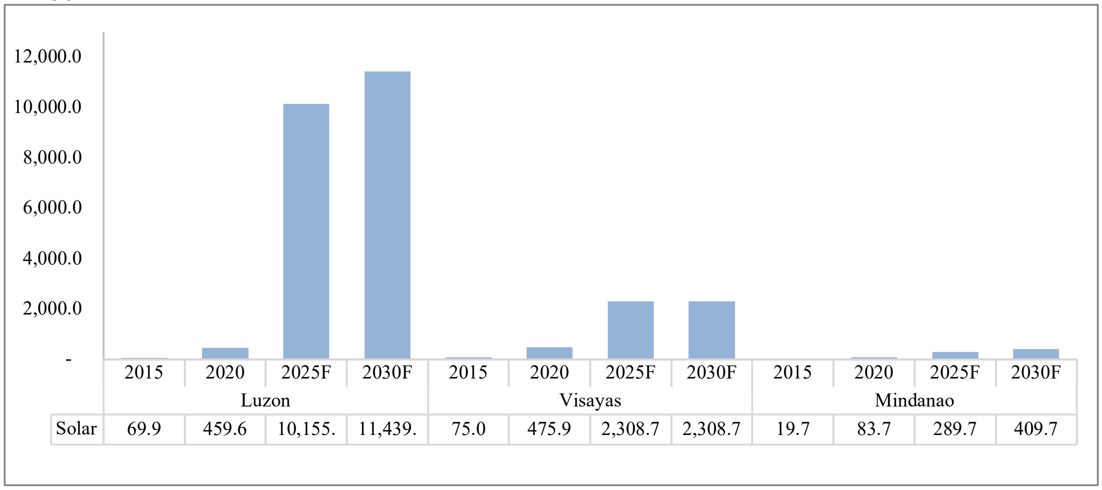
Notes:

1) *Forecast of installed capacity is based on the list of committed and indicative private sector initiated power projects as of March 2021*

2) *Based on the list of committed private sector power projects, additional new capacity with a "To be determined" timeline is expected to come online by 2028 as per DOE's estimates.*

The growth in RE has been rather exceptional since the establishment of fiscal and non-fiscal policies that was introduced by the government. As observed above, the total installed capacity is expected to grow from merely 6,329.9MW in 2015 to 34,210.4MW in 2030 with a CAGR of 11.9%. With the announcement of FiT removal as of April 2021, the scheme is unlikely to cause a setback as the DOE has been preparing the RETF as early as 2012 . Undoubtedly, the FiT scheme proved crucial to the growth of RE from the period of 2015 to 2020. In particular, solar and wind power has contributed immensely . Additionally, hydropower and BESS projects are also expected to increase significantly by 2030, peaking at 2,530MW and 9,377MW respectively.

Historical (2015 & 2020) and Forecast (2025 & 2030) Installed Capacity of Solar Power, The Philippines



Source: Department of Energy; Frost & Sullivan Analysis

Notes:

1) *Forecast of installed capacity is based on the list of committed and indicative private sector initiated power projects as of March 2021*

2) *Based on the list of committed private sector power projects, additional new capacity with a "To be determined" timeline is expected to come online by 2028 as per DOE's estimates.*

Figure 3-4 shows that the highest growth will be seen in Luzon. From only 69.9 MW in 2015, the solar capacity is expected to grow to 11,439.8 MW at a CAGR of 40.5%, while in Visayas, the installed capacity of solar is forecast to grow from 75 MW in 2015 to 2,308.7 MW in 2030 at a CAGR of 25.7%. Finally, Mindanao is expected to grow at the lowest rate, from 19.7 MW in 2015 to 409.7 MW in 2030 at a CAGR of 22.4%.

LIST OF SOLAR POWER PROJECTS IN THE PIPELINE WITH PROJECT STATUS (AS PROVIDED BY DOE)

As of May 2021, there are 54 operational solar farms in commercial operation. Of these, 29 are located in Luzon, 19 in Visayas, and 6 in Mindanao. Since the introduction of the FiT program in 2012, there have been a total of 23 solar farms with approved FiT rates from ERC. Subsequently, there was a significant growth in solar power capacity feeding into the national grid between 2015 and 2016.

In terms of FiT status, there are 23 FiT solar farms and 31 non-FiT solar farms. The total generating capacity of FiT-based solar farms amounted to 526.3 MW as of May 2021. Interestingly, the highest installed capacity is found in Visayas with only 5 FiT-approved solar projects, Luzon comes 2nd with a total capacity of 283.7 MW from 16 FiT-approved solar farms, and Mindanao has a total capacity of 16.7 MW from 2 FiT solar generating assets.

List Of Commercially Operating Solar Power Plants In Luzon, The Philippines, As Of 31st May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing FiT
Burgos Solar Power Project Phase I	Energy Development Corporation	4.1	FiT	2015
Burgos Solar Power Project Phase 2	Energy Development Corporation	2.66	FiT	2016
Currimao Solar Power Project	Mirae Asia Energy Corporation (Vena Energy)	20	FiT	2016
Sarrat Solar Power Project	Bosung Solartec, Inc.	1	Non-FiT	
Hermosa Solar Power Project	YH Green Energy Incorporated	14.5	FiT	2016
Bataan Solar Power Project Phases 1, 2, 3a and 3b	Jobin-Sqm Inc.	32.34	Non-FiT	
Bataan Solar Power Project.	Citicore Solar Bataan Inc. (CITICORE)	18	Non-FiT	
Morong Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	Non-FiT	
Bulacan 3 Solar Power Project	Citicore Solar Bulacan, Inc. (CITICORE)	15	FiT	2016
San Rafael Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	3.82	FiT	
Cabanatuan Solar Power Project	First Cabanatuan Renewable Ventures, Inc.	10.26	FiT	2016
Concepcion 1 Solar Power Project	Solar Philippines Tarlac Corporation(1) **(“SPTC”)**	100.61	Non-FiT	
Armenia Solar Power Project	Citicore Solar Tarlac 1, Inc. (CITICORE)	8.84	Non-FiT	
Tarlac Solar Power Project Phase I	PetroSolar Corporation(2)	50.07	Yes	2016
Dalayap Solar Power Project	Citicore Solar Tarlac 2, Inc. (CITICORE)	7.48	Non-FiT	
Clark Solar Power Project	CREIT (CITICORE)	22.33	FiT	2016
CityMall Dau Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing FiT
Pampanga Solar Power Project Phase I	RASLAG Corporation	10.05	FiT	2015
Pampanga Solar Power Project Phase II	RASLAG Corporation	13.14	FiT	2016
Palauig Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	FiT	2016
Central Mall Biñan Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0.7	Non-FiT	
Calatagan Solar Power Project	Solar Philippines Calatagan Corporation[3]	63.3	FiT	2016
Lian Solar Power Project	Absolut Distillers, Inc.	2.04	FiT	2016
Cavite Economic Zone Solar Power Project	Majestics Energy Corporation	41.3	FiT	2015
Tumingad Island Solar Power Project	Suweco Tablas Energy Corporation	7.5	Non-FiT	
SM Mall of Asia Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	2.69	Non-FiT	
SM North Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1.47	Yes	2015
Valenzuela Solar Power Project	Valenzuela Solar Energy Inc.	8.5	Yes	2016
Ecopark Isla Solar Power Project	Ecopark Energy of Valenzuela Corp.	4.7	Non-FiT	

Notes:

(1) In June 2020, Prime Metroline Infrastructure Holdings acquired 50% of Solar Philippines Tarlac Corporation

(2) PetroSolar Corporation is 56% owned by PetroGreen Energy Corporation ("PGEC") and 44% by EEI Power Corporation

(3) In 2018, the Philippine Competition Commission approved Korea Electric Power Corporation ("KECPO")'s 38% acquisition of Solar Philippines Calatagan Corporation

Source: Department of Energy

LIST OF COMMERCIALLY OPERATING SOLAR POWER PLANTS IN VISAYAS, THE PHILIPPINES, AS OF MAY 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non- FiT	Year of Signing
CityMall Mandalagan Solar Power Project	Solar Pacific Citysun Corporation	0.63	Non-FiT	
Bais Solar Power Project (SACASOL IV) /	Monte Solar Energy Inc. (ACEN)	18	FiT	2016
Cadiz Solar Power Project	Helios Solar Energy Corporation (Vena Energy)	132.5	FiT	2016
Kabankalan Solar Power Project	Solar Pacific Citysun Corporation	0.61	Non-FiT	
Islasol Solar Power Project (ISLASOL II)	Negros Island Solar Power Inc.	32	Non-FiT	
Manapla Solar Power Project (ISLASOL III) / (SACASOL III)	Negros Island Solar Power Inc. (ACEN)	48	Non-FiT	
San Carlos Solar Power Project Phase I-A and I-B (SACASOL I-A&I-B)	San Carlos Solar Energy Inc. (ACEN)	22	FiT	2014
San Carlos Solar Power Project Phase I-C and I-D (SACASOL I-C&I-D)	San Carlos Solar Energy Inc. (ACEN)	23	FiT	2015
SACASUN Solar Power Project	San Carlos Sun Power Inc. (AP)	58.98	Non-FiT	
Silay Solar Power Project	Citicore Solar Negros Occidental, Inc. (CITICORE)	25.01	Non-FiT	
Victorias Solar Power Project	Solar Pacific Citysun Corporation	0.64	Non-FiT	
Kalibo Solar Power Project	Solar Pacific Citysun Corporation	0.22	Non-FiT	
Boracay Solar Power Project	Solar Pacific Citysun Corporation	0.3	Non-FiT	
Gaisano Iloilo Solar Rooftop Project	EDC Siklab Power Corporation (EDC)	1.03	Non-FiT	
Miag-ao Solar Power Project	Cosmo Solar Energy, Inc.	5.67	Non-FiT	
Dumaguete Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non- FiT	Year of Signing
Toledo Solar Power Project	Citicore Solar Cebu, Inc. (CITICORE)	60	Non-FiT	
Ormoc Solar Power Project	First Solar Energy Corp. (Vena Energy)	30.36	FiT	2015
Palo Solar Power Project	Sulu Electric Power and Light (Phils.), Inc.	49.81	Non-FiT	

Source: Department of Energy

2. LIST OF COMMERCIALLY OPERATING SOLAR POWER PLANTS IN MINDANAO, THE PHILIPPINES AS OF MAY 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or NonFiT	Year of Signing
Kibawe Solar Power Project	Asian Greenenergy Corporation (Vena Energy)	10.49	FiT	2016
Kirahon Solar Power Project	Kirahon Solar Energy Corporation	12.5	Non-FiT	
Tagum Solar Power Project	Solar Pacific Citysun Corporation	1.1	Non-FiT	
Digos Solar Power Project	Alterpower Digos Solar, Inc.	28.59	Non-FiT	
Santos Solar Power Project	Astronergy Development GenSan Inc.	24.96	Non-FiT	
Centrala Solar Power Project	Citicore Solar South Cotabato Inc (CITICORE)	6.23	FiT	2016

Source: Department of Energy

THE SPONSORS

Overview of the Sponsors

Each of the Company's sponsors, Citicore Renewable Energy Corporation ("**CREC**") and Citicore Solar Tarlac 1, Inc. ("**Citicore Tarlac 1**"), is a corporation organized under the laws of the Philippines (each a "**Sponsor**", and together, the "**Sponsors**").

CREC was registered with Philippine SEC on May 15, 2018 with a primary purpose of engaging in power generation under the Renewable Energy Law. CREC has investments also in Sikat Solar Holdco Inc., Citicore Solar Energy Corporation and Citicore Solar Holdings, Inc. CREC is a wholly owned subsidiary of Citicore Power, Inc. ("**CPI**"). CPI is a domestic corporation and is primarily engaged in the development of renewable energy sources for power generation, with a commitment to achieve a healthy energy mix for the Philippines and lessen the country's dependence on fossil fuels through projects using clean and sustainable energy. CPI is a direct subsidiary of Citicore Holdings Investment, Inc., the parent company of Megawide Construction Corporation ("**Megawide**").

Citicore Tarlac 1 was registered with the Philippine SEC on November 11, 2013 with a primary purpose generating, transmitting, and/or distributing energy derived from solar power for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities, electric cooperatives, and retail electricity suppliers. Citicore Tarlac 1, together with other operating renewable energy companies, was acquired by CREC in October 2018 from AP Solar Pte. Ltd., AAM Philippines Solar 2 Pte. Ltd., Lumos Investment Pte. Ltd. and Mabalacat Solar Philippines, Inc. Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC (CREC owns of all of the outstanding common shares of Sikat Solar Holdco Inc., which in turn owns all of the outstanding common shares of Citicore Tarlac 1).

CREC and its subsidiaries and Affiliates (the "**Citicore Group**") have a vast experience in constructing, operating and maintaining the solar power plants, with an aggregate installed capacity of 163MWp$_{DC}$ as of September 30, 2021. The Company believes that the Citicore Group is among the solar energy project pioneers in the Philippines, and is one of the few developers with solar power projects have been awarded FIT eligibility.

Megawide is one of the Philippines' largest construction and infrastructure conglomerates, with total revenues of ₱16.3 billion for the year ended December 31, 2021, and ₱11.8 billion for the nine months ended September 30, 2022. Megawide was incorporated in 2004 primarily as a general construction company. From its successful initial public offering on February 18, 2011, Megawide has since diversified its business into a leading infrastructure company with interests in airport and landport operations in addition to its vertically integrated construction business. Megawide has a market capitalization of ₱7.2 billion as of September 30, 2022. Megawide received the following awards in 2021 and 2022:

<u>FinanceAsia Asia's Best Companies 2021</u>

- Best Managed Listed Company
- Most Committed to Environmental Stewardship
- Most Committed to Social Causes
- Most Committed to the Highest Governance Best Standards

- Best CEO
- Best Managed Company in South East Asia Industrials Category

Asia Money Asia's Outstanding Companies Poll 2021

- Most Outstanding Company, Philippines Construction and Engineering Sector

IR Magazine Awards 2021

- Nominee, South East Asia 2021

International Finance Awards 2021

- Best CEO

Asia CEO Awards 2021

- Most Innovative Company of the Year, Philippines

19th Philippine Quill Awards 2022

- Annual Sustainability Report 2020
- KaMegawide

Philippine s Excellence in Construction Awards (PECCA) 2022

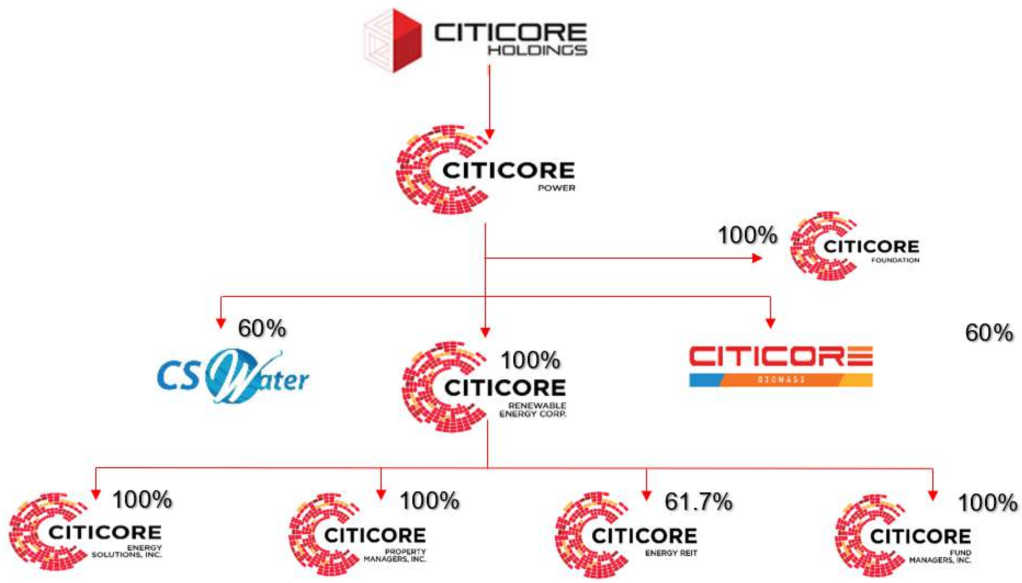
- Mid-Rise Category (Plumera Mactan Project)

FinanceAsia Asia's Best Companies 2022

- Country Awards: Most Effective in creating and implementing Diversity & Inclusion policies over the past 12 months
- Regional Awards: Best Managed Company - Industrials

As such, the Company believes it benefits from the Citicore Group's and Megawide's well-established reputation, relationship with key players in the Philippine real estate and solar generation industries, understanding of the Philippine market, and extensive experience in developing and managing properties.

As of September 30, 2022, the Citicore Group's structure is as follows:



Track Record of CREC and the Citicore Group

CREC and the Citicore Group have established a strong presence and track record in its core business market of the Philippines. Some of the notable milestones include:

2015	Citicore Power, Inc. ("**CPI**") was incorporated to engage in the development of renewable energy.
2016	Greenfield assets were constructed for three solar farms totaling 103MWp$_{DC}$.
2017	Citicore Biomass Corp. was formed to be engaged in forest management and production of biomass as fuel.
	Citicore Energy Solutions, Inc. ("**CESI**") signed Retail Power Agreement with Citystate Centre Condominium Corporation in July 2017.
	CESI signed a Distribution Wheeling Service Agreement with Meralco in October 2017.
	CESI signed a power supply agreement with AC Energy, Inc. in December 2017.
2018	CREC acquired Armstrong assets comprising five solar farms with a total installed capacity of 60MWp$_{DC}$
	Citicore Summa Water Corporation ("**CS Water**") took-over surface water treatment plant in Iloilo.
2019	CS Water took over the distribution facilities of Janiuay Water District.
2020	Signed a 1,200MWp$_{DC}$ Framework Agreement with AC Energy, Inc.

2021 Rio Norte, a company incorporated to engage in Run-of River Hydro, tapped Xian Electric for a greenfield development of 19.7MWp_{DC} run-of river hydro power plant in Ilaguen Rivera, Isabela.

CPI, through its subsidiairy Sunny Side Up Power Corp., completed the 6.6MW solar rooftop project for the Authority of the Freeport Area of Bataan (AFAB) in Mariveles, Bataan.

2022 The Company, the country's first renewable energy REIT, was launched.

MCC-Citicore Construction Inc, the RE construction arm of the Citicore group has completed the construction of the 72MWp_{DC} Arayat-Mexico Solar Power Project which is CREC's maiden joint-venture project with ACEN.

THE FUND MANAGER AND THE PROPERTY MANAGER

The Fund Manager of the Company

The fund manager, Citicore Fund Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Fund Manager**"). The Fund Manager was incorporated on July 21, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Fund Manager is a wholly owned Subsidiary of CREC.

Save as is disclosed in this Propectus, the Fund Manager is not engaged in any property fund business in the Philippines.

The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Fund Manager. Pursuant to the Fund Management Agreement, the Fund Manager's main responsibility is to manage the Company's assets and liabilities for the benefit of the Company's Shareholders. The Fund Manager will manage the assets of the Company with a focus on generating Rental Revenues and, if appropriate, increasing the Company's assets over time so as to enhance the returns from the investments of the Company and, ultimately, the distributions to the Company's Shareholders.

The Fund Manager shall, pursuant to the provisions of the REIT Law and the Fund Management Agreement, perform the following general functions:

1. implement the investment strategies of the Company by: (1) determining the allocation of the Company's assets to the allowable investment outlets in accordance with the investment strategies of the Company; and (2) selecting income-generating real estate in accordance with the investment strategies of the Company.

   For this purpose, however, notwithstanding the written instructions of the Company, it shall be the fiduciary responsibility of the Fund Manager to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions;
2. oversee and coordinate property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;
3. cause a valuation of any of the real estate and other properties of the Company to be carried out by the Company's appointed property valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;
4. take all necessary measures to ensure the following:
   a. that the Net Asset Value per Share of the Company is calculated as and when an annual valuation report is issued by the Company's appointed property valuer for the relevant period, and that such Net Asset Value per share is disclosed in the annual reports;
   b. that the investment and borrowing limitations which the REIT was authorized are complied with;
   c. that all transactions carried out by or on behalf of the Company are conducted at arm's length;
   d. that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid, and binding and enforceable by or on behalf of the Company;

   e. that the Property Manager obtains adequate property insurance for the real properties of the Company from insurance companies approved by the Fund Manager;
5. take custody of all relevant documents supporting the insurance taken on real properties of the Company. The real properties shall be insured for their full replacement value, including loss of rental, where appropriate, and general liabilities on real properties and operations of the Company;
6. provide research and analysis on valuation and market movements of the Company's assets, including the monitoring of the real estate market for desirable opportunities and recommend, from time to time, to the Board, the formulation of new, additional, or revised investment policies and strategies;
7. recommend the appropriate capital structure for the Company;
8. manage assets and liabilities, including investment of corporate funds in money market placements and arrangement of debt for the Company;
9. negotiate and finalize loan documents on behalf of the Company and determine debt drawdowns;
10. recommend to the Board when to make capital calls and, where appropriate, enforce or cause the enforcement of remedies for failure of Shareholders to deliver capital contributions;
11. open, maintain, and close accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and draw checks or other orders for the payment of monies;
12. submit periodic reports ensuring that: (i) the three-year investment strategy prepared by the Company is submitted to the Philippine SEC and the PSE; and (ii) quarterly written report on the performance of the Company's fund and properties and of the appropriate benchmarks are submitted to the Company, the Philippine SEC and the PSE within 45 days after the end of each quarter;
13. negotiate for and implementing the purchase of assets to be held by the Company for investment;
14. perform legal review, documentation, structuring, and due diligence on assets to be acquired;
15. where necessary in the reasonable determination of the Fund Manager, retain persons, firms or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;
16. pursue various exit options and make necessary strategic recommendations to the Company;
17. accredit insurance companies for purposes of providing a list of approved insurance companies to the Property Manager for the real properties of the Company;
18. fully, properly, and clearly record and document all procedures and processes followed, and decisions made in relation to whether or not to invest in a particular property;
19. establish and understand the investment objectives, instructions, risk profile, and investment restrictions of the Company prior to making any investment recommendations or carrying out any transactions for or on behalf of the Company;
20. do any and all acts on behalf of the Company as it may deem necessary of advisable in connection with the management and administration of the Company's assets, including without limitation, the voting of assets, participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto; and
21. perform all such functions necessary and incidental to asset management.

In summary, the Fund Manager will set the strategic direction of the Company and make recommendations to the Board on the acquisition, divestment, or enhancement of assets of the Company in accordance with its investment strategy as stated in this Prospectus. The research required for these purposes will be coordinated and carried out by the Fund Manager.

In the absence of bad faith, fraud, willful misconduct or gross negligence of the Fund Manager, it shall not incur liability by reason of any act or omission under the Fund Management Agreement.

Total net assets under management amount to ₱14.55 billion as of September 30, 2022.

The Property Manager of the Company

The property manager, Citicore Property Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Property Manager**"). The Property Manager was incorporated on August 4, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Property Manager is a wholly owned Subsidiary of CREC. As of the date of this Prospectus, the Company believes that the Property Manager has sufficient financial resources to carry out its business and services to the Company.

In compliance with the Revised REIT IRR, the Property Manager has engaged the services of Cuervo Appraisers, Inc. ("**Cuervo Appraisers**"), through its authorized representatives, as its real estate appraiser. Cuervo Appraisers has satisfied all qualification requirements under applicable laws.

As of the date of this Prospectus, the directors and executive officers of the Property Manager have an average of 16 years, and 130 years of accumulated experience in commercial real estate operations, leasing, and property portfolio management. The Property Manager's executive officers will be primarily responsible for the day-to-day management of the Properties, pursuant to the Property Management Agreement. The Company believes the Property Manager has adequate technical and human resources for the performance of its duties, including two responsible officers, Mr. Manolo T. Candelaria, Responsible Officer, and Mr. Ruel L. Alma Jr., Facilities Manager, with 31 and 14 years of experience in real estate industry and property management, respectively, and for the adequate oversight of CREC's operations and maintenance activities with respect to the Clark Solar Power Plant. Mr. Candelaria will be available for the full-time supervision of the business of the Property Manager.

For other services, such as janitorial, technical, and security services, the Property Manager may engage third-party companies. The Property Manager may contract affiliates of the Sponsors or the Company for some of these functions, in particular with respect to management of the properties. Notwithstanding such contracts, the Property Manager shall remain fully responsible to the Company for the proper performance of its functions under the Property Management Agreement.

The total value of the Property Manager's properties under management amounts to ₱14.5 billion based on the appraisal report as of October 31, 2021. In addition, the Property Manager's current capitalization, as well continuing support extended by CREC, can sufficiently cover the monthly operating and working capital requirement of the Property Manager to ensure the effective conduct of its business.

RELATED PARTY TRANSACTIONS

Review Procedures for Related Party Transactions

In general, the Fund Manager and Property Manager have established internal control procedures to ensure that all future transactions involving the Company and a Related Party of the Fund Manager, Property Manager or the Sponsors are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favorable than those extended to unrelated third parties. In respect of such transactions, the Property Manager and/or the Fund Manager would have to demonstrate that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Fund Manager, Property Manager or Sponsors, or obtaining a valuation from an independent valuer (in accordance with, among other things, the REIT Law).

Existing Related Party Transactions

The Company has entered into a number of transactions with the Sponsors and certain Affiliates of the Sponsors. Please see the section entitled "*Related Party Transactions*" in this Prospects for more information on the Company's related party transactions. Save as disclosed in this Prospects, the Company has not entered into any other transactions with any Affiliates of the Fund Manager or the Sponsors.

CERTAIN AGREEMENTS RELATING TO THE COMPANY AND THE PROPERTIES

AGREEMENTS RELATING TO THE PROPERTIES

Property-for-Share Swap

Armenia Property

In 2021, the Company acquired the Armenia Property from Citicore Solar Tarlac 1, Inc. (formerly, nv vogt Philippines Solar Energy Three Inc.) and CREC through separate Deeds of Assignment. Subject to the Philippine SEC's confirmation of the valuation of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the CAR, the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of their rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance of 918,720,864 common shares to Citicore Tarlac 1 and 19,461,142 common shares to CREC.

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

Land Lease Agreements (Company as lessee)

Clark Land

Executive Order 80 Series of 1993, in relation to Republic Act No. 7227 or otherwise known as the Bases Conversion and Development Act of 1992, created a government-owned and controlled corporation, named the Clark Development Corporation (CDC), which is the implementing arm of the Bases Conversion Development Authority in the development of the Clark Special Economic Zone. On September 5, 2014, the Company, as lessee, executed with Clark Development Corporation, as lessor, a Lease Agreement for the lease of a parcel of land located within the Clark Special Economic Zone for the establishment of a solar power project to be owned, operated, and maintained by the Company. CREC is the current operator of the said solar power project.

The term of the contact of lease is 25 years from the date of its execution and is renewable upon mutual consent of the parties. As a consideration for the lease, the Company pays the lessor an annual rent of ₱140,000.00, with a 10% compounded increase starting on the fourth year and every three years thereafter. Under the terms of the contract, any of the following shall be deemed a default or breach and shall be a ground for suspension, revocation, cancellation or termination of the contract and take-over of the property without need of judicial action:

- Failure of lessee to pay any of its monetary obligations despite final written demand by the lessor;
- Use by the lessee of the property for purposes other than those specified unless mutually agreed in writing by the lessor and lessee;
- Failure of the lessee to comply with its performance commitments with the period stated in the Specific Conditions of the contract.

- Failure of the lessee to comply with laws, rules, or regulations, including but not limited to Labor Code, Minimum Wage law, Employment and Compensation Law, Social Security Act and such other labor laws decrees or regulations;

- Declaration under oath by the lessee of its insolvency and/or mere filing of a Petition of Insolvency or Petition for Suspension of Payment, or Petition for Corporate Rehabilitation.

- Failure of the lessee to comply with the provision on transfer rights as stipulated in the leae agreement.

- Violation of the lessee of any other terms and conditions of the agreement and failure to cure such violation within a period provided by the lessor;

- Violation of the lessee of any conditions provided in the lessee's Clark Freeport Zone ("**CFZ**") certificate of registration and all other CFZ rules and regulations being implemented and to be issued by the lessor;

- Any disagreement, misunderstanding, falling out or intra-corporate dispute between and among the lessee's investors, partners, representatives, or assigns which in any way impedes or disrupts compliance or implementation of the agreement.

- Smuggling by the lessee or any other form of illegal activity as defined by law;

- Abandonment of the property by the lessee for a period of thirty (30) days; and

- Any other analogous grounds for suspension/withholding of incentives, cancellation/termination of the lease agreement and take-over of the property.

Failure of the lessee to cure any of the foregoing default or breach within the given period from receipt of written notice issued by the lessor shall result to all, but not limited to revocation of any incentives or privileges of the lessee, cancellation or termination of the agreement, or take over and padlock the property, without need of judicial action.

Under the Lease Agreement, the Company shall post a performance bond in the amount of 12 months' rental upon the signing of the lease. The bond shall be forfeited in favor of the lessor, as liquidated damages, in case of failure of the Company to perform any of its obligations under the Lease Agreement, its pre-termination and/or termination. Upon expiration of the lease and the faithful compliance of the Company of its obligations, the bond shall be refunded or returned to the Company.

On February 24, 2016, the Company executed a lease contract, with Clark Development Corporation as lessor, for the lease of an additional area of 318 sq.m. located within the Clark Special Economic Zone for the establishment of a Protection Switchyard Station. The lease for the Protection Switchyard Station is co-terminus with the lease of the parcel of land for the Clark Solar Power Plant or until September 4, 2039. Under the agreement, the Company pays the lessor the rate of U.S.$104.94 per month with a 10% compounded increase starting on the fourth year and every three years thereafter.

On October 13, 2021, CREC and CREIT executed a Deed of Assignment whereby CREIT assigned to CREC Solar Energy Service Contract (SESC) No. 2014-07-086 which was granted to CREIT by the DOE on July 24, 2014 to explore, develop and operate the 22.33MWpDC Clark Solar Power Project. Pursuant to the Deed of Assignment, CREC was appointed and constituted as the party having the right to operate the Clark Solar Power Plant, effective upon the approval of the DOE on December 24, 2021 and shall remain in force for a period until the expiry of the Service Contract including the renewal thereof. However, the Company remains responsible for and guarantees the performance by CREC of its obligations under SESC No. 2014-07-086.

Toledo Property

On June 30, 2021, Citicore Cebu executed a Deed of Assignment with the Company, which was confirmed by Leavenworth Realty Development, Inc. ("**LRDI**"), pursuant to which Citicore Cebu transferred, assigned and conveyed to the Company, all of Citicore Cebu's rights and obligations under the lease agreement dated November 12, 2015 between Citicore Cebu and LRDI over the Toledo Property. LRDI holds usufructuary rights over the Toledo Property granted by the owner of the land. The Toledo Property is the site of the $60MWp_{DC}$ solar power plant of Citicore Cebu.

The term of the assigned contract of lease is for 25 years commencing on May 31, 2016 and ending on May 31, 2041. The contract grants to the Company the option to renew the contract upon mutual written agreement with the lessor.

As consideration for the lease, the Company pays the lessor ₱6,000,000 per annum. This rate is subject to an escalation rate of 12% every five years. Any adjustment in the rent that is not defined in the contract will be subject to a discussion and will be mutually agreed upon by the parties.

Under the terms of the contract of lease, the lessor is responsible for the real property tax over the leased area. The Company shall be responsible for the payment of any increase in the real property tax over the leased area as well as on the improvements introduced to the leased area. The Company is also responsible for any value-added tax, documentary stamp tax, or other taxes (except for income taxes) that are imposed in connection with the execution of the lease contract.

The contract also expressly recognizes Citicore Cebu's ownership of the solar power project as well as any intellectual property rights associated or attached to it.

Under the lease contract, the leased area shall be used exclusively for construction and operation of the solar power plant. The lessor shall notify the Company in case the landowner desires to sell the property in favor of his immediate family or to any corporation or legal entity controlled or owned by the landowner and/or his immediate family. However, if the landowner desires to accept a bona fide offer to purchase the property from a third-party offeror, the Company shall have the right to match the offer. Once the lessor receives the Company's matching offer, the lessor will forward the same to the land owner who, in turn, will sell the property to the Company. If the Company fails to exercise its right to match the offer, the contract provides that the third-party offeror will respect the lease contract, which will remain in full force and effect until its termination.

Either party may terminate the contract if the other party commits a substantial breach of any of its material obligations, representations, and warranties and fails to adequately remedy the same within 30 days from receipt of the written notice from the terminating party.

On the other hand, if the lessee commits any breach of the contract and it fails to adequately remedy the same within 30 days from receipt of a written notice of such breach, the lessor may cut-off services and utilities, lock up the premises, and exercise its absolute right to rescind and cancel the contract due to breach or non-performance of essential conditions.

Silay Property

On August 6, 2021, the Company, as lessee, executed with Claudio Lopez, Inc., as lessor, a Solar Site Lease Agreement for the lease of the Silay Property. The property is the site of the $25MW_{DC}$ solar power plant that is owned, operated, and maintained by Citicore Solar Negros Occidental, Inc. ("**Citicore Negros Occidental**").

The term of the contract of lease is a continuation of the original contract between Claudio Lopez, Inc. and Citicore Negros Occidental. The original contract commenced on November 1, 2015 and will expire on October 31, 2040. Accordingly, the contract of lease between the Company and Citicore Negros Occidental has a term of 18 years. At the end of the said term, the contract will be extended for an additional period of five years unless either party delivers a written notice to the other party at least six months prior to the end of the term of its intent to terminate the contract by the end of the term.

As a consideration for the lease, the Company pays Claudio Lopez, Inc. a rate of ₱98,925.63 per hectare per annum. This rate is subject to an escalation rate of two percent (2%) per annum.

Under the terms of the contract of lease, the lessor is responsible for all amounts relating to (i) inheritance or estate taxes imposed upon or assessed against the property; (ii) taxes computed upon the basis of the net income or payments derived from the property; and (iii) taxes, fees, service payments, excises, assessments, bonds, levies, fees, or charges of any kind which are adopted by any public authority after the contract's execution date. On the other hand, the Company shall pay all business or license taxes or fees, service payment in lieu of such taxes or fees, annual or periodic license or use fees, excises, assessments, bonds, levies, fees or charges of any kind which are assessed, levied, charged, confirmed, or imposed by any public authority due to the Company's occupancy and use of the property, including real property taxes on the property.

The contract expressly allows the Company to sublease the property to Citicore Negros Occidental without the prior consent of the lessor. The contract also expressly recognizes Citicore Negros Occidental's ownership of the solar power project located on the leased property.

The contract specifies the following as events of default:

- A party fails to pay any amount it is obligated to pay under the law or the lease contract within 60 days after such amount is due;

- A party is in breach of any representation or warranty set forth in the contract or fails to perform any material obligation and such breach or failure is not cured within 60 days after notice from the non-defaulting party;

- A party admits in writing its inability to pay its debts generally as they become due;

- Such party files a petition for rehabilitation or insolvency under the Financial Rehabilitation or Insolvency Act (Republic Act No. 10142) or any other applicable law or statute;

- Such party makes an assignment for the benefit of creditors;

- Such party consents to the appointment of a receiver of the whole or any substantial part of its assets;

- Such party has a petition for bankruptcy filed against it, and such petition is not dismissed within 90 days after its filing;

- A court of competent jurisdiction enters an order, judgement, or decree appointing a receiver of the whole or any substantial part of such party's assets, and such order, judgment or decree is not vacated or set aside or stayed within 90 days from the date of its date of entry; or

- Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the whole or any substantial part of such party's assets and such custody or control is not terminated or stayed within 90 days from the date of assumption of such custody or control.

Upon the happening of any of the foregoing event of default, the non-defaulting party shall have the right (but not the obligation) to terminate or suspend the contract of lease upon notice to the defaulting party. The defaulting party shall be liable to reimburse the non-defaulting party for such damages, expenses and costs relating to such default.

Dalayap Property

Lease between the Company and Ma. Paula Cecilia David and Juan Francisco David

On July 26, 2021, the Company, as lessee, executed a contract of lease with Ma. Paula Cecilia David & Juan Francisco David, as lessors, in relation to a 56,000 sq.m. parcel of land forming part of the Dalayap Property and located at Barangay Dalayap, Tarlac City. The land is the site of Citicore Solar Tarlac 2, Inc.'s ("**Citicore Tarlac 2**") 7.55MWp_{DC} solar power plant.

The term of the contract of lease is for 19 years commencing on November 1, 2021 and ending on October 31, 2040. The contract may be extended for another 25 years at the Company's option by delivering to a written notice of extension to the lessor at least 180 days prior to the expiration of the original term of the contract. Upon the lessor's acceptance and consent to the extension, the term of the contract of lease shall be extended until October 31, 2065. Any further extension shall be the subject of a mutual agreement between the lessor and the Company.

As a consideration for the lease the Company pays the lessor a monthly rate of ₱205,333.34. Starting on November 1, 2026, the monthly rate shall be ₱225,867.77. Thereafter, the rate is subject to an escalation rate of 10%, which will take effect on the 10th and 15th-anniversaries from November 1, 2026.

Under the terms of the contract of lease, the lessor is responsible for the payment of all taxes (either local or national), charges, assessments, or fees with respect to the land. On the other hand, the Company will be responsible for all taxes (local or national), charges, assessments, or fees with respect to any building and permanent improvements introduced by the Company or its sublessee. The lessor and the Company equally share the documentary stamp taxes or other taxes accruing by reason of the execution of the contract of lease or any amendment or extension of the same.

The Company has the right of first refusal in case the landowner decides to sell, assign, transfer, convey, or encumber the whole or portion of the property. The right shall be exercised with a written notice of intention to sell, specifying the terms and conditions of the proposed sale and the Company has a right to match the offer terms. In the event the Company or its designee fails to exercise its option then the lessor may sell, transfer, convey or encumber the said property to any person under the terms and conditions indicated in the notice given to the lesee. The Company also has the express right to assign or sublease the property to Citicore Tarlac 2 without first securing the lessor's approval.

Under the contract of lease, the Company may be considered in default when: (1) it defaults in the payment of any due rent, penalty, charge, or amount payable to the lessor; or (2) it uses the property for any purpose other than the activity specified in the contract.

Lease between the Company and Benigno S. David and Vivencio M. Romero, Jr.

On July 26, 2021, the Company, as sublessee, also executed a Contract of Sublease with Benigno S. David and Vivencio M. Romero, Jr., as sublessors, for the sublease of a 47,731 sq.m. parcel of land forming part of the Dalayap Property and located in Barangay Dalayap, Tarlac City. A part of Citicore Tarlac 2's 7.5MWp$_{DC}$ solar power plant is located on such property.

The terms of the Contract of Sublease are similar to the terms of the contract of lease between the Company and Ma. Paula Cecilia David and Juan Francisco David described above, except that:

- In the Contract of Sublease, the Company pays the sublessor a monthly rate of ₱172,333.34 per month. Starting on November 1, 2026, the monthly rate shall be ₱189,566.67; and

- Under the terms of the Contract of Sublease, the sublessee has the right of first refusal in case the sublessor decides to sell, transfer or convey the property .

The Company similarly has the express right to further assign or sublease the property to Citicore Tarlac 2 without securing the sublessor's approval.

Land and Property Lease Agreements (Company as lessor)

Armenia Property

The 8.84MWp$_{DC}$ solar power plant owned and operated by Citicore Tarlac 1 is located on the Armenia Property. On July 26, 2021, the Company, as lessor, entered into a long-term lease agreement with Citicore Tarlac 1, as lessee for the latter's lease of the Armenia Property. The lease has a term of 25 years commencing on November 1, 2021 and ending on October 30, 2046, unless sooner revoked, cancelled, or otherwise terminated in accordance with law and/or for reasons stated in the agreement. The lease agreement may be renewed upon mutual agreement in writing by Citicore Tarlac 1 and the Company.

Citicore Tarlac 1 owns the 8.84MWp$_{DC}$ solar power plant within the Armenia Property, including the solar modules, inverters, mounting frames, cables, communication gadgets, and electrical accessories, among others. Citicore Tarlac 1 also owns any intellectual property rights associated or attached to the solar power plant. Except for purposes of project financing, Citicore Tarlac 1 cannot assign, transfer, mortgage, convey, or sell any equipment and other asset, or its rights and interests over the solar power plant, unless it obtains the Company's written consent 15 days prior to such assignment, mortgage, transfer, conveyance, or sale, and subject to such conditions and restrictions as the Company may impose. Any and all rights and interest accruing to third parties in violation of this condition does not bind the Company.

The lessee is not allowed to sublease the leased area or any portion thereof, without the prior written consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The lessee and its sublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

On the other hand, the Company has the right to assign, transfer, or encumber any of its rights and interests under the lease to any other entity upon written notice to the lessee. The Company is also allowed to sell, transfer, or convey the property to a third person or entity. However, the lessee shall have the right of first refusal in the event that the Company desires to sell, assign, transfer, convey, or encumber the property or any portion thereof to a third person or entity.

Under the terms of the lease agreement, Citicore Tarlac 1 is accountable for all real estate taxes and other assessments on the leased area and the buildings, structures, and improvements as may be imposed by the national or local governments. The lessee shall also be liable for the value-added, documentary stamp, or other taxes and fees that may be imposed in connection with the lease.

The lease agreement lists the following as grounds for the suspension, revocation, cancellation, or termination of the lease agreement and take-over of the leased area without need of judicial action:

(1) Failure of Citicore Tarlac 1 to pay any of its monetary obligations despite the Company's final written demand;
(2) Citicore Tarlac 1's use of the leased area for purposes other than those specified in the lease agreement, unless both parties have agreed in writing for such other use;
(3) Failure of Citicore Tarlac 1 to conduct its business activity for a period of six months, without any justifiable reason, even if rentals are paid;
(4) Declaration under oath by Citicore Tarlac 1 of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;
(5) Citicore Tarlac 1's failure to comply with the provisions on transfer of rights;
(6) Citicore Tarlac 1's violation of any other terms and conditions of the lease agreement coupled with its failure to cure such violation within the period provided in the agreement;
(7) Citicore Tarlac 1's commission of any illegal act in the conduct of its business operations;
(8) Citicore Tarlac 1's abandonment of the leased area for a period of 30 days; and
(9) any other analogous grounds for suspension, revocation, cancellation, and termination of the lease agreement and the take-over of the leased area.

Bulacan Property

On 29 March 2022, CREIT entered into a Deed of Absolute Sale ("DOAS") with Citicore Bulacan for the acquisition of the Bulacan Property for a total cash consideration of PhP1,754,116,629.00.

The property was valued using Income Approach adopting the Discounted Cash Flow Method based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model. The Direct Capitalization Approach was also used as a secondary method to cross-check the value of the property.

The 15Wp$_{DC}$ solar power plant owned and operated by Citicore Bulacan is located on the Bulacan Property. In 2022, the Company, as lessor, entered into a long-term lease agreement with Citicore Bulacan, as lessee for the latter's lease of the Bulacan Property. The lease has a term of 25 years commencing on January 1, 2022 and ending on December 31, 2046, unless sooner revoked, cancelled, or otherwise terminated in accordance with law and/or for reasons stated in the agreement. The lease agreement may be renewed upon mutual agreement in writing by Citicore Bulacan and the Company.

Citicore Bulacan owns the 15MWp$_{DC}$ solar power plant within the Bulacan Property, including the solar modules, inverters, mounting frames, cables, communication gadgets, and electrical accessories, among others. Citicore Bulacan also owns any intellectual property rights associated or attached to the solar power plant. Except for purposes of project financing, Citicore Bulacan cannot assign, transfer, mortgage, convey, or sell any equipment and other asset, or its rights and interests over the solar power plant, unless it obtains the Company's written consent 15 days prior to such assignment, mortgage, transfer, conveyance, or sale, and subject to such conditions and restrictions as the

Company may impose. Any and all rights and interest accruing to third parties in violation of this condition does not bind the Company.

The lessee is not allowed to sublease the leased area or any portion thereof, without the prior written consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The lessee and its sublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

On the other hand, the Company has the right to assign, transfer, or encumber any of its rights and interests under the lease to any other entity upon written notice to the lessee. The Company is also allowed to sell, transfer, or convey the property to a third person or entity. However, the lessee shall have the right of first refusal in the event that the Company desires to sell, assign, transfer, convey, or encumber the property or any portion thereof to a third person or entity.

Under the terms of the lease agreement, Citicore Bulacan is accountable for all real estate taxes and other assessments on the leased area and the buildings, structures, and improvements as may be imposed by the national or local governments. The lessee shall also be liable for the value-added, documentary stamp, or other taxes and fees that may be imposed in connection with the lease.

The lease agreement lists the following as grounds for the suspension, revocation, cancellation, or termination of the lease agreement and take-over of the leased area without need of judicial action:

1. Failure of Citicore Bulacan to pay any of its monetary obligations despite the Company's final written demand;

2. Citicore Bulacan's use of the leased area for purposes other than those specified in the lease agreement, unless both parties have agreed in writing for such other use;

3. Failure of Citicore Bulacan to conduct its business activity for a period of six months, without any justifiable reason, even if rentals are paid;

4. Declaration under oath by Citicore Bulacan of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;

5. Citicore Bulacan's failure to comply with the provisions on transfer of rights;

6. Citicore Bulacan's violation of any other terms and conditions of the lease agreement coupled with its failure to cure such violation within the period provided in the agreement;

7. Citicore Bulacan's commission of any illegal act in the conduct of its business operations;

8. Citicore Bulacan's abandonment of the leased area for a period of 30 days; and

9. any other analogous grounds for suspension, revocation, cancellation, and termination of the lease agreement and the take-over of the leased area.

South Cotabato Property

On June 06, 2022, CREIT entered into a Deed of Absolute Sale ("DOAS") with Citicore South Cotabato for the acquisition of the South Cotabato Property for total cash consideration of PhP753,801,981.00.

The property was valued using Income Approach adopting the Discounted Cash Flow Method based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model. The Direct Capitalization Approach was also used as a secondary method to cross-check the value of the property.

The 6.23Wp$_{DC}$ solar power plant owned and operated by Citicore South Cotabato is located on the South Cotabato Property. In 2022, the Company, as lessor, entered into a long-term lease agreement with Citicore South Cotabato, as lessee for the latter's lease of the South Cotabato Property. The lease has a term of 25 years commencing on January 1, 2022 and ending on December 31, 2046, unless sooner revoked, cancelled, or otherwise terminated in accordance with law and/or for reasons stated in the agreement. The lease agreement may be renewed upon mutual agreement in writing by Citicore South Cotabato and the Company.

Citicore South Cotabato owns the 6.23Wp$_{DC}$ solar power plant within the South Cotabato Property, including the solar modules, inverters, mounting frames, cables, communication gadgets, and electrical accessories, among others. Citicore South Cotabato also owns any intellectual property rights associated or attached to the solar power plant. Except for purposes of project financing, Citicore South Cotabato cannot assign, transfer, mortgage, convey, or sell any equipment and other asset, or its rights and interests over the solar power plant, unless it obtains the Company's written consent 15 days prior to such assignment, mortgage, transfer, conveyance, or sale, and subject to such conditions and restrictions as the Company may impose. Any and all rights and interest accruing to third parties in violation of this condition does not bind the Company.

The lessee is not allowed to sublease the leased area or any portion thereof, without the prior written consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The lessee and its sublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

On the other hand, the Company has the right to assign, transfer, or encumber any of its rights and interests under the lease to any other entity upon written notice to the lessee. The Company is also allowed to sell, transfer, or convey the property to a third person or entity. However, the lessee shall have the right of first refusal in the event that the Company desires to sell, assign, transfer, convey, or encumber the property or any portion thereof to a third person or entity.

Under the terms of the lease agreement, Citicore South Cotabato is accountable for all real estate taxes and other assessments on the leased area and the buildings, structures, and improvements as may be imposed by the national or local governments. The lessee shall also be liable for the value-added, documentary stamp, or other taxes and fees that may be imposed in connection with the lease.

The lease agreement lists the following as grounds for the suspension, revocation, cancellation, or termination of the lease agreement and take-over of the leased area without need of judicial action:

1. Failure of Citicore South Cotabato to pay any of its monetary obligations despite the Company's final written demand;

2. Citicore South Cotabato’s use of the leased area for purposes other than those specified in the lease agreement, unless both parties have agreed in writing for such other use;

3. Failure of Citicore South Cotabato’s to conduct its business activity for a period of six months, without any justifiable reason, even if rentals are paid;

4. Declaration under oath by Citicore South Cotabato’s of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;

5. Citicore South Cotabato’s failure to comply with the provisions on transfer of rights;

6. Citicore South Cotabato’s violation of any other terms and conditions of the lease agreement coupled with its failure to cure such violation within the period provided in the agreement;

7. Citicore South Cotabato’s commission of any illegal act in the conduct of its business operations;

8. Citicore South Cotabato’s abandonment of the leased area for a period of 30 days; and

9. any other analogous grounds for suspension, revocation, cancellation, and termination of the lease agreement and the take-over of the leased area.

Toledo Property, Silay Property and Dalayap Property

The Company subleases the Toledo Property, the Silay Property, and the Dalayap Property to Citicore Cebu, Citicore Negros Occidental, and Citicore Tarlac 2, respectively.

The sublease contract for the Toledo Property is for a period of 19 years, commencing on January 1, 2022 and ending on May 31, 2041. The sublease contract for the Silay Property is for a period of 18 years, commencing on January 1, 2022 and ending on October 31, 2040. The sublease contract for the Dalayap Property is for a period of 19 years, commencing on November 1, 2021 and ending on October 31, 2040.

These sublease contracts have the following general terms:

- The sublessee has the option to renew the term of the contract, subject to the mutual written agreement of the parties, and provided that the term of the contract shall not go beyond the lease term of the principal lease contract between the Company and the respective lessor.

- The sublessee pays for all real estate taxes and other assessments on the subleased area and on the buildings, structures, and improvements on the subleased area. The sublessee also pays for all value-added, documentary stamp, or other taxes and fees that may be imposed by the appropriate taxing authority in connection with the sublease contract. The sublessee shall also withhold the required withholding tax from the sublease payment and remit the same to the BIR, if applicable.

- The sublessee owns the solar power project built on the subleased property. However, the sublessee cannot assign, transfer, mortgage, convey, or sell any of its equipment or assets, or its rights and interests over the solar power project without first securing the Company's written consent, except for purposes of financing the solar power project.

- The subleased area shall be exclusively used for the operation and maintenance of the solar power project, unless prior written consent of the Company is obtained.

- The sublessee is not allowed to further sublease the subleased area or any portion thereof, without the prior written consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The sublessee and its subsublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

- The grounds for suspension, revocation, cancellation, or termination of the sublease agreement and the take-over of the subleased area by the Company without need of judicial action are:

  i. Failure of the sublessee to pay any of its monetary obligations despite final written demand by the Company;

  ii. Use by the sublessee of the subleased area for purposes other than those specified in the sublease agreement, unless the parties agreed in writing for such other use;

  iii. Failure of the sublessee to conduct its business activity for a period of six months, without any justifiable reason, even if the rentals are paid;

  iv. Declaration under oath by the sublessee of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;

  v. Failure of the sublessee to comply with the provision on transfer of rights provided in the sublease agreement;

  vi. Violation of the sublessee of any other terms and conditions of the sublease agreement coupled with the failure to cure such violation within the period provided by the Company;

  vii. The commission by the sublessee of any illegal act in the conduct of its business operations;

  viii. Abandonment of the subleased area by the sublessee for a period of 30 days; and

  ix. Any other analogous grounds for suspension, revocation, cancellation, and termination of the sublease agreement and the take-over by the Company of the subleased area.

- A default by the sublessee on the payment of its monetary obligations shall have the following effects:

i. The Company may charge an interest of 1% per month plus penalty of 1% per month to be computed from the date of delay, which shall be compounded until full payment is remitted;

ii. The sublessee shall have a curing period of 60 days from the date said payments ought to have been paid;

iii. If there are disputed amounts, the sublessee shall immediately remit to the Company any amount that is not controverted;

iv. If the sublessee still fails or refuses to settle its outstanding monetary obligations with the Company without a justifiable reason, the Company may impose the penalties mentioned above and have the automatic right to request the public utilities to discontinue their services without need of prior notice.

If the default of the sublessee remains uncured within the period given, the sublessor may serve a written notice to the sublessee within thirty (30) days before the intentended date of pre-termination due to default. In case of termination, all the rights, titles, and interest of the sublessee to or in the possession or use of the property shall cease.

Clark Solar Power Plant Lease Agreement

The Company leased the Clark Solar Power Plant located on the Clark Land to CREC for a period of around 18 years commencing from November 1, 2021 until September 4, 2039.

The lease contract has the following general terms:

1. The lessee has the option to renew the term of the contract, subject to the mutual written agreement of the parties, and provided that the term of the contract shall not go beyond the lease term of the principal lease contract between the Company and the respective lessor.

2. The lessee pays for all real estate taxes and other assessments on the buildings, structures, and improvements on the leased property. The lessee also pays for all value-added, documentary stamp, or other taxes and fees that may be imposed by the appropriate taxing authority in connection with the lease contract. The lessee shall also withhold the required withholding tax from the sublease payment and remit the same to the BIR, if applicable.

3. The Company owns the solar power project leased to the lessee. The lessee cannot assign, transfer, mortgage, convey, or sell any of the equipment or assets, or its rights and interests over the solar power project without first securing the Company's consent, except for purposes of financing the solar power project.

4. The leased property shall be exclusively used for the operation and maintenance of the solar power project, unless prior written consent of the Company is obtained.

5. The lessee shall not remove, replace, alter, or transfer any of the solar power project or any equipment or materials of the leased property without the prior written consent of the Company.

6. The lessee is not allowed to transfer the leasehold right without the prior written consent of the Company.

7. The lessee is not allowed to sublease the leased property or any portion thereof, without the consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The lessee and its sublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

8. The grounds for suspension, revocation, cancellation, or termination of the lease agreement and the take-over of the subleased area by the Company without need of judicial action are:

   a) Failure of the lessee to pay any of its monetary obligations despite final written demand by the Company;
   b) Use by the lessee of the leased property for purposes other than those specified in the sublease agreement, unless the parties agreed in writing for such other use;
   c) Failure of the lessee to conduct its business activity for a period of six months, without any justifiable reason, even if the rentals are paid;
   d) Declaration under oath by the lessee of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;
   e) Failure of the lessee to comply with the provision on transfer of rights provided in the lease agreement;
   f) Violation of the lessee of any other terms and conditions of the lease agreement coupled with the failure to cure such violation within the period provided by the Company;
   g) The commission by the lessee of any illegal act in the conduct of its business operations;
   h) Abandonment of the leased property by the lessee for a period of 30 days; and
   i) Any other analogous grounds for suspension, revocation, cancellation, and termination of the sublease agreement and the take-over by the Company of the subleased area.

9. A default by the sublessee on the payment of its monetary obligations shall have the following effects:

   a) The Company may charge an interest of 1% per month plus penalty of 1% per month to be computed from the date of delay, which shall be compounded until full payment is remitted;
   b) The lessee shall have a curing period of 60 days from the date said payments ought to have been paid;

10. If there are disputed amounts, the lessee shall immediately remit to the Company any amount that is not controverted;

11. If the lessee still fails or refuses to settle its outstanding monetary obligations with the Company without a justifiable reason, the Company may impose the penalties mentioned above and have the automatic right to request the public utilities to discontinue their services without need of prior notice.

Lease Rates

The property lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year.

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.

AGREEMENTS FOR THE ACQUISITION BULACAN PROPERTY AND SOUTH COTABATO PROPERTY

In 2021, CREIT entered into a Memorandum of Agreement (MOA) with Citcore Bulacan for the sale of land properties owned by Citcore Bulacan. Pursuant to the said MOA, on March 29, 2022, CREIT executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Bulacan from Citcore Bulacan for a total consideration of ₱1.75 billion. Simultaneous with the execution of the deed of aboslute sale, the same parties also executed a lease agreement whereby the Citcore Bulacan shall use the same property for the operation and maintenance of the $15MWp_{DC}$ solar power plant.

In 2021, CREIT entered into a MOA with Citicore South Cotabato for the sale of land properties located in Bry. Centrala, Suralla, South Cotabato. On June 6, 2022, CREIT executed a deed of absolute sale for the purchase of several parcels of land located in South Cotabato from Citicore South Cotabato for a total consideration of ₱ 755.8 million. Simultaneous with the execution of deed of absolute sale, the same parties also executed a lease contract whereby the Citicore South Cotabato shall use the same property for the operation and maintenance of the 6.2 MWp_{DC} solar power plant.

FUND MANAGEMENT AGREEMENT AND PROPERTY MANAGEMENT AGREEMENT

Fund Management Agreement

The Fund Manager has the overall responsibility for the allocation of the Deposited Property to the allowable investment outlets and selection of income-generating real estate, pursuant to the Fund Management Agreement. The Fund Management Agreement was entered into on July 26, 2021 between the Company and the Fund Manager pursuant to which the Company engaged the Fund Manager to execute and implement the investment strategies for the Company.

The term of the Fund Management Agreement is for five years, commencing on the Listing Date. The Fund Management Agreement automatically renews for successive five-year terms thereafter, unless terminated on certain grounds, including material breach of the agreement.

Pursuant to the Fund Management Agreement, the Fund Manager has the authority to disburse funds of the Company, within the budget approved by the Board, and to designate the authorized signatories to effect such disbursements, oversee and coordinate leasing, negotiate and award contracts for property acquisition, operational and financial reporting, appraisals, audits, market review, accounting and reporting procedures, refinancing and asset disposition plans, all in accordance with the financing, operating, and marketing plans approved by the Company's Board, and to designate the authorized signatories to execute such contracts.

Property Management Agreement

The Properties comprising the initial portfolio of the Company are managed by the Property Manager pursuant to the Property Management Agreement. This Property Management Agreement was entered into on August 9, 2021 between the Company and the Property Manager pursuant to which the Company engaged the Property Manager to operate, maintain, and manage each Property, subject to the overall management and directions of the Fund Manager.

The term of the Property Management Agreement is for five years, commencing on the Listing Date. The Property Management Agreement shall automatically renew for successive five-year terms thereafter, unless terminated by either party by written notice on certain grounds, including material breach of the agreement.

Pursuant to the Property Management Agreement, in general, the Company shall have the overall responsibility for the facilities management of the properties, lease administration, operations management, and handling of tenant relations. To this end, the Property Manager shall have the authority to disburse funds of the Company, in so far as such disbursement relates to its functions, and within the budget approved by the Board, and to designate the authorized signatories to effect such disbursements, negotiate and award lease contracts, execute and deliver, on behalf of the Company, all leasing contracts in accordance with the leasing and marketing plans approved by the Board, and to designate the authorized signatories to execute such contracts.

REGULATORY AND ENVIRONMENTAL MATTERS

The following description is a summary of certain laws and regulations in the Philippines that are generally applicable or relevant to companies such as ours, operating under the REIT Law, and the real estate industry. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.

REAL ESTATE LAWS

THE REIT LAW

Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009 lapsed into law on December 17, 2009. Pursuant to Section 22 of the said law, the Philippine SEC approved the implementing rules and regulations of the Real Estate Investment Trust Act of 2009 on May 13, 2010. Under the REIT Law, a REIT is a stock corporation established primarily for the purpose of owning income-generating real estate assets. Although designated as a trust, the REIT Law explicitly provides that a REIT is not a "trust" as contemplated under other existing laws and regulations. Instead, the term is used for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

On January 20, 2020, the Philippine SEC issued Memorandum Circular No. 1, Series of 2020 (the "**Revised REIT IRR**"), amending the existing REIT regulations by, among other things, modifying the minimum public ownership of a REIT, incorporating a reinvestment of proceeds policy, imposing additional corporate governance mechanisms into a REIT, and adding qualifications of a REIT fund manager and property manager. The regulatory amendment was published in a newspaper of general circulation on January 23, 2020 and became effective on February 7, 2020.

Minimum Requirements of a REIT

In order to be considered a REIT and to benefit from the incentives under the law, the shares of a REIT must be registered with the Philippine SEC in accordance with the SRC and listed with the PSE in accordance with its Listing and Disclosure Rules and its Amended Listing Rules for REITs (the "**PSE Rules**"). The procedure for the registration and listing of such shares as a REIT shall comply with the applicable registration and listing rules and regulations of the Philippine SEC and the PSE, in addition to the specific requirements under the REIT Law and the PSE Rules.

Pursuant to the SRC and PSE Rules, a REIT must meet the following requirements:

1. A REIT must be incorporated as a stock corporation with a minimum paid-up capital of ₱300,000,000 at the time of incorporation which can be either in cash and/or property;

2. Its Articles of Incorporation and By-Laws must provide that all the shares of stock of the REIT shall be issued in the form of uncertificated securities;

3. It must be a public company and to be considered as such, maintain its status as a listed company; and upon and after listing, have at least 1,000 public shareholders each owning at least 50 shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT;

4. It must appoint a fund manager that is independent from the REIT and its sponsor(s)/promoter(s), and is in compliance with the Fit and Proper Rule of the Philippine SEC for a REIT and the Revised REIT IRR;

5. It must appoint a property manager who is independent from the REIT and its sponsor/promoter(s), and is in compliance with the Fit and Proper Rule of the Philippine SEC for a REIT and the Revised REIT IRR;

6. At least 1/3 or at least two (2), whichever is higher, of the Board of Directors of the REIT must be independent directors;

7. It must have such organization and governance structure that is consistent with the Revised Code of Corporate Governance and pertinent provisions of the SRC and hold such meetings as provided for in its constitutive documents pursuant to the Philippine Revised Corporation Code;

8. It must submit a reinvestment plan and a firm undertaking on the part of its sponsors/promoters which transferred income-generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income-generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT;

9. A REIT must distribute at least 90% of its distributable income annually, as dividends to its shareholders not later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT, subject to the conditions provided in Rule 4, Section 4 of the Revised REIT IRR;

10. The REIT shall also appoint an independent and duly accredited Property Valuer in accordance with Rule 9, Section 1 of the Revised REIT IRR; and

11. The REIT may only invest in certain allowable investments as will be further discussed in detail below.

Allowable Investments of a REIT

The REIT Law and the Revised REIT IRR limit the allowable investment of a REIT to the following:

1. Real estate, whereby 75% of the total value of the REIT's assets reflecting the fair market value of total assets held ("**Deposited Property**") must be invested in, or consist of, income-generating real estate and 35% of which must be located in the Philippines. Should a REIT invest in income-generating real estate located outside of the Philippines, the same should not exceed 40% of its Deposited Property and only upon special authority from the Philippine SEC. An investment in real estate may be by way of direct ownership or a shareholding in a domestic special purpose vehicle constituted to hold/own real estate. The real estate to be acquired by the REIT should have a good track record for three years from date of acquisition. An income-generating real estate is defined under the REIT Law to mean real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees, ticket sales, parking fees and storage fees;

2. Real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued or traded;

3. Evidence of indebtedness of the Republic of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines (i.e., treasury bills, fixed rate treasury notes, retail treasury bonds denominated in either Philippine or in foreign currency, and foreign currency linked notes);

4. Bonds and other evidence of indebtedness issued by: (a) the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the Philippine SEC that is at least two notches higher than that of ROP bonds; and (b) supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development or the Asian Development Bank);

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

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

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

8. Equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past 3 years;

9. Cash and cash equivalent items;

10. Collective investment schemes duly registered with the Philippine SEC or organized pursuant to the rules and regulation of the BSP, provided that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing the prescribed weekly publication of the Net Asset Value Per Unit of the Collective Investment Scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;

11. Offshore mutual funds with ratings acceptable to the Philippine SEC; and

12. Synthetic Investment Products, provided that (i) it shall not constitute more than five percent (5%) of its investible funds; (ii) availment is solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) it shall be accounted for in accordance with the PFRS; (iv) it shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BPS and/or the Philippine SEC; and (iv) its use shall be disclosed in the Prospectus and under special authority from the Philippine SEC.

TAXATION OF REITS

Income Tax

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020 and by Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25% as provided under Section 27(A) of the National Internal Revenue Code, as amended (the "**Tax Code**"), on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

In computing the income tax due of a REIT, the formula to be used shall be as follows:

Gross Income	(as defined under Section 32 of the Tax Code)
Less:	
Allowable Deductions	(as provided under Section 34 whether itemized or Optional Standard Deduction)
Dividends Paid	(as defined under Revenue Regulations No. 13-11, as amended)
Taxable Net Income x 25%	
Income Tax Due	

Under Revenue Regulations No. 3-2020, a REIT shall maintain its status as public company from the year of its listing, at the latest and thereafter, and shall comply with the provisions of its submitted Reinvestment Plan, as certified by the Philippine SEC. Otherwise, the dividend payment shall not be allowed as a deduction from its taxable income. For purposes of Revenue Regulations No. 3-2020, a "public company" is a company listed with the Exchange and which, upon and after listing, has at least 1,000 public shareholders each owning at least 50 shares of any class and who, in the aggregate, own at least one-third (1/3) of the outstanding capital stock of the REIT. Furthermore, upon the occurrence of any of the following events, a REIT shall be subject to income tax on its taxable net income as defined in the Tax Code instead of its taxable net income as defined in the REIT Law: (a) failure to maintain its status as a public company as defined in the REIT Law; (b) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; (c) failure to distribute at least 90% of its Distributable Income as required by the REIT Law; (d) failure to comply with the Reinvestment Plan, as certified by the Philippine SEC, or (e) any combination of the foregoing. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The Philippine SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

A REIT availing of tax incentives under the REIT Law shall not be entitled to avail of incentives for the same types of taxes that may be available under special laws. Moreover, under Revenue Regulations No. 3-2020, as a condition for the availment of tax incentives, the REIT must comply with its Reinvestment Plan, as certified by the Philippine SEC. The Certification from the Philippine SEC that the REIT is compliant with its Reinvestment Plan must be submitted by the REIT as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Creditable Withholding Tax

Income payments received by a REIT which are subject to the expanded withholding tax shall be subject to a lower creditable withholding tax of 1%.

Transfer Taxes

The sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest thereto, shall be subject to 50% of the applicable Documentary Stamp Tax ("**DST**"). Moreover, all applicable registration and annotation fees relative or incidental thereto shall be 50% of the applicable registration and annotation fees. Both incentives can be availed by an unlisted REIT, provided it is listed with the PSE within two years from the initial availment of the incentives.

The 50% of the applicable DST shall be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such tax should have been paid upon the occurrence of any of the following events: (a) failure to list with the PSE within a period of two years from the date of initial availment; (b) failure to maintain its status as a public company as defined in the REIT Law; (c) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities with the Philippine SEC; (d) failure to distribute at least 90% of its Distributable Income required under the REIT Law, or (e) failure to comply with the Reinvestment Plan as certified by the SEC. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The Philippine SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

Value Added Tax

The gross sales from any disposal of real property or gross receipts from the rental of such real property by the REIT shall be subject to Value Added Tax ("**VAT**"). The REIT shall not be considered as a dealer in securities and shall not be subject to VAT on its sale, exchange, or transfer of securities forming part of its real estate-related assets.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT, as well as income tax and DST, if made pursuant to a tax-free exchange under Section 40(C)(2) of the Tax Code.

Tax-Free Exchange

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, transfers or exchanges of real property for shares of stock in a REIT falling under Section 40(C)(2) of the Tax Code shall have the following tax consequences: (a) the transferor shall not recognize any gain or loss on the transfer of the property to a REIT, and shall not be subject to capital gains tax, income tax, or creditable withholding tax on the transfer of such property to a REIT; (b) the transfer of property to a

REIT in exchange for its shares is exempt from VAT as provided under Section 109(X), in relation to Section 40(C)(2) of the Tax Code; and (c) the transfer would be exempt from DST as provided under Section 199 of the Tax Code.

In general, Section 15 of Revenue Regulations No. 13-2011 provides that unless otherwise provided in the REIT Law, the internal revenue taxes under the Tax Code shall apply.

On January 2018, Republic Act No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion Act (the "**TRAIN Law**") was passed, and Section 86 thereof provides for a repealing clause enumerating the laws or provisions of laws that are repealed and the persons and/or transactions affected made subject to the changes in the VAT provisions of Title IV of the Tax Code, as amended. The REIT Law is not part of this enumeration. On March 15, 2018, the BIR issued Revenue Regulations No. 13-2018, amending the consolidated VAT rules under Revenue Regulations No. 16-2005. Among other things, Revenue Regulations No. 13-2018 inserted as among the VAT exempt transactions the transfer of property pursuant to Section 40(C)(2) of the Tax Code implementing Section 34 of the TRAIN Law.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X) of the Tax Code.

Previous tax regulations required entities entering into tax-free exchanges to obtain a confirmation or ruling from the Bureau of Internal Revenue that a transaction would qualify as a tax-free exchange. On April 11, 2021, Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), took effect. The CREATE Law expanded the list of tax-free exchanges and reiterated the VAT exemption of these transactions. It also removed the requirement of confirmation. Now, prior confirmation of the tax-free nature of an exchange under Section 40(C)(2) of the Tax Code need not be obtained from the Bureau of Internal Revenue for purposes of availing of the tax exemption. As such, at present, only a tax clearance ("**CAR**") need be obtained from the relevant Revenue District Office to effect the transfer of assets and issuance of shares through a tax-free exchange.

Reportorial Requirements and Other Matters

Under Revenue Regulations No. 13-2011, every quarter, a REIT is required to submit to the Large Taxpayers Regular Audit Division 3 ("**LTRAD 3**") a sworn statement containing the list of its shareholders, their Tax Identification Number, their shareholdings, and the percentage that their shareholding represents.

As a withholding agent, the REIT is required to file withholding tax returns and remit withholding taxes on all income payments that are subject to withholding pursuant to the provisions of the Tax Code and its implementing regulations.

A REIT shall, in addition to the existing requirements under the Tax Code and its implementing regulations, and the requirements contained in the above paragraphs, submit to LTRAD 3, annually on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year) the following:

(a) a certification by a responsible person designated by the Philippine SEC that the REIT is compliant with the minimum public ownership requirement;

(b) a schedule of dividend payments indicating the name, address, amount of investment, classification of shares, amount of dividends, final tax-due of each investor, and a sworn statement that the minimum ownership requirement was maintained at all times;

(c) a certified true copy of the Philippine passport, or Certificate of Recognition issued under Republic Act No. 9255 of an overseas Filipino investor;

(d) a certified true copy of the employment contract of an overseas Filipino investor;

(e) a copy of the contract between the REIT and its fund manager;

(f) a copy of the contract between the REIT and its property manager;

(g) a written report on the performance of the REIT's funds and properties;

(h) any amendment(s) to the REIT Plan as approved by the Philippine SEC;

(i) a copy of the valuation report prepared by the REIT's appointed property valuer; and

(j) original/certified true copy of the Certification from the Philippine SEC that the REIT is compliant with its Reinvestment Plan, duly received by the BIR.

In case of each failure to file an information return, statement, or list, or to keep any record, or to supply any information required by Revenue Regulations No. 13-2011, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall upon notice and demand by the Philippine SEC, payment by the person failing to file, keep, or supply the same of ₱1,000 for each such failure; provided, however, that the aggregate amount to be imposed for all such failures during a calendar year shall not exceed ₱25,000.

Tax Incentives

A REIT enjoys the following tax incentives:

1. A tax deduction for dividends paid, in addition to the allowable deductions provided for under the Tax Code, to arrive at its taxable net income. For a REIT to enjoy this tax incentive, it should maintain its status as a "public company," observe the mandatory 90% dividend pay-out requirement of distributable income to shareholders, and submit a sworn statement that the minimum ownership requirements for the relevant years were maintained at all times.

2. Exemption from the minimum corporate income tax ("**MCIT**"), as well as documentary stamp tax ("**DST**") on the sale, barter, exchange, or other disposition of listed investor securities through the PSE, including cross or block sales with prior approval of the PSE. It is also exempted from paying the initial public offering ("**IPO**") tax on its initial and secondary offering of its investor securities. Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act, permanently repealed the IPO tax.

3. A lower creditable withholding tax rate of 1% of its receipt of income payments. It also benefits from the 50% reduction on the amount of DST due on sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest, and applicable registration and annotation fees incidental to such transfers.

Shareholders of a REIT enjoy the following tax incentives:

1. Dividends paid by a REIT to resident citizens and aliens are subject to 10% final tax. However, if the dividends are received by overseas Filipino investors, such dividends shall be exempt from the payment of income or any withholding tax. Such exemption shall be enjoyed by overseas Filipino workers for a period of seven years from the effectivity of the BIR regulations implementing the tax provisions of REIT Act. Revenue Regulations No. 13-2011 was published in a newspaper of general circulation on July 27, 2011 and took effect fifteen (15) days after that, or on August 11, 2011.

2. In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a non-resident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty.

Applicability of Income Taxation Incentive and DST Tax Incentive

Section 11 of Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, provides that, in order for a REIT to qualify for the income taxation incentive and the DST incentive on the transfer of real property, a REIT must be a public company, it must distribute at least 90% of its distributable income, and it must comply with its Reinvestment Plan, as certified by the Philippine SEC. The Certification from the Philippine SEC that the REIT is compliant must be submitted as an attachment to its annual income tax return and audited financial statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Conversely, for a REIT to qualify for the DST incentive on the transfer of real property, it should be listed with the PSE within two years from the date of its initial availment of the incentive (i.e., the date of the execution of the transfer documents) and maintain its listed status. While unlisted, the REIT in addition to all other presently existing requirements for the issuance of a Certificate Authorizing Registration ("**CAR**"), shall execute an undertaking that it shall list within 2 years from the date of its initial availment of the incentive.

The 50% of the applicable DST given as an incentive shall nevertheless be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such taxes should have been paid upon the occurrence of any of the following events, subject to the rule on curing period when applicable: (a) failure of a REIT to list with the PSE within 2 years from the date of its initial availment of this incentive; (b) failure of a REIT to maintain its status as a public company; (c) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; and (d) failure of a REIT to distribute at least 90% of its Distributable Income.

Revocation of Tax Incentives

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, a REIT shall be subject to the applicable taxes, plus interests and surcharges, under the Tax Code upon the occurrence of any of the following events, subject to the rule on curing period where applicable: (a) failure of a REIT to maintain its status as a public company; (b) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; (c) failure of a REIT to distribute at least 90% of its Distributable Income; (d) failure of a REIT to list with the PSE within the two-year period from date of initial availment of DST incentive; (e) revocation or cancellation of the registration of the securities of a REIT; and (f) failure of a REIT to comply with the Reinvestment Plan as certified by the Philippine SEC and to submit the original or certified true copy of the Certification from the Philippines SEC, duly received by the BIR as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Delisting and its Tax Consequences

In the event that a REIT is delisted from the PSE, whether voluntarily or involuntarily for failure to comply with the provisions of the REIT Law or the rules of the PSE, the tax incentives granted under the REIT Law shall be *ipso facto* revoked and withdrawn as of the date the delisting becomes final and executory.

Any tax incentive that has been availed of by the REIT thereafter shall be refunded to the Government within 90 days from the date when the delisting becomes final and executory, with the applicable interests and surcharges under the Tax Code and Section 19 of the REIT Law.

Upon revocation due to delisting, an assessment notice shall be prepared to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of the Tax Code.

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

Moreover, any subsequent transfer of the Shares after delisting will be considered a sale outside the facilities of the local stock exchange and will expose the transferor to capital gains tax and documentary stamp tax (instead of stock transaction stock) and also require the parties to the transfer to secure a Certificate Authorizing Registration.

RENEWABLE ENERGY LAWS

Electric Power Industry Reform Act (EPIRA) 2001

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act ("**EPIRA**") established a framework for the organization and operation of the electric power industry in connection with its restructuring, with the industry divided into four sectors: generation, transmission, distribution and supply. The structural reforms resulted among others in the creation of two government-owned and controlled corporations ("**GOCCs**"), the Power Sector Assets and Liabilities Management Corporation ("**PSALM**") and the TransCo.

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the Philippine government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The major aspects of the reforms include the (a) restructuring of the entire power industry to introduce competition in the generation sector, (b) change from government to private ownership, and (c) introduction of a stable regulatory framework for the electricity sector.

With a view of implementing the EPIRA's objectives, the DOE, in consultation with the relevant government agencies, electric power industry participants, non-government organizations and electricity consumers, promulgated the Implementing Rules and Regulations of the EPIRA (the "EPIRA **IRR**") on February 27, 2002.

The EPIRA IRR governs the relations among, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely the DOE, NPC, National Electrification Administration ("**NEA**"), ERC and PSALM.

Renewable Energy Act

RA No. 9513, or the Renewable Energy Act of 2008, provides that it is the policy of the State to increase the development and utilization of Renewable Energy ("**RE**") resources such as, but not limited to, biomass, solar, wind, hydro, geothermal, and ocean energy sources, including hybrid systems, and to establish the necessary infrastructure and mechanism to carry this out. The DOE is the lead agency mandated to implement the Renewable Energy Act of 2008, in conjunction with the NREB.

Renewable Energy Developers (RE Developers) may apply for the issuance of an RE Contract with the Philippine Government through the DOE. An "RE Contract" or Renewable Energy Service/Operating Contract refers to the service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE in which the RE Developer has the exclusive right to explore, develop or utilize a particular RE area. The RE Contract is divided into two stages:

1. Pre-Development Stage, which involves the preliminary assessment and feasibility study up to the financial closing of the RE Project, and

2. Development/Commercial Stage, which involves the development, production, or utilization of RE resources, including the construction and installation of relevant facilities up to the operation phase of the RE facilities.

The DOE shall issue the Certificate of Registration to the RE Developer immediately upon the award of an RE Service/Operating Contract. Similarly, existing RE projects must be covered by a new RE Service/Operating Contract, pre-terminating and replacing any existing service contract with the DOE.

The RE Contract cannot be assigned without the prior written approval of the DOE. The RE Contract shall also not be assigned to any third party, unless such third party is qualified in accordance with the Renewable Energy Act and its IRR. The RE Developer may assign or transfer part or all of its rights and/or obligations under the RE Contract to its Affiliate upon compliance with the following:

1. The RE Developer shall submit to DOE copies of the written agreement on the corresponding part of right/obligation to be assigned; and

2. The RE Developer shall guarantee in writing to the DOE its performance of the assigned obligations.

During the Pre-Development Stage, the RE Contract shall not be assigned except where the assignee is a subsidiary, branch or regional corporation of the RE Developer created for the special purpose of handling the project covered by the RE Contract.

Under the RE Contract, the RE Developer may authorize its subsidiaries, branches, or regional corporations to implement the RE Contract, but the RE Developer shall remain responsible for the performance of the RE Contract.

The Renewable Energy Act of 2008 provides numerous incentives to RE developers, such as tax holidays, import duty exemptions, and special tax rates, among others. In order to qualify for these incentives, the RE Developer must secure a Certificate of Endorsement from the Department of Energy–Renewable Energy Management Bureau ("**REMB**") for every applicable transaction.

Income Tax Holiday

Pursuant to the Renewable Energy Act of 2008, renewable energy projects are entitled to an ITH of seven years from commencement of commercial operations. For RE projects, the start of commercial operations shall refer to the state at which the RE plant generated the first kilowatt-hour of energy after commissioning or testing, or two months from the date of such commissioning or testing, whichever comes earlier, as certified by the DOE.

Application for registration must be accompanied by a copy of the DOE Certificate of Registration, Certificate of Accreditation or DOE endorsement, whichever is applicable. Applicant enterprises shall elect to be governed by the provisions of E.O. No. 226 otherwise known as the "Omnibus Investment Code" or the Renewable Energy Act of 2008 at the time of their application for registration.

Notwithstanding the changes brought by CREATE Law on the rationalization of tax incentives, ITH granted to BOI-registered RE Developers are not affected.

Wholesale Electricity Spot Market Rules ("WESM Rules")

The WESM Rules establishes the basic rules, requirements, and procedures that govern the operation of the Philippine electricity market. The WESM Rules identifies and recognizes and sets the responsibilities of the Market Operator, System Operator, WESM Participants, and the Philippine Electricity Market Corporation ("**PEM**") Board. These groups shall comply with and are bound by all the provisions of the WESM Rules. The WESM Rules are intended to be complimentary with the Grid Code and Distribution Code, all of which are meant to ensure the development of an appropriate, equitable and transparent electricity market, along with a safe, reliable, and efficient operation of the power system.

Under the WESM, RE developers are classified as a must-dispatch generating unit, which grants them specific preferences as to the dispatch output and restrictions. These preferences are granted to intermittent RE-based generation plants such as wind, solar, run-of-river hydro or ocean energy owing to the fact that they are dependent on a base supply of electricity but on the availability of the energy source.

Competitive Selection Process

In 2015, the ERC issued Resolution No. 13, Series of 2015 ensuring transparency in the Distribution Utilities' ("**DU**") power supply procurement and providing opportunities for DUs to get the best price offers and other contractual terms. The resolution states that a Power Supply Agreement ("**PSA**") shall only be awarded to the winning generation company following a successful transparent Competitive Selection Process ("**CSP**"). A CSP is successful if the DU receives at least two (2) qualified bids from entities with which the DU is not prohibited from entering into a contract for power supply, as provided under the EPIRA Implementing Rules and Regulations. After two failed CSPs, a direct negotiation with interested party may be made by the DU. A CSP is considered failed when during its conduct, any of the following circumstances exist: (1) no proposal was received by the DU; (2) only one supplier submitted an offer; and (3) competitive offers of prospective suppliers failed to meet the requirements prescribed under the Terms of Reference, as determined by the DU Bids and Awards Committee.

The following instances, when present, shall warrant a Certificate of Exemption from the DOE on the conduct of CSP:

1. Any generation project owned by the DU funded by grants or donations. The DU may be allowed to infuse internally generated funds; provided, that the amount shared by the DU shall not exceed 30.00% of the total project cost; provided further, that taxes to be paid by the DU shall not be included in the total project cost.

2. Negotiated procurement of emergency power supply; provided, that the cooperation period of the corresponding power supply agreement shall not exceed one (1) year; provided further that the rate shall not be higher than the latest ERC approved generation tariff for same or similar technology in the area;

3. Provision of power supply by any mandated Government Owned and Controlled Corporation for off-grid areas prior to, and until the entry of New Power Providers ("**NPP**") in an area; and

4. Provision of power supply by the Power Sector Assets and Liabilities Management ("**PSALM**") Corporation through bilateral contracts for the power produced from the undisposed generating assets and Independent Power Producer ("**IPP**") contracts duly sanctioned by the EPIRA as deemed by the DUs, subject to a periodic review by the DOE.

Non-compliance with the prescribed rules on the conduct of CSP may result to administrative fines and penalties under the EPIRA and other relevant issuances.

Renewable Portfolio Standards ("RPS")

RPS mandates industry participants (DUs, retail suppliers) to have a specified portion of their energy requirements sourced from renewables.

1. 2020 will be the first year of implementation where industry participants shall have at least 1.00% of their energy requirements sourced from renewables.

2. Requirements to increase at an annual rate of at least 1.00% (actual increment may be adjusted by DOE), in coordination with the National Renewable Energy Board, when there are substantial changes in the relevant market grid, or the prevailing percentage is deemed insufficient to attain the target renewable energy share.

Aspirational target of having 35.00% of power generation sourced from renewable energy by 2030.

Penalties for noncompliance include monetary fines and revocation of participants' license, franchise or authority to operate.

RPS has indirectly driven demand for renewable capacities by mandating that industry participants have a minimum portion of their energy requirements being sourced from renewables. Given that only power plants built (or capacities added) from 2008 are considered eligible renewable energy facilities under RES, there is additional demand for greenfield renewable capacities.

RE Auction

Under the DOE's green energy auction program, qualified renewable energy developers can offer to supply a specified volume of electricity generated from their facilities. The suppliers are chosen through a competitive process or auction. In turn, eligible customers enjoy electricity prices below market values. In July 2020, the DOE issued a circular detailing the guidelines governing the green energy auction, helping power providers comply with their commitment under the RPS program, a market-based policy that requires distribution utilities to source an agreed portion of their supply from eligible RE facilities. On November 3, 2021, the DOE issued the Revised Guidelines for the Green Energy Auction Program ("**GEAP**") in the Philippines which, among others introduces the "Opt-In Mechanism" which would allow any distribution utility to procure portions of from the GEAP pool of a winning bidder under a particular auction round.

On 21 January 2022, the DOE posted the Notice of Auction ("**NOA**") for the First Round of bidding under GEAP. The DOE sets a total 2,000 MW target installation capacity to be auctioned based on technology and location as below:

RE Resource	**Luzon**	**Visayas**	**Mindanao**
	Target Capacity (MW)		
Hydro	80	-	50
Biomass	60	120	50
Solar	900	260	100
Wind	360	20	-
Total	**1,400**	**400**	**200**

The DOE commenced the conduct of the first round of auction in May 2022, beginning with prequalification process. Under the Terms of Reference issued by the DOE, the 1st round of auction should be completed by end June 2022. On June 24, 2022, the DOE released the results of the first round of bidding with 19 winning bidders to deliver a total of 1966.63MW. The winning bidders will be awarded 20-year PSAs to commence operations between 2023 to 2025.

The DOE intends to conduct an annual auction process under the GEAP based on the power supply requirements of the country and to achieve the goal of at least 35 percent renewable energy share in the country's power generation mix by 2030 and 50 percent share by 2040.

Retail Competition Open Access ("RCOA")

The establishment of RCOA is mandated by the EPIRA. RCOA provides power suppliers access to transact directly with any customer designated by the ERC as contestable. RCOA also gives Contestable Customers the flexibility to choose their electricity suppliers.

The ERC recently expands the RCOA's coverage to end-users with an average monthly peak demand of at least 500 kilowatts (kW) for the last 12 months on a voluntary basis. Based on the said threshold, all qualified end-users can be considered as Contestable Customers under the Phase III threshold level (500kW-749kW) and will be allowed to switch to the Competitive Retail Electricity Market ("**CREM**") beginning February 26, 2021.

Renewable Energy Safety, Health, and Environment Rules and Regulations

Pursuant to the enactment of the Renewable Energy Act of 2008, the DOE issued Circular No. DC-2012-11-0009, or the Renewable Energy Safety, Health, and Environment Rules and Regulations of 2012 ("**RESHERR**"), which outlines the pertinent rules and regulations applicable to all RE Employers, Employees, Contractors, and other entities engaged in RE Operations in the Philippines. The RESHERR covers all activities related to exploration, development and utilization of RE resources and manufacturing, fabrication, and suppliers of locally-produced RE machineries, equipment, components and parts.

Under the RESHERR, all RE Facilities are required, upon commencement of its operations, to organize a Safety, Health, and Environment Committee ("**SHEC**"), the minimum composition of which shall be determined based on the number of workers of the facility. Similarly, all persons employed in the practice of occupational safety in the RE industry are required to be duly qualified and accredited by the REMB. In addition, the RESHERR likewise establishes minimum occupational safety and health requirements for RE facilities. Non-compliance with the provisions of the RESHERR may result to fines and/or suspensions of operations.

BOI Certificate of Registration

Under the IRR of the RE Law, RE Developers shall register with the Board of Investments ("**BOI**") to qualify for the availment of incentives under the RE Law. The application for registration shall be favorably acted upon immediately by the BOI on the basis of the certification issued by the DOE.

DOE Certificate of Confirmation of Commerciality

Upon Declaration of Commerciality by an RE Developer and after due confirmation by the DOE, the RE Developer shall apply for the conversion of the RE Contract, prior to its expiration, from Pre-Development Stage to Development/Commercial Stage.

The Declaration of Commerciality shall be based on the feasibility studies and/or exploration activities conducted by the RE Developer. The RE Developer of an RE Contract shall secure permits, clearances or certificates such as, but not limited to, Environmental Compliance Certificate/Certificate of Non-Coverage, Water Rights Permit, Free and Prior Informed Consent/Certificate of Non-Overlap, Local Government Unit endorsement and all other regulatory requirements from other government agencies which are applicable activities/operations.

Rules and Regulations for Renewable Energy Service Contracts

DOE Department Circular No. 2019-10-0013 ("**DC 2019-10-0013**") provides for the guidelines and procedures governing the award and administration of renewable energy contracts and the registration of renewable energy developers. An RE Contract refers to the service agreement between the government, through the DOE or the President, and an RE Developer over an appropriate period as determined by the DOE which grants to the RE Developer the exclusive right to explore, develop, or utilize the RE Resource within a particular area. RE Contracts may be awarded through (a) an Open and Competitive Selection Process ("**OCSP**"), or (b) Direct Application. The OCSP shall be adopted for the selection and award of RE Service Contracts for Pre-Determined Areas[6] covering any type of resource for commercial purposes, while Direct Application shall be available for the selection and award of: (x) RE Operating Contracts, (y) RE Service Contracts covering Pre-Determined Areas, following a failed OCSP, and (z) RE Service Contract in an area identified by a RE Applicant and verified with or confirmed by the DOE-Information Technology and Management Services ("**ITMS**") as available for exploration, development and/or utilization of the proposed RE Resource.

RE Service Contracts refer to service agreements between the Philippine government, through the President or the DOE Secretary, and RE Developer, covering an appropriate period as stated therein, in which the RE Developer shall have the exclusive right to explore, develop and utilize geothermal, hydropower, wind, ocean and other RE Resources within a particular area. The stages of an RE Service Contract are the following:

[6] Pre-Determined Areas refer to areas with RE Resource potential through sufficient available technical data as may be determined by the REMB and approved by the DOE Secretary for inclusion in the OCSP.

1. Pre-Development Stage which involves the conduct of preliminary assessment and feasibility study up to Financial Closing and Declaration of Commerciality of the RE Project, including the identification of the proposed Production Area; and

2. Development/Commercial Stage which involves the development, construction and commercial operation of the RE Project, production and utilization of RE Resources.

The RE Service Contract shall transition from the Pre-Development Stage to the Development/ Commercial Stage only after the issuance by the DOE of a Certificate of Confirmation of Commerciality.

RE Operating Contracts refer to service agreements between the DOE and RE Developer for the development and/or utilization of biomass, solar and other RE Resources which, due to their inherent technical characteristics, need not go through Pre-Development Stage. As such, the stages of an RE Operating Contract cover only the Development/Commercial Stage, which involves the development, construction and installation and commercial operation of the RE Project, including the achievement of Financial Closing.

All assignment of RE Contracts shall be subject to prior written approval of the DOE. An assignment to a non-affiliate, whether full or partial, may be allowed only once during: (a) the entire period of the Pre-Development Stage of the RE Service Contract; or (b) the entire term of the RE Operating Contract. An assignment shall not be allowed to a non-affiliate during the first two (2) years of the RE Contract from its effectivity.

Holders of contracts/agreements prior to the effectivity of DC 2019-10-0013 may apply for conversion to the new RE Contract templates, provided that such holders are fully compliant with the terms of the approved Work Program/Work Plan and the material terms and conditions of the contract/agreement for the past six months prior to the date of filing its application for conversion. For RE Developers with RE Contracts executed less than six months from date of application for conversion, the evaluation of compliance with commitments under the approved Work Program and of the material terms and conditions of the RE Contract shall be the basis of their performance.

A Certificate of Registration with the DOE is required for RE Developers to avail of the incentives under the Renewable Energy Act. The Certificate of Registration shall have an initial validity period of five years, renewable for the same period until the end-of-project life is reached, in no case to exceed 25 years.

DENR Environmental Compliance Certificate

Under Presidential Decree No. 1586 (Establishing an Environmental Impact Statement System including other Environmental Management Related Measures and for other purposes), all proponents of projects and undertakings, whether private or government-owned, are required to undergo the Environmental Impact Assessment ("**EIA**") process, with the objective of securing an Environmental Compliance Certificate ("**ECC**") from the Environmental Management Bureau ("**EMB**") of the Department of Environment and Natural Resources ("**DENR**").

Under DENR Administrative Order No. 2003-30 (Implementing Rules and Regulations of the Philippine Environmental Impact Statement System), projects that pose potential significant impact to the environment shall be required to secure ECCs.

The ECC is a document issued by the DENR/EMB after a positive review of an ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact. The ECC also certifies that the proponent has complied with all the requirements of the EIS System and has committed to implement its approved

Environmental Management Plan. The ECC contains specific measures and conditions that the project proponent has to undertake before and during the operation of a project, and in some cases, during the project's abandonment phase to mitigate identified environmental impacts.

LGU Endorsement

Under Section 27 of Republic Act No. 7160 or the Local Government Code ("**LGC**"), no project or program shall be implemented by government authorities unless the consultations mentioned in Sections 2 (c) and 26 of the LGC are complied with, and prior approval of the sanggunian concerned is obtained.

Section 26 of LGC provides that it shall be the duty of every national agency or government-owned or controlled corporation authorizing or involved in the planning and implementation of any project or program that may cause pollution, climatic change, depletion of non-renewable resources, loss of crop land, rangeland, or forest cover, and extinction of animal or plant species, to consult with the local government units, non-governmental organizations, and other sectors concerned and explain the goals and objectives of the project or program, its impact upon the people and the community in terms of environmental or ecological balance, and the measures that will be undertaken to prevent or minimize the adverse effects thereof.

Based on the foregoing, two requisites must be met before a national project that affects the environmental and ecological balance of local communities can be implemented: (i) prior consultation with the affected local communities, and (ii) prior approval of the project by the appropriate sanggunian. Absent either of these mandatory requirements, the project's implementation is illegal.

NCIP Certificate of Non-Overlap

Republic Act No. 8371 or The Indigenous Peoples Rights Act of 1997 ("**IPRA**") provides that no department or governmental agency shall issue, renew or grant any concession, license or lease, or enter into any production-sharing agreement without prior certification from the National Commission on Indigenous Peoples ("**NCIP**") that the area affected does not overlap with any ancestral domain.

Under the Implementing Rules and Regulations of the IPRA, the Ancestral Domain Office shall issue the certification only after a field-based investigation that such areas are not within any certified or claimed ancestral domains are conducted. The Certificate of Non-Overlap ("**CNO**") shall be issued by the NCIP Regional Director ("**RD**"), and concurred by the concerned NCIP Commissioner.

DAR Land Conversion Clearance/Exemption Clearance

Under DAR Administrative Order No. 1, series of 1990 (Revised Rules and Regulations Governing Conversion of Private Agricultural Land to Non- Agricultural Uses), "agricultural land" refers to the following: (1) those devoted to agricultural activity as defined in RA 6657 or the Comprehensive Agrarian Reform Law ("**CARL**") and not classified as mineral or forest by DENR and its predecessor agencies, and (2) not classified in town plans and zoning ordinances as approved by the HLURB and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use.

Thus, in Heirs of Luna vs. Afable (GR No. 188299 dated January 23, 2013), the Court held that a land is not agricultural, and therefore, outside of the ambit of the CARP if the following conditions occur: (i) the land has been classified in town plans and zoning ordinances as residential, commercial or industrial; and (ii) the town plan zoning ordinances embodying the land classification has been approved by the HLURB and its preceding competent authorities prior to 15 June 1988.

In DOJ Opinion No. 44, series of 1990 (the "**DOJ Opinion**"), the DOJ opined that, with respect to the conversion of agricultural lands covered by CARL to non-agricultural uses, the authority of DAR to approve such conversion may be exercised from the date of its effectivity, on June 15, 1988. Thus, all lands that are already classified as commercial, industrial or residential before June 15, 1988 no longer need any conversion clearance.

Thus, under DAR AO No. 6, series of 1994 (Guidelines for the Issuance of Exemption Clearances based on Sec. 3(c) of RA 6657 and the DOJ Opinion) and DAR AO No. 4, series of 2003 (2003 Rules on Exemption of Lands from CARP Coverage under Sec. 3(c) of RA 6657 and the DOJ Opinion), conversion clearances are no longer needed for lands already classified as non-agricultural prior to the enactment of the CARL. Any landowner or his duly authorized representatives whose lands are covered by the DOJ Opinion, and desires to have an exemption clearance from the DAR, should file the application with the Regional Office of the DAR where the land is located.

Under DAR AO No. 01, series of 1999 (Revised Rules and Regulations on the Conversion of Agricultural Lands to Non-Agricultural Uses), Sec. 3 provides that these rules shall apply to agricultural lands that were "reclassified to residential, commercial, industrial, or other non-agricultural uses on or after the effectivity of RA 6657 on June 15, 1988 pursuant to Section 20 of RA 7160 and other pertinent laws and regulations, and are to be converted to such uses. However, for those reclassified prior to June 15, 1988, the guidelines on securing exemption clearance shall apply."

NGCP Review Report of Grid Impact Study

Pursuant to ERC Resolution No. 16, series of 2011 entitled "Resolution Adopting the Amended Rules on the Definition of Boundaries of Connection Assets for Customer of Transmission Provider", the Customer shall be connected to the Transmission System of the NGCP based on the System Impact Study ("**SIS**") and Facility Study ("**FS**") approved by NGCP.

System Impact Study

A SIS is an assessment made or conducted by the transmission provider/system operator or by the NGCP in addition to the Grid impact studies prepared by it in accordance with the Grid Code, to determine: (i) the adequacy of the Transmission System and its capability to accommodate a request for Power Delivery Service; and (ii) the costs, if any, that may be incurred in order to provide Power Delivery Service to a Transmission Customer.

Facilities Study

A feasibility study and engineering study conducted by the Transmission Provider or Transmission Customer to determine the modification to the Transmission Provider's facilities, or the new facilities required by the Transmission Customer, including the cost and scheduled completion date for such modifications or new facilities, required to provide services under these OATS Rules.

Nationality Restriction

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act and the Twelfth Regular Foreign Investment Negative List categorize the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

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

Property Registration

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Title to registered lands cannot be lost through possession or prescription. Presidential Decree No. 1529, as amended, otherwise known as the Property Registration Decree, codified the laws relating to land registration to strengthen the Torrens system and streamline and simplify registration proceedings and the issuance of certificates of title.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Similarly, in an administrative proceeding, the land is granted to an applicant by DENR through issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new transfer certificate of title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

Zoning and Land Use

Land use may be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform ("**DAR**"), land classified for agricultural purposes as of, or after, June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

CLARK DEVELOPMENT CORPORATION PERMITS AND CLEARANCES

Pursuant to Republic Act No. 7227 and the lease agreement over the Clark Land, an enterprise registered as a Clark Freeport Enterprise is required to secure and maintain permits and clearances from the Clark Development Corporation including, but not limited to the Registration Certificate, Certificate of Annual Inspection, Certificate of Environmental Clearance, Sanitary Permit, and Fire and Safety Inspection Permit for its business activities within the Clark Freeport.

Local Government Code

Republic Act No. 7160, as amended, otherwise known as the Local Government Code ("**LGC**") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("**LGU**") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Real Property Taxation

Real property taxes are payable annually based on the property's assessed value. Under the LGC, the assessed value of property and improvements vary depending on the location, use and the nature of the property. An additional special education fund tax of 1% of the assessed value of the property may also be levied annually by the local government unit.

However, in the case of realty and other taxes on civil works, equipment, machinery, and other improvements by a registered renewable energy developer actually and exclusively used for renewable energy facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value provided that in case of integrated renewable energy resource development and generation facility as provided under Republic Act No. 9316, the real property tax shall be imposed only on the plant.

The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

LABOR LAWS

THE PHILIPPINE CONSTITUTION

The Philippine Constitution provides that the State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. The seven basic rights that are specifically guaranteed by the Philippine Constitution are as follows:

(1) Right to organize;

(2) Right to conduct collective bargaining or negotiation with management;

(3) Right to engage in peaceful concerted activities, including strikes in accordance with law;

(4) Right to enjoy security of tenure;

(5) Right to work under humane conditions;

(6) Right to receive a living wage; and

(7) Right to participate in policy and decision-making processes affecting their rights and benefits
as may be provided by law.

LABOR CODE OF THE PHILIPPINES

The Department of Labor and Employment ("**DOLE**") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("**Labor Code**") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favor of labor. The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

Contracting and subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work, or service within a definite or predetermined period, regardless of whether such job, work, or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job, work, or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, Department Order No. 174 (2017) ("**D.O. No. 174-17**") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

D.O. No. 174-17 provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislation, to the extent of the work performed under the employment contract.

On May 2, 2018, President Rodrigo Duterte signed Executive Order No. 51, reiterating the prohibition of the practice of illegal contracting or subcontracting in the country. The executive order aims to protect the worker's right to security of tenure, self-organization, and collective bargaining and peaceful concerted activities.

Occupational Safety and Health Standards Law

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors, or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires providing complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

The Rules for Occupational Safety and Health Standards ("**OSHS**") issued by the Bureau of Working Conditions of the DOLE establishes the threshold limit values ("**TLV**") for toxic and carcinogenic substances which may be present in the atmosphere of the work environment. The TLV refer to airborne concentration of substances and represent the conditions under which it is believed that nearly all workers may be repeatedly exposed daily without adverse effect. The TLV also pertains to the time weighted concentrations for an eight-hour workday and a total of 48 work hours per week.

The employees' exposure to the substances identified in the OSHS must be limited to the ceiling value given for the relevant substance in the OSHS, or must not exceed the eight-hour time weighted average limit given for that substance in the OSHS, as the case may be.

To protect the employees, an employer is required to furnish its workers with protective equipment for the eyes, face, hands, and feet as well as protective shields and barriers, whenever necessary, by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation, or physical contact. The employer is responsible for ensuring the adequacy and proper maintenance of personal protective equipment used in its workplace.

To ensure compliance with the OSHS, every establishment or place of employment will be inspected at least once a year. Special inspection visits may be authorized by the Regional Labor Office to investigate accidents, occupational illnesses or dangerous occurrences, especially those resulting in permanent total disability or death, to conduct surveys of working conditions for the purpose of evaluating and assessing environmental contaminants and physical conditions, or to conduct investigations, inspections or follow-up inspections upon request of an employer, worker or a labor union of the establishment.

Any violation of the provisions of the OSHS will be subject to the applicable penalties provided under Department of Labor and Employment Department Order No. 198-18 and imposable upon any employer, contractor, or subcontractor who willfully fails or refuses to comply with the OSHS standards or a compliance order issued by the Secretary of Labor and Employment or his/her authorized representative.

Depending on the size of the workforce and the nature of the workplace as either hazardous or non-hazardous, an employer is obliged to provide certain free medical and dental attendance and facilities. For large-scale industries with workers of 200 to 600, the employer is required to provide the services of a part-time occupational health physician and a part-time dentist, each of whom is required to stay on the premises of the workplace at least four hours a day, six times a week, and each working in alternate periods. It is also required to provide the services of a full-time occupational health nurse and a full-time first aider. The employer must further maintain an emergency clinic, unless there is a hospital or dental clinic within 25 minutes of travel, and ensure that it has facilities readily available for transporting its workers to the hospital or clinic in case of an emergency.

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must provide to DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

Moreover, Republic Act No. 7877 makes it the duty of every employer to create a committee on decorum and investigation of sexual harassment cases. Such committee must be composed of at least one representative each from management, the union, the employees from the supervisory rank, and the rank-and-file employees. In addition, it is likewise the duty of the employer to promulgate rules and regulations prescribing the procedure for the investigation of sexual harassment cases and the administrative sanctions therefor, which rules must be formulated in consultation with, and approved by, the employees.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth, and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation ("**PhilHealth**"), a government corporation attached to the DOH tasked with ensuring sustainable, affordable, and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to PhilHealth is mandatory as long as there is employer-employee relationship. The law provides that a member should have paid his contributions for at least three months within the six months prior to the first day of availment, including those of his dependents, to be entitled to the benefits of the program.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

OTHER LABOR-RELATED LAWS AND REGULATIONS

Employment of Foreign Nationals

Under Department Order No. 186, Series of 2017 ("**D.O. No. 186-17**"), issued by the DOLE, all foreign nationals who intend to engage in gainful employment in the Philippines shall apply for an Alien Employment Permit ("**AEP**"). However, D.O. No. 186-17 clarifies that an AEP is not an exclusive authority for a foreign national to work in the Philippines. It is just one of the requirements in the issuance of a work visa (9g) to legally engage in gainful employment in the country. The foreign national must obtain the required special temporary permit from the Professional Regulation Commission in case the employment involves practice of profession and Authority to Employ Alien from the Department of Justice where the employment is in a nationalized or partially nationalized industry, as well as from the Department of Environment and Natural Resources in case of employment in a mining company. D.O. No. 186-17 also provides for the list of foreign nationals who are exempt and excluded from securing an AEP.

Under D.O. No. 186-17, the Regional Director shall impose a fine of ₱10,000.00 for every year or a fraction thereof to foreign nationals found working without a valid AEP. Employers found employing foreign nationals without a valid AEP shall also pay a fine of ₱10,000.00 for every year or a fraction thereof. Further, an employer who is found to have failed to pay the penalty provided under D.O. No. 186-2017 shall not be allowed to employ any foreign national for any position in the employer's company.

On January 6, 2021, the DOLE has issued Department Order No. 221, Series of 2021, or the Revised Rules and Regulations for the Issuance of Employment Permits to Foreign Nationals. It took effect on May 6, 2021 shall take effect after fifteen (15) days from its publication in two (2) newspapers of general circulation. One of the notable revisions in the new Rules with respect to the processing of the AEP application is the requirement of a publication in a newspaper of general circulation by the employer of the job vacancy to which the foreign national is intended to be hired at least fifteen (15) calendar days prior to the application for an AEP. An additional requirement in the AEP application is a duly notarized affidavit stating that no applications were received or no Filipino applicant was considered for the position. Moreover, foreign nationals providing consultancy services were removed in the list of categories excluded from the AEP.

DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarity liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel. All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

ENVIRONMENTAL LAWS

The Company incurs approximately PHP100,000.00 annually in relation to its compliances with environmental laws and regulations. Such expenses relate to costs for securing permits, compliance fees, charges, and other incidental expenses.

ENVIRONMENTAL IMPACT STATEMENT SYSTEM

Real estate development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("**ECC**") prior to commencement. The Department of Environment and Natural Resources ("**DENR**"), through its regional offices or through the Environmental Management Bureau (the "**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("**EIS**") to the EMB, which is a result of a positive determination by the EMB on the preventive, mitigating and enhancement measures adopted addressing possible adverse consequences of the project to the environment. The EIS refers to the document, prepares and submitted by the project proponent and/or the Environmental Impact Assessment Consultant which provides for a comprehensive study of the significant impacts of a project to the environment. On the other hand, a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial

Environmental Examination (the "**IEE**") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required in addition to the IEE.

The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas. While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socioeconomic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC.

The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the abandonment phase of the project. Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures.

Aside from the EIS and IEE, engineering geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

PHILIPPINE CLEAN WATER ACT

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act of 2004," was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

PHILIPPINE CLEAN AIR ACT

R.A. 8749 or "The Philippine Clean Air Act of 1999" is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the DENR is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market-based instruments, and setup a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking.

The Philippine Clean Air Act of 1999 requires enterprises that operate or utilize air pollution sources to obtain an Authority to Construct or a Permit to Operate from the DENR with respect to the construction or use of air pollutants. The issuance of said permits seek to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

THE TOXIC SUBSTANCES AND HAZARDOUS AND NUCLEAR WASTE CONTROL ACT

R.A. No. 6969 or "The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990," regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

Hazardous wastes are substances brought into the country without any safe commercial, industrial, agricultural or economic usage. On the other hand, toxic wastes are substances that are poisonous and have carcinogenic, mutagenic, or teratogenic effects on human or other life forms.

ECOLOGICAL SOLID WASTE MANAGEMENT ACT

R.A. No. 9003 or "The Ecological Solid Waste Management Act of 2000" provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The same law mandates all, especially, the local government units, to adopt a systematic, comprehensive and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport and storage of solid waste. Pursuant to R.A. 9003, solar operating plants are required to establish a Material Recovery Facility (MRF) for biodegradable wastes (composting area), reusable and recycled materials. A zero waste management scheme should be adapted to minimize disposal of garbage site.

The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

DATA PRIVACY LAWS

DATA PRIVACY ACT

RA No. 10173, otherwise known as the Data Privacy Act of 2012 or DPA, was signed into law on August 15, 2012, to govern the processing of all types of personal information (*i.e.,* personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT, which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The DPA seeks to protect the confidentiality of "personal information," which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors." It also provides for penal and monetary sanctions for violations of its provisions.

ANTITRUST LAWS

PHILIPPINE COMPETITION ACT

Republic Act No. 10667 or the Philippine Competition Act (the "**PCA**") came into effect August 5, 2015 and is the primary competition law in the Philippines.

The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "**PCC**"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

- Anti-competitive agreements between or amongst competitors that restrict competition as to price or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

- Practices which are regarded as abuse of dominant position by engaging in conduct that would substantially prevent, restrict or lessen competition; and

- Mergers or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

The PCA provides for mandatory notification to the PCC where the value of such transaction exceeds ₱2.5 billion ("**Size of Transaction**"), and where the size of the ultimate parent entity of either party exceeds ₱6.1 billion ("**Size of Party**"). Notification is also mandatory for joint venture transactions if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.5 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.5 billion.

On November 22, 2017, the PCC published the 2017 Rules on Merger Procedures ("**Merger Rules**") which provides the procedure for the review or investigation of mergers and acquisition pursuant to the PCA. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1% to 5% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from 15 September 2020 until 15 September 2022. Such transactions are likewise exempt from the PCC's motu proprio review for a period of one year from the effectivity of the Bayanihan 2 Act. A transaction is considered "entered into" upon signing by the parties of the definitive agreement.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

1. both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and

2. the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

With the lapse of the two years from the effectivity of Bayanihan 2 Act, the PCC announced that starting September 16, 2022, mergers and acquisitions that reach a Size of Party of ₱6.1 billion and a Size of Transaction of ₱2.5 billion will have to be notified to the PCC for mandatory merger review. The PCC calculated the thresholds to be provisionally set by updating the 2020 thresholds based on the country's nominal GDP growth in the past two years, reflecting the contraction of the economy by 8.09% in 2020 and subsequent growth of 8.13% in 2021.

Additionally, the Bayanihan Act 2 suspended PCC's power to motu proprio review mergers and acquisitions for one year from the effectivity of the law or until September 15, 2021. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the

Bayanihan 2 Act shall not be covered by the exemption from the PCC's power to review transactions motu proprio. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC motu proprio after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

CORPORATION CODE

PHILIPPINE REVISED CORPORATION CODE

Republic Act No. 11232 or the Philippine Revised Corporation Code ("**Philippine Revised Corporation Code**") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Philippine Revised Corporation Code are:

1. Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

2. The Code allows the creation of a "One Person Corporation" ("OPC"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.

3. Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least 2/3 of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

4. The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and

5. In case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Philippine Revised Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

FOREIGN INVESTMENTS

Foreign Investment Act

The Foreign Investment Act ("**FIA**") liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Twelfth Regular Foreign Investment Negative List (the "**Negative List**") signed on June 27, 2022. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board undertakes the overall management and supervision of the Company by setting its goals, strategies and policies, and regularly monitoring their effectiveness and implementation. The Company's executive officers and management team support the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition, and results of operations for its review.

The Board and Senior Management

The Board consists of eight members, four of whom are independent Directors. The Directors shall serve for one year from date of election until their successors are elected and qualified. The following table sets out certain information regarding the members of the Board and the Company's executive management. All members of the Board and executive officers listed below are citizens of the Philippines. No member of the Board or any member of senior management has any financial interest in the Properties of the Company.

Name	Age	Nationality	Position	Date of Election as Director / Appointment as Officer
Edgar B. Saavedra	48	Philippines	Chairman	May 25, 2021
Oliver Y. Tan	45	Philippines	Director, President and CEO	May 25, 2021
Jez G. Dela Cruz	37	Philippines	Director and Treasurer	May 25, 2021
Manuel Louie B. Ferrer	47	Philippines	Director	May 25, 2021
Leonilo G. Coronel	76	Philippines	Independent Director	May 25, 2021
Jose M. Layug Jr.	51	Philippines	Independent Director	May 25, 2021
Pacita U. Juan	68	Philippines	Independent Director	May 25, 2021
Elizabeth Anne C. Uychaco	67	Philippines	Independent Director	May 25, 2021
Mia Grace Paula S. Cortez	39	Philippines	Chief Financial Officer	August 4, 2021
Raymund Jay S. Gomez	51	Philippines	Compliance Officer	July 26, 2021
Michelle A. Magdato	33	Philippines	Investor Relations Officer	July 26, 2021
Jaime P. Del Rosario	36	Philippines	Corporate Secretary	July 26, 2021

The Company's senior management team is comprised of experienced and committed professional with an average of over 10 years of accumulated experience in the Philippine real estate and renewable energy industries. The business experience of each of the Company's Directors and executive officers is set out below:

Edgar B. Saavedra is the Chairman of Citicore Energy REIT Corp. He was re-elected as Chairman of the Board on May 26, 2021 and has served as such since December 2018. He is also the Chairman of CPI and CREC. Mr. Saavedra is the founder of Megawide Construction Corporation ("**Megawide**") where he holds the positions of Director, Chairman of the Board, Chairman of the Executive Committee, and Member of the Board Risk Oversight Committee.

He is also the Chairman of the Board of MWM Terminals, Inc. ("**MWMTI**"), Megawide Terminals, Inc. ("**MTI**"), Altria East Land Inc. ("**Altria**"), PH1 World Developers, Inc. ("**PH1**"), Cebu2World Development, Inc. ("**Cebu2World**"), Citicore Infrastructure Holdings, Inc. ("**CIHI**"), Citicore-Megawide Consortium, Inc. ("**CMCI**"), Megawide Land, Inc. ("**MLI**"), and Wide-Horizons Inc. ("**Wide-Horizons**"). Moreover, he is a Director and President of Citicore Holdings Investment Inc. ("**CHII**"), a Trustee and Vice President of Megawide Corporate Foundation, Inc. ("**MCFI**"), and a Director of GMR Megawide Cebu Airport Corporation ("**GMCAC**"), and GlobeMerchants, Inc. ("**GMI**").

Mr. Saavedra's engineering experience spans over 20 years. He received his Bachelor's degree in Engineering from De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.

Oliver Y. Tan is a Director, and the President and CEO, of the Company and CREC. He was re-elected as President and CEO of the Company on May 26, 2021 and has served as such since December 2018. Mr. Tan also serves as Director, Vice Chairman of the Finance Committee, and Member of the Executive Committee and Audit and Compliance Committee of Megawide. Mr. Tan also serves as a Director and President of CIHI and CMCI. He is also a Director, Vice President, and Treasurer of CHII, a Director and Treasurer of MTI and MLI, and a Director of Megawide World Citi Consortium, Inc.

Mr. Tan holds a degree in Business Administration from the Philippine School of Business Administration.

Manuel Louie B. Ferrer is a Director of the Company. He was re-elected as Director of the Company on May 26, 2021 and has served as such since December 2018. He is also the Treasurer of CPI. Mr. Ferrer was first elected as Director of Megawide on September 18, 2017. Currently, his positions in Megawide are Vice-Chairman of the Board of Directors, Executive Director for Infrastructure Development, Vice-Chairman of the Executive Committee, and Member of the Governance, Nominations, and Compensation Committee. Mr. Ferrer has acted as Megawide's Chief Corporate Affairs and Branding Officer since 2011. He is the Chairman of the Board of Trustees and President of MCFI and the Vice Chairman of the Board of PH1. He is also a Director and President of GMCAC, MWMTI, MTI, Altria, Cebu2World, and Wide-Horizons. He is a Director of Citicore, MLI, and GMI. He previously served as a Managing Director at MagicWorx Licensing Inc.

Mr. Ferrer obtained his degree in Industrial Design from De La Salle University in 1996.

Jez G. Dela Cruz is a Director and Treasurer of the Company. He was re-elected as Treasurer of the Company on May 25, 2021. He is also currently a director of CREC. Mr. Dela Cruz is the current AVP for Corporate Finance and Planning of Megawide, and a Director of GMCAC and GMI. Mr. Dela Cruz was also with BPI Capital Corporation as Associate/Senior Manager from 2016 to 2018. He holds a Master's in Business Administration from Asian Institute of Management and obtained his Bachelor of Science in Business Administration degree from St. Francis College in 2008.

Leonilo G. Coronel is an independent Director of the Company and is also an independent director of the Fund Manager. He was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Mr. Coronel is currently the Vice Chairman and has been a director of the Philippine National Bank since 2013. He has held directorship positions in various financial institutions such as DBP Daiwa Securities, RBB Microfinance Foundations, and other companies such as Software Ventures International Corporation, PNB General Insurers Co., Inc., Electronic Network of Cash Tellers, RBB Micro Fiannce Corporaiton, Philippine Business for Social Progress, and Bankers Association of the Philippines. He was previously one of the independent directors of Megawide from 2011 to 2020. Mr. Coronel holds a Bachelor of Arts, Major in Economics from the Ateneo de Manila University.

Jose M. Layug Jr. is the Chairman and an independent director of the Property Manager and is also an independent Director of the Company. He was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Mr. Layug has been a Senior Partner at Puno and Puno Law Offices since 2013. He has also been the Dean at the University of Makati School of Law since 2018. Atty. Layug has been the President of the Developers of Renewable Energy for Advancement, Inc. from 2019 to present. He was the Chairman of the Department of Energy's National Renewable Energy Board from 2016 to 2018. He also served as the Undersecretary for the Department of Energy from 2010 to 2012. Atty. Layug has a Masters of Law from the Cornell University, a Bachelor of Laws and a Bachelor of Science in Business Economics, both from the University of the Philippines.

Pacita U. Juan is an independent Director of the Company. She was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Ms. Juan has been the President of M. D Juan Enterprises Inc. since 1978 and has also held the position of Vice President for Finance and Treasurer of Centro Mfg. Corporation since 1997. She also served as Treasurer of Peace and Equity Holdings Inc. from 2016 to 2019. Ms. Juan obtained her degree in Bachelor of Science in Hotel and Restaurant Administration from UP Diliman.

Elizabeth Anne C. Uychaco is an independent director of the Fund Manager, and is also an independent director of the Property Manager and an independent Director of the Company. She was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Ms. Uychaco has held the position of Senior Vice President of SM Investment Corporation since 2009. She has also held the position of Director and Vice Chairperson of Belle Corporation, since 2009. She has been the Chairman of the NEO Group, since 2020 and holds other directorship positions in Republic Glass Corporation, Goldilocks and PULS. She was also a member of the board of Megawide Construction Corporation from 2011 to 2016. Ms. Uychaco holds a DBA, with 18 units in Corporate Finance from Walden University, and Masters in Business Administration from the Ateneo Graduate School of Business and Masters in Business Economics from the University of Asia and the Pacific.

Mia Grace Paula S. Cortez is the Chief Financial Officer of the Company. She was re-elected as CFO of the Company on May 25, 2021 and has served as such since August 4, 2021. She is also currently the Chief Financial Officer of CPI, and has been the Group Controller for Megawide since 2015. She was previously the Controller for AG&P from 2013 to 2014 and a Senior Manager for Punongbayan & Araullo from 2010 to 2013. Ms. Cortez holds a Bachelor of Science in Accountancy from St. Scholastica's College, and is a Certified Management Accountant from The Institute of Certified Management Accountant in Australia. She is a Certified Public Accountant, as certified by the Philippine Professional Regulatory Commission in 2003.

Raymund Jay S. Gomez is the Compliance Officer of the Company. He was elected as Compliance Officer of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Mr. Gomez is also concurrently the Chief Legal Counsel, Compliance Officer, and Data Protection Officer of Megawide. He is also a Director of Altria, CIHI, CMCI, MLI, MTI, and MWMTI. Before joining Megawide, he was the Vice President of the Human Resources, Legal and Regulatory Affairs Department of Beneficial Life Insurance Company, Inc. Mr. Gomez also served as Assistant Vice President of the Legal and Corporate Services Department of Aboitiz Equity Ventures, Inc., as Director of the Corporate Legal Affairs and Litigation Department at JG Summit Holdings, Inc., as Legal Counsel for Cebu Air, Inc. (Cebu Pacific Air), and as an Associate Lawyer of Ledesma, Saludo and Agpalo Law Offices. He obtained his Bachelor of Laws degree from San Beda University.

Michelle A. Magdato is the Investor Relations Officer of the Company. She was first elected as Investor Relations Officer of the Company on August 8, 2021. She has also been the Investor Relations Manager of Megawide since 2019. Ms. Magdato served as Financial Reporting Manager of Megawide from 2016 to 2018 and handled various positions including Accounting Supervisor and Financial Analyst since she joined Megawide in 2012. Before joining Megawide, Ms. Magdato was in public practice for audit and accounting in Balicas, Lamboso and Co., CPAs for two years. She is a Certified Public Accountant and passed her CPA Licensure Examination in 2010. She also obtained her Bachelor of Science in Accountancy from University of Negros Occidental-Recoletos.

Jaime P. Del Rosario is a director and treasurer of the Property Manager and is also the Corporate Secretary of the Company. He was first elected as Corporate Secretary of the Company on July 26, 2021. Atty. Del Rosario is currently the AVP for Legal and Compliance for CPI. He was previously with the Alsons Power Group as Legal Counsel and a Senior Associate with the San Diego Ycasiano Macias Estorco Cataneda Sanchez Law Offices. He holds a Juris Doctor from San Beda University and a Bachelor of Science Legal Management degree also from San Beda University.

Corporate Governance

The Company has a Manual for Corporate Governance (the "**Manual**") to ensure its compliance with the leading practices on good corporate governance and related Philippine SEC rules and regulations. The Manual includes provisions on the protection of shareholders' rights, duties, functions and responsibilities of the directors and executive officers, key governance policies, the appointment of a compliance officer, and the creation of certain committees of the Board. The Manual was approved and adopted by the Board on July 26, 2021.

To ensure compliance by the Company, its Directors and officers, the Compliance Officer is tasked to monitor, review, and evaluate the same. The Compliance Officer shall report violations to the Board and shall recommend the imposition of appropriate disciplinary action and adoption of measures to prevent a repetition of the violation.

The Manual shall be subject to an annual review by the Board unless the Board determines that it shall be reviewed more frequently.

The Company will adopt a board evaluation policy that will measure the compliance of the board and the executive management with the manual of corporate governance. The Company endeavors to execute a certification annually stating its compliance with the manual on corporate governance and will prepare compliance plan for its participation in the Integrated Annual Corporate Governance Report (IACGR.) To date, there are no known deviations from the Company's Manual of Corporate Governance.

INDEPENDENT DIRECTORS

The Manual requires the Company to have at least two independent directors on its Board, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher. The Company's Board is composed of eight members, four of whom are regular Directors and four of whom are independent Directors. The Company's current independent Directors are Leonilo G. Coronel, Jose M. Layug, Jr., Pacita U. Juan and Elizabeth Anne C. Uychaco.

Independent Directors must hold no interest or relationship with the Company that may hinder their independence from the Company or its management, or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The Board may, to promote transparency, require the presence of at least one independent Director at all of its meetings.

COMPLIANCE OFFICER

The Compliance Officer shall not be a member of the Board and shall annually attend a training on corporate governance. The Compliance Officer shall report directly to the Board and shall have the following duties and responsibilities:

- Ensure proper onboarding of new Directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);
- Monitor, review, evaluate and ensure the compliance by the Company, its officers and Directors with the relevant laws, rules and regulations, this Manual, and all governance issuances of regulatory agencies;
- Report violations discovered to the Board and recommend the imposition of appropriate disciplinary actions;
- Ensure the integrity and accuracy of all documentary submissions to regulators;
- Appear before the SEC when summoned in relation to compliance with this Manual;
- Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- Identify possible areas of compliance issues and work towards the resolution of the same;
- Ensure the attendance of Directors and key officers to relevant trainings; and
- Perform such other duties and responsibilities as may be provided by the SEC.

Atty. Raymund Jay S. Gomez will serve as the Company's Chief Compliance Officer to ensure that the Company complies with the above-listed duties and responsibilities.

The Company welcomes proposals, especially from institutions and entities such as the Philippine SEC, PSE and the Institute of Corporate Directors, to improve its corporate governance.

The Company believes there has been, and currently is, no material deviation from its Manual.

Committees of the Board

Pursuant to the Company's Manual, the Board shall create each of the following committees. Each member of the respective committees named below will immediately assume office upon the Company's IPO and will serve until a successor shall have been elected and appointed.

Executive Committee

The Company's Executive Committee (the "**ExCom**") shall exercise all the fiduciary powers of the Board to be able to act upon any matter which cannot be postponed until the next regularly scheduled Board meeting, as well as oversee the management of the Company's business and other affairs, particularly during the periods when the Board has no scheduled meetings, or is unavailable or unable to meet. The ExCom's key roles and responsibilities are:

- ensure that the interests of the Company's stakeholders, such as its shareholders, business partners, employees, clients, regulators, and the public at large, are protected and balanced;

- determine the overall operating strategies and direction of the Company, which includes the approval of the annual operating plan and the business goals of the Company;

- review and approve budget reallocation, major capital expenditures, disposals and write-offs, and applications for credit facilities from banks and other financial institutions;

- review and approve major projects, proposals, and other transactions within the Board's authorized limits of thresholds;

- monitor the operational, business, commercial, financial, and organizational performance of the Company, to make certain that the short, medium, and long-term strategic plans, targeted results, and key performance indicators are met; and

- guide the Company in its day-to-day business activities by providing strategic support, and recommend the issuance of resolutions by the Board, whenever required. This includes delegating its authority, or creating subordinate and/or ad hoc committees, for the supervision and management of the usual and ordinary business affairs of the departments and/or business units within the Company.

The Executive Committee shall have four members, composed of the Chairman of the Board and the other Executive Directors appointed by the Board on an annual basis. The Chairman of the Board shall be the Chairman of the ExCom while the Vice-Chairman of the ExCom shall be appointed by the Board. Furthermore, the Corporate Secretary of the Company or his/her designated assistant/s shall act as the Secretary of the ExCom's meetings. The members of the Executive Committee are Edgar B. Saavedra, who also serves as its Chairman, Oliver Y. Tan, Manuel Louie B. Ferrer and Jez G. Dela Cruz.

Environmental, Social, and Governance Committee

The Environmental, Social, and Governance Committee ("**ESGC**") shall be composed of three members, all of whom shall be appointed by the Board on an annual basis. The Board shall designate the Chairman, Vice-Chairman, and member of the Committee.

The ESGC shall be responsible for (i) the development and implementation of corporate governance principles and policies; and (ii) the adoption and implementation of approaches in addressing the Company's Environmental, Social, and Governance ("**ESG**") commitments. The key roles and responsibilities of the committee are as follows:

- Ensure that the Company adheres to good corporate governance principles and practices, as required by the Philippine SEC and other relevant regulatory agencies;

- Oversee the periodic performance evaluation of the Board and its committees and ensure that concrete plans are developed to address identified areas for improvement;

- Conduct a periodic review of the Board's committee structure, including evaluation of board size, composition of activities, practices, committees and committee membership;

- Recommend the continuing education or training programs for Directors, assignment of tasks, or projects to Board committees, and adoption of succession plan for the members of the Board;

- Oversee the Company's general strategy with respect to material, current, and emerging ESG matters material to the Company's businesses, operations, performance, or public image;

- Consider and recommend guidelines, policies, practices, and disclosures that conform with the Company's ESG general strategy and assist the Board in implementing the same;

- Review and monitor the development and implementation of targets, standards, or methodologies that the Company may establish to assess and track its ESG performance including the conduct of environmental, social, community, and stakeholder's programs and projects;

- Oversee the Company's reporting and disclosures on ESG-related matters in accordance with laws, rules, and regulations; and

- Perform such other functions as may be delegated or authorized by the Board.

The members of the Environmental, Social, and Governance Committee are Oliver Y. Tan, Manuel Louie B. Ferrer, with Pacita U. Juan serving as Chairman.

Nomination, Compensation, and Personnel Committee

The Company's Nomination, Compensation, and Personnel Committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable them to run the Company successfully. More specifically, the Nomination, Compensation, and Personnel Committee's powers and functions are as follows:

- the nomination and election process of Directors, where the NCPC shall be tasked to implement guidelines and standards for its members that will facilitate the selection of potential nominees for Board seats, and to serve as a benchmark for the evaluation of the said nominee's qualifications. The process shall be transparent and include a procedure for accepting nominations from minority shareholders and vetting nominated candidates;

- the selection and supervision of executive officers and senior managers, which allows the NCPC to identify, recommend, recruit, vet, and interview qualified and competent individual, who fit the requirements of the Company;

- determining the appropriate compensation of Directors, executive officers, and senior managers, where the NCPC is tasked to oversee the establishment and administration of the Company's compensation program, and align the remuneration of its Directors, executive officers, and senior managers with its long-term interests. The NCPC shall also formulate and adopt a policy which takes into account the relationship between remuneration and performance; and
- providing the overall strategic direction and guidance on the human resources management of the Company, by monitoring and supervising the human resources department of the Company.

The Nomination, Compensation, and Personnel Committee members are Pacita Juan, Leonilo G. Coronel, with Jez G. Dela Cruz serving as Chairman.

Audit and Risk Oversight Committee

The Company's Audit and Risk Oversight Committee (AROC) is composed of three non-executive Directors, the majority of whom, including the Chairman, should be independent directors. The members shall preferably have accounting and finance backgrounds. The Chairman of the Audit and Risk Oversight Committee shall not be the Chairman of the Board or of any other committees.

The Audit and Risk Oversight Committee is responsible for overseeing the Company's (i) financial reporting, internal control system, internal and external audit processes; and (ii) Enterprise Risk Management ("**ERM**") system. In relation to its audit function, the AROC shall, among others, monitor and evaluate the adequacy and effectiveness of the Company's financial reporting procedure, system of internal control, and audit process. It shall also perform oversight activities over the Company's internal and external auditors, and ensure that they act independently from each other.

The Audit and Risk Oversight Committee shall also assist the Board in its fiduciary responsibilities by providing guidance to the CEO of the Company, or in his absence, the CFO, and ensure that an effective and sustainable ERM Framework has been established. It shall evaluate the risk appetite and risk tolerance levels of the Company and its operating units, to ensure that these levels are commensurate to a well-founded risk-reward strategy. It shall oversee the effectiveness and sustainability of the Company's ERM Framework as a whole, taking into consideration the critical, imminent, and emerging risks in the Company's internal and external operating environments.

The Audit and Risk Oversight Committee shall also be responsible in developing the Company's overall short-term, mid-term, and long-term strategic financial plans for Board consideration, and providing strategic oversight monitoring and guidance over their implementation. It may be given further oversight responsibilities by the Board relating to financial matters.

The members of the Audit and Risk Oversight Committee are Atty. Jose M. Layug, Jr., Elizabeth Anne C. Uychaco, with Leonilo G. Coronel serving as Chairman.

Pursuant to the annual performance evaluation under the Charter of the Audit and Risk Oversight Committee, the performance of the Company's Audit Risk Oversight Committee shall be conducted within one (1) year from the Listing Date hereof.

Related Party Transaction Review and Compliance Committee

The Related Party Transaction Review and Compliance Committee shall consist of three Directors, entirely non-executive, majority all of whom shall be independent Directors, including the Chairman. The Related Party Transaction Review and Compliance Committee shall evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions monitored, and that subsequent changes in relationships with counterparties (from non-related to related, and vice-versa) are captured. The Related Party Transaction Review and Compliance Committee ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's related party transaction exposures, and policies on conflicts of interest or potential conflicts of interest. It shall formulate and implement procedures that would guarantee the integrity and transparency of related-party transactions. It shall ensure that all such transactions, including write-off of exposures are subject to a periodic independent review of audit process. The Related Party Transaction Review and Compliance Committee shall report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.

The members of the Related Party Transaction Review and Compliance Committee are Leonilo G. Coronel, Elizabeth Anne C. Uychaco, with Atty. Jose M. Layug, Jr. serving as Chairman.

EVALUATION SYSTEM AND COMPLIANCE

As part of its system for monitoring and assessing compliance with the Manual, each committee is required to report regularly to the Board of Directors. The Compliance Officer is responsible for determining and measuring compliance, as well as recommending the imposition of appropriate disciplinary action in case of violations.

COMPLIANCE WITH RULES ON CORPORATE GOVERNANCE

The Company is in the process of implementing its Manual. It will monitor compliance and will remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value for its stockholders.

Executive Compensation

Except for a per diem of ₱50,000 and ₱25,000 being paid to each of the independent Directors for every board meeting and committee meeting attended, respectively, there are no other arrangements for the payment of compensation or remuneration to the Directors of the Company in their capacity as such.

The Company's executive officers have been, and will continue to be, compensated by the Sponsors and the Citicore Group. The table below sets forth the compensation of the President and CEO and top three highest compensated officers of the Company for the years indicated:

Name and Principal Position	Period	Salary (₱ million)	Bonus (₱ million)	Other Annual Compensation and Benefits (₱ million)	Total (₱ million)
CEO and top three highest compensated officers*					
Oliver Tan, President and CEO Jez Dela Cruz, Treasurer Raymund Jay Gomez, Compliance Officer	2022 (estimated)	26.42	-	7.00	33.42

Mia Grace Paula Cortez, CFO					
Oliver Tan, President and CEO Jez Dela Cruz, Treasurer Raymund Jay Gomez, Compliance Officer Mia Grace Paula Cortez, CFO	2021	26.76	-	5.46	32.22
All officers and directors as a group unnamed	2022 Estimated	26.42	-	7.00	33.42
	2021	30.37	3.00	5.25	38.63

Warrants and Options Outstanding

As of the date of this Prospectus, there are no outstanding warrants or options in connection with the Company Shares held by any of the Company's Directors or executive officers.

Significant Employees

While the Company values the contribution of its employees and executive officers, the Company believes that there is no senior employee as of the date of this Prospectus, the resignation or loss of whom, would have a material adverse impact on the Company's business. Other than standard employment contracts, there are no special arrangements with non-senior management employees.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Company's knowledge and belief and after due inquiry, none of the Directors, or executive officers of the Company have, in the five-year period prior to the date of this Prospectus, been convicted judicially or administratively of an offense or judicially declared insolvent, spendthrift, or incapacitate to contract. However, there is a pending case filed against some of the directors which is discussed below:

NBI Anti-Fraud Division and Atty. Larry T. Iguidez vs. Atty. Steven Y. Dicdican, Et Al. NPS Docket No. XVI-Inv-20k00362

This case stemmed from a complaint dated September 3, 2020 filed against several respondents including, Oliver Y. Tan, Edgar B. Saavedra, Jez G. Dela Cruz, and Manuel Louie B. Ferrer (collectively, "**Respondents**"), for violations of (i) Section 3(j) of Republic Act ("RA") No. 3019, (ii) Section 2-A of the Anti-Dummy Law, and (iii) Section 4(g) of RA No. 6713. Complainant alleged that the Respondents handed the operation, administration, and management of the Mactan Cebu International Airport ("**MCIA**"), which is vested in GMR Megawide Cebu Airport Corporation ("**GMCAC**"), a consortium led by Megawide Construction Corporation ("**Megawide**") and the GMR Infrastructure Limited, to foreign nationals in violation of the Constitutional prohibition on having foreign nationals as executive and managing officers of a public utility.

Acting on the complaint, the National Bureau of Investigation ("**NBI**") recommended to the Department of Justice ("**DOJ**") the prosecution of Respondents being members of the Board of Directors of GMCAC for allegedly violating the Anti-Dummy Law. In their Joint Counter-Affidavit dated February 1, 2021, Respondents denied the allegations and explained that 1) the acts cited in the complaint do not constitute managerial or executive functions but are in the nature of public relations which the Respondents, as the members of the board of directors, cannot be expected to personally handle, 2) the engagement of foreign nationals is limited to advisory and/or consultation purposes only, 3) it is the Board of Directors that exercises the corporate powers, conducts the business, and controls all properties of GMCAC and 4) none of the indicators of "dummy status" are present. On July 14, 2021, the Respondents, through counsel, received an Order from the DOJ requiring the parties to submit their respective memoranda within 30 days from receipt of the Order. On August 13, 2021, the Respondents submitted their Memorandum. On October 15, 2021, newspaper articles reported that the DOJ has indicted the GMCAC executives, including the Respondents, for the alleged violation of the Anti-Dummy Law. In a disclosure submitted by Megawide to the PSE on the same date, Megawide clarified that despite reports, it has not received any official documents pertaining the filing of criminal charges against the directors and officers of GMCAC and assured the public that it will respond to this case in the proper forum and expects to do so successfully. On November 26, 2021, Megawide, via the PSE, disclosed that it received information that warrants of arrest against the Respondents have been issued by the Regional Trial Court ("**RTC**") of Lapu-Lapu City and that it is a procedural step to acquire jurisdiction over the Respondents. The warrants were issued for Criminal Case No. R-LLP-21-01781-CR by Branch 68 of the RTC in Lapu-Lapu City. This has been addressed by the Respondents with the posting of bail and the warrants were lifted and set aside on November 26, 2021. The arraignment was initially scheduled on December 7, 2021 but was deferred to February 9, 2022 in view of the previous filing of a Petition for Review on October 29, 2021 before the Department of Justice.

Based on the same set of facts and circumstances, NBI, unbeknownst to the Respondents at the time, also filed a complaint with the Office of the Ombudsman (OMB-C-C-20-0156 and OMB-C-A-20-0176) against several individuals, including the Respondents for violations of Section 3(e) and (j) of RA No. 3019 and Section 4(g) of RA 6713. A Joint Resolution was issued on July 20, 2021 by the Office of the Ombudsman finding probable cause to indict the Respondents, acting in conspiracy with the other respondents, for violation of Section 3(e) of RA 3019. All the other charges against the Respondents were dismissed. On November 8, 2021, Megawide, via the PSE, disclosed that it received a copy of the Joint Resolution on November 5, 2021. Prior to receiving such joint resolution on November 5, 2021, none of the Respondents obtained or received any notice, subpoena or order from the Office of the Ombudsman directing the submission of their respective counter-affidavits. As a result, they were not given the opportunity to present their defenses and participate in the preliminary investigation. On November 10, 2021, the Respondents filed their Motion for Partial Reconsideration and/or Reinvestigation praying for the dismissal of the complaint for lack of probable cause or, in the alternative, to conduct a reinvestigation to afford the Respondents their right to due process. 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.

The Company believes that the pending proceedings disclosed above do not affect the ability or integrity of the directors or executive officers involved.

Apart from the pending proceeding disclosed above, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, the Company has no knowledge of any of the following events that occurred during the past five (5) years up the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as director, executive officer, underwriter or control person of the Company:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Family Relationships

There are no other family relationships by either consanguinity or affinity among the Company's executives and directors other than the foregoing.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

Security ownership of beneficial owners of more than 5% of the company's voting securities as of the date of September 30, 2022

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	%
Common	Citicore Renewable Energy Corporation, 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila	Citicore Power Inc. 9F, 45 San Miguel Bldg., San Miguel Ave., Ortigas Center, Pasig City Citicore Power owns 100% of CREC	Filipino	3,117,641,132	47.6%
Common	Citicore Solar Tarlac 1, Inc. Sitio Sampaloc, Brgy. Armenia, Tarlac City, Philippines	Sikat Solar Holdco, Inc. Unit 1101, The Trade and Financial Tower, 7th Ave., cor. 32nd St., BGC, Taguig City Sikat Solar Holdco, Inc, owns 100% of Citicore Solar Tarlac 1, Inc.	Filipino	918,720,864	14.0%

SECURITY OWNERSHIP DIRECTORS AND OFFICERS

The following table illustrates the security ownership of directors and management as of the date of September 30, 2022:

Title of Class	Name	Position	Citizenship	Amount and Nature of Beneficial Ownership (Indicate record ("R") and/or beneficial ("B")	%
Common	Edgar B. Saavedra	Director and Chairman	Filipino	1 – "R" 0 – "B"	nil
Common	Oliver Y. Tan	Director and President	Filipino	1 – "R" 0 – "B"	nil

Title of Class	Name	Position	Citizenship	Amount and Nature of Beneficial Ownership (Indicate record ("R") and/or beneficial ("B")	%
Common	Jez G. Dela Cruz	Director and Treasurer	Filipino	1 – "R" 0 – "B"	nil
Common	Manuel Louie B. Ferrer	Director	Filipino	1 – "R" 0 – "B"	nil
Common	Leonilo G. Coronel	Independent Director	Filipino	1 – "R" and "B"	nil
Common	Jose M. Layug Jr.	Independent Director	Filipino	1 – "R" and "B"	nil
Common	Pacita U. Juan	Independent Director	Filipino	1 – "R" and "B"	nil
Common	Elizabeth Anne C. Uychaco	Independent Director	Filipino	1 – "R" and "B"	nil
Common	Mia Grace Paula S. Cortez	Chief Financial Officer	Filipino	0	nil
Common	Raymund Jay S. Gomez	Compliance Officer	Filipino	0	nil
Common	Michelle A. Magdato	Investor Relations Officer	Filipino	0	nil
Common	Jaime P. Del Rosario	Corporate Secretary	Filipino	0	nil
Common	James A. Jumalon	Assistant Corporate Secretary	Filipino	0	nil

Leonilo G. Coronel, Jose M. Layug, Jr. and Elizabeth Anne C. Uychaco, independent directors of the Company, are also independent directors of the Fund Manager and the Property Manager

VOTING TRUST HOLDERS OF 5% OR MORE

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

RECENT ISSUANCES OF SECURITIES CONSTITUTING EXEMPT TRANSACTIONS BY THE COMPANY

On May 25, 2021, the Company's shareholders also approved an amendment of the Articles of Incorporation to increase the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share. The reclassification of the Company's shares and the Stock Split were approved by the Philippine SEC on May 31, 2021, and the increase in the Company's authorized capital stock was approved by the Philippine SEC on October 12, 2021.

Of the total increase in capital stock, the Selling Shareholder subscribed to 2,400,000,000 Shares as consideration for the assignment by the Selling Shareholder of its advances to the Company amounting to ₱602,465,065.63, at a subscription price of ₱0.25103 per share for a total subscription price of ₱602,465,065.63 (the "Conversion of Advances"). The payment for the subscription was recorded as deposit for future subscription as of May 26, 2021. In addition, the Selling Shareholder and Citicore Tarlac 1 will subscribe to 19,461,142 Shares and 918,720,864 Shares, respectively, or a total of 938,182,006 Shares, as consideration for the assignment of 11 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac (the "Property-for-Share-Swap").

The Philippine SEC approved the application for the increase in authorized capital stock on October 12, 2021 after which the said deposit for future subscription was converted into capital stock thereby increasing CREC's shareholdings in the Company from 2,159,999,994 common shares with a par value of ₱0.25 per common share to 4,579,461,136 common shares and Citicore Tarlac 1's shareholdings to 918,720,864 common shares for a total of 5,498,182,000 common shares with a par value of ₱0.25 per common share.

The foregoing private placements by way of subscription to the increase in the authorized capital stock is a transaction that is exempt from registration requirement pursuant to Section 10.1(k) of the SRC. No underwriter was engaged for the said increase in the Company's authorized capital stock.

RELATED PARTY TRANSACTIONS

In the ordinary course of the Company's business, it engages in a variety of transactions with related parties. Pursuant to the REIT Law, the Company's related parties include the Sponsors, the Fund Manager, the Property Manager, the Company's associates, members of the Citicore Group, related parties under common ownership and management, and key management personnel.

The Company's related party transaction policy is to ensure that these transactions are entered into on terms, which are not more favorable to the related party than those generally available to third parties dealing on an arm's length basis, and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving body, as determined by the Board, to ensure that the Company's resources are not misappropriated or misapplied.

The Company has a Related Party Transaction Review and Compliance Committee which evaluates the Company's ongoing relationships with related parties.

The table below sets out the principal ongoing transactions with the Company's related parties as of September 30, 2022, based on the Reviewed Interim Financial Statements of the Company:

Related Party	Relationship	Nature of Transaction	Transaction Value (₱)	Outstanding Balance as of September 30, 2022
Lease Income				
Citicore Tarlac 1	under common control[(a)]	Contract of Lease dated July 26, 2021 for Armenia property (138,164 sqm)	43,568,428	7,234,751
Citicore Tarlac 2	under common control[(a)]	Sub Lease Agreement dated July 26, 2021 for Dalayap property (10.533731 hectares)	36,414,410	4,284,235
Citicore Negros Occidental	under common control[(a)]	Sub Lease Agreement dated August 6, 2021 for Negros Occidental property (431,408 sqm)	208,910,116	27,604,455
Citicore Cebu	under common control[(a)]	Sub Lease Agreement dated July 30, 2021 for Toledo property (730,000 sqm)	276,301,939	22,423,903
CREC	Parent company[(b)]	Contract of Lease dated October 13, 2021 for Clark Solar Power Plant (23MW)	211,476,753	11,850,949
Citicore Bulacan	under common control[(a)]	Contract of Lease January 1, 2022 for Bulacan property (253,880 sqm)	151,893,359	19,469,713
Citicore South Cotabato	under common control[(a)]	Contract of Lease January 1, 2022 for South Cotabato property (79,997 sqm)	66,809,645	8,404,989
Total			**995,374,650**	**101,272,996**
Other				
CREC	Parent company[(b)]	Advances granted, non-interest bearing, on demand	68,703,988	(55,962,688)
Citicore Bulacan & Citicore South Cotabato	under common control[(e)]	Acquisition of Bulacan and South Cotabato Properties	2,507,918,610	—
Citicore Fund Managers, Inc.	under common control	Fund management agreement dated July 26, 2021 between the Company and Citicore Fund Managers, Inc. for the	3,486,617	—

Related Party	Relationship	Nature of Transaction	Transaction Value (₱)	Outstanding Balance as of September 30, 2022
		fund management services of the Company.		
Citicore Property Managers, Inc.	under common control	Property management agreement dated August 9, 2021 between the Company and Citicore Property Managers, Inc. for property management services of the Company.	10,459,851	—

Notes:

(a) This refers to the Company's lease of the Leased Properties to the Lessees, which are entities under common control with the Company. The outstanding balance represents straight-line lease adjustments in accordance with PFRS.

(b) This refers to the Company's non-interest bearing advances from CREC from a portion of the bank loan assigned by the Company to CREC which was not converted into equity.

(c) This refers to the Company's bank loan that was assigned to the CREC in relation to the Company's REIT Formation Transactions.

(d) This refers to a portion of interest in 2020 of the bank loan transferred from the Company to CREC, the payment of which was deferred until 2022 under the Bayanihan Act. Payment is expected to be made by CREC in 2022 and will be subsequently be reimbursed by the Company.

(e) This refers to the subscription of Shares in exchange for assets received by the Company in 2021 and the conversion of debt to equity which are recognized as deposit for future stock subscription in the Company's balance sheet, pending approval of the Philippine SEC of the increase in authorized capital stock of the Company.

For more information on the Company's related party transactions, see Note 11 to the Company's Reviewed September 30, 2022 Financial Statements attached to this Prospectus.

The Company believes that the above-discussed transactions were made on an arm's length basis at prevailing market rates, on normal commercial terms, and in accordance with the Company's and the Fund Manager's policies toward related party transactions. There are no ongoing contractual or other commitments as a result of the above arrangements. No other arrangements or transactions exist that fall outside the definition of related parties under PAS 24 nor from any director, principal shareholder or principal officer of the sponsor/ promoter of the REIT, Fund Manager, Property Manager or associate of any such persons.

Pro Forma Condensed Financial Statements of the Company as of and for the years ended December 31, 2018, 2019, 2020 and 2021 and as of June 30, 2021 and for the six months then ended

Reviewed Financial Statements for the nine months ended September 30, 2022 and 2021

Audited Financial Statements of the Company as of December 31, 2021 and December 31, 2020

Audited Financial Statements of the Company as of December 31, 2020 and December 21, 2019

Citicore Energy REIT Corp.

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

Pro Forma Condensed Financial Information
As at September 30, 2022 and December 31, 2021 and for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021

Isla Lipana & Co.

Isla Lipana & Co.

Independent Auditor's Report on the Compilation of
Pro Forma Condensed Financial Information Included in a Prospectus

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 completed our assurance engagement to report on the compilation of pro forma condensed financial information of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") prepared by the Company's management. The pro forma condensed financial information consists of the pro forma condensed statements of financial position as at September 30, 2022 and December 31, 2021, the pro forma condensed statements of total comprehensive income, pro forma condensed statements of changes in equity, and pro forma condensed statements of cash flows for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021 and the related notes. The applicable criteria on the basis of which the management has compiled the pro forma condensed financial information are described in Note 2 to the pro forma condensed financial information.

The pro forma condensed financial information has been compiled by the Company's management to illustrate the impact of the transactions set out in Note 2 on the Company's financial position as at September 30, 2022 and December 31, 2021, as if the transactions had taken place on January 1, 2021, and the Company's financial performance and cash flows for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021 as if the transactions had taken place at January 1, 2021. As part of this process, information about the Company's financial position, financial performance and cash flows have been extracted from the Company's balances as at September 30, 2022 and for the nine-month periods ended September 30, 2022 and 2021, and as at and for the year ended December 31, 2021 on which review and audit reports have been published, respectively.

Management's Responsibility for the Pro Forma Condensed Financial Information

The Company's management is responsible for compiling the pro forma condensed financial information on the basis of the applicable criteria as set out in Note 2 to the pro forma condensed financial information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants in the Philippines promulgated by the Philippine Board of Accountancy and approved by Philippine Professional Regulation Commission, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Philippine Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion as required by Section 9, Part II of Rule 68 of the Revised Securities Regulation Code about whether the pro forma condensed financial information has been compiled, in all material respects, by the Company's management on the basis of the applicable criteria set out in Note 2 to the pro forma condensed financial information.

We conducted our engagement in accordance with Philippine Standard on Assurance Engagements (PSAE) 3420, *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro forma condensed financial information, on the basis set out in Note 2 to the pro forma condensed financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma condensed financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma condensed financial information.

The purpose of pro forma condensed financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at September 30, 2022 and December 31, 2021 or for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's management in the compilation of the pro forma condensed financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma condensed financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the event or transaction in respect of which the pro forma condensed financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma condensed financial information.

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

Opinion

In our opinion, the pro forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 to the pro forma condensed financial information.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual)

SEC A.N. (firm)

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
January 26, 2023

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

Pro Forma Condensed Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(All amounts in Philippine Peso)

	September 30, 2022			December 31, 2021		
	Reviewed balances	Pro forma adjustments	Pro forma balances	Audited balances	Pro forma adjustments	Pro forma balances
ASSETS						
Current assets						
Cash and cash equivalents	301,020,517	(139,617,542)	161,402,975	49,014,348	137,169,620	186,183,968
Trade and other receivables, net	7,458,141	99,617,628	107,075,769	41,892,701	44,117,729	86,010,430
Prepayments and other current assets	34,808,588	-	34,808,588	54,208,397	(35,664,371)	18,544,026
Total current assets	343,287,246	(39,999,914)	303,287,332	145,115,446	145,622,978	290,738,424
Non-current assets						
Trade and other receivables, net of current portion	177,465,613	264,070,202	441,535,815	85,982,098	278,573,884	364,555,982
Property, plant and equipment, net	1,286,836,981	-	1,286,836,981	1,331,185,212	-	1,331,185,212
Investment properties, net	2,927,822,446	(10,652,391)	2,917,170,055	288,013,130	2,636,293,838	2,924,306,968
Right-of-use assets, net	35,956,344	-	35,956,344	37,559,128	-	37,559,128
Deferred income tax assets, net	8,200,316	-	8,200,316	8,200,316	-	8,200,316
Other non-current assets	5,279,310	-	5,279,310	12,765,682	(7,486,372)	5,279,310
Total non-current assets	4,441,561,010	253,417,811	4,694,978,821	1,763,705,566	2,907,381,350	4,671,086,916
Total assets	4,784,848,256	213,417,897	4,998,266,153	1,908,821,012	3,053,004,328	4,961,825,340
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables and other liabilities	62,767,497	11,894,774	74,662,271	51,397,336	(3,224,726)	48,172,610
Due to a related party	-	-	-	56,144,929	-	56,144,929
Lease liabilities	2,945,237	(680,970)	2,264,267	1,263,480	14,213,989	15,477,469
Total current liabilities	65,712,734	11,213,804	76,926,538	108,805,745	10,989,263	119,795,008
Non-current liabilities						
Lease liabilities, net of current portion	228,490,310	(2,307,206)	226,183,104	103,132,719	120,603,716	223,736,435
Due to a related party, net of current portion	55,962,688	-	55,962,688	68,521,747	-	68,521,747
Security deposits and deferred rent income	138,264,825	6,631,879	144,896,704	-	116,289,272	116,289,272
Retirement benefit obligation	314,672	(314,672)	-	314,672	(314,672)	-
Total non-current liabilities	423,032,495	4,010,001	427,042,496	171,969,138	236,578,316	408,547,454
Total liabilities	488,745,229	15,223,805	503,969,034	280,774,883	247,567,579	528,342,462
Equity						
Share capital	1,636,363,501	-	1,636,363,501	1,374,545,501	261,818,000	1,636,363,501
Additional paid-in capital	2,307,335,739	-	2,307,335,739	2,465,066	2,304,870,673	2,307,335,739
Retained earnings	352,352,893	198,244,986	550,597,879	250,984,668	238,798,970	489,783,638
Other comprehensive income	50,894	(50,894)	-	50,894	(50,894)	-
Total equity	4,296,103,027	198,194,092	4,494,297,119	1,628,046,129	2,805,436,749	4,433,482,878
Total liabilities and equity	4,784,848,256	213,417,897	4,998,266,153	1,908,821,012	3,053,004,328	4,961,825,340

The notes on pages 1 to 31 are integral part of these pro forma condensed financial information.

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

Pro Forma Condensed Statements of Total Comprehensive Income
For the nine-month periods ended September 30, 2022 and 2021 and
For the year ended December 31, 2021
(All amounts in Philippine Peso)

	Nine-month period ended September 30, 2022			Nine-month period ended September 30, 2021			Year ended December 31, 2021		
	Reviewed balances	**Pro forma adjustments**	**Pro forma balances**	**Audited balances**	**Pro forma adjustments**	**Pro forma balances**	**Audited balances**	**Pro forma adjustments**	**Pro forma balances**
Rental income	996,838,914	(13,005,601)	983,833,313	-	983,146,241	983,146,241	17,773,892	1,293,087,763	1,310,861,655
Sale of electricity	-	-	-	190,675,205	(190,675,205)	-	334,519,230	(334,519,230)	-
Revenues	996,838,914	(13,005,601)	983,833,313	190,675,205	792,471,036	983,146,241	352,293,122	958,568,533	1,310,861,655
Cost of services	(67,449,931)	(3,546,012)	(70,995,943)	(51,764,414)	(16,705,876)	(68,470,290)	(74,207,762)	(17,081,836)	(91,289,598)
Gross profit	929,388,983	(16,551,613)	912,837,370	138,910,791	775,765,160	914,675,951	278,085,360	941,486,697	1,219,572,057
Operating expenses	(12,935,787)	(8,965,586)	(21,901,373)	(17,699,784)	(1,184,359)	(18,884,143)	(56,972,789)	35,511,547	(21,461,242)
Income from operations	916,453,196	(25,517,199)	890,935,997	121,211,007	774,580,801	895,791,808	221,112,571	976,998,244	1,198,110,815
Finance costs	(12,601,342)	(1,559,616)	(14,160,958)	(27,984,031)	(10,628,344)	(38,612,375)	(29,438,870)	(13,915,128)	(43,353,998)
Other income, net	2,607,213	-	2,607,213	25,359,819	(25,200,913)	158,906	26,005,926	(25,200,913)	805,013
Income before income tax	906,459,067	(27,076,815)	879,382,252	118,586,795	738,751,544	857,338,339	217,679,627	937,882,203	1,155,561,830
Income tax expense	-	-	-	-	-	-	8,200,316	-	8,200,316
Net income for the period/year	906,459,067	(27,076,815)	879,382,252	118,586,795	738,751,544	857,338,339	225,879,943	937,882,203	1,163,762,146
Other comprehensive income	-	-	-	-	-	-	50,894	(50,894)	-
Total comprehensive income for the period/year	906,459,067	(27,076,815)	879,382,252	118,586,795	738,751,544	857,338,339	225,930,837	937,831,309	1,163,762,146
Earnings per share									
Basic and diluted	0.14		0.13	0.05		0.27	0.08		0.30

The notes on pages 1 to 31 are integral part of these pro forma condensed financial information.

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

Pro Forma Condensed Statements of Changes in Equity
For the nine-month periods ended September 30, 2022 and 2021 and
For the year ended December 31, 2021
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Other Comprehensive Income	Retained earnings	Total
Balances at January 1, 2022 (as audited)	1,374,545,501	2,465,066	50,894	250,984,668	1,628,046,129
Pro forma adjustments (Note 3.3)					
Issuance of shares	261,818,000	2,304,870,673	-	-	2,566,688,673
Other comprehensive income for the period	-	-	(50,894)	-	(50,894)
Pro forma adjustments to net income	-	-	-	238,798,970	238,798,970
Pro forma balances at January 1, 2022	1,636,363,501	2,307,335,739	-	489,783,638	4,433,482,878
Comprehensive income					
Reviewed net income for the period	-	-	-	906,459,067	906,459,067
Reviewed other comprehensive income for the period	-	-	-	-	-
Pro forma adjustments to net income	-	-	-	(27,076,815)	(27,076,815)
Total pro forma comprehensive income for the period	-	-	-	879,382,252	879,382,252
Transaction with owners					
Reviewed cash dividends	-	-	-	(805,090,842)	(805,090,842)
Pro forma adjustment to cash dividends	-	-	-	(13,477,169)	(13,477,169)
Total pro forma transaction with owners	-	-	-	(818,568,011)	(818,568,011)
Pro forma balances at September 30, 2022	1,636,363,501	2,307,335,739	-	550,597,879	4,494,297,119

The notes on pages 1 to 31 are integral part of these pro forma condensed financial information.

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

Pro Forma Condensed Statements of Changes in Equity
For the nine-month periods ended September 30, 2022 and 2021 and
For the year ended December 31, 2021
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Deposits for future shares subscription	Other Comprehensive Income	Retained earnings	Total
Balances at January 1, 2021 (as audited)	539,999,999	-	-	-	25,104,725	565,104,724
Pro forma adjustments (Note 3.3)						
Issuance of shares	261,818,000	2,408,725,600	-	-	-	2,670,543,600
Share issuance costs	-	(103,854,927)	-	-	-	(103,854,927)
Pro forma balances at January 1, 2021	801,817,999	2,304,870,673	-	-	25,104,725	3,131,793,397
Comprehensive income						
Audited net income for the period	-	-		-	118,586,795	118,586,795
Audited other comprehensive income for the period	-	-		50,894	-	50,894
Pro forma adjustments to comprehensive income	-	-		(50,894)	738,751,544	738,700,650
Total pro forma comprehensive income for the period	-	-		-	857,338,339	857,338,339
Transaction with owners						
Deposits for future shares subscription	-	-	837,010,568	-	-	837,010,568
Pro forma adjustment to transaction with owners -						
Cash dividends	-	-	-	-	(466,055,489)	(466,055,489)
Total transaction with owners	-	-	837,010,568	-	(466,055,489)	370,955,079
Pro forma balances at September 30, 2021	801,817,999	2,304,870,673	837,010,568	-	416,387,575	4,360,086,815

The notes on pages 1 to 31 are integral part of these pro forma condensed financial information.

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

Pro Forma Condensed Statements of Changes in Equity
For the nine-month periods ended September 30, 2022 and 2021 and
For the year ended December 31, 2021
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Other Comprehensive Income	Retained earnings	Total
Balances at January 1, 2021 (as audited)	539,999,999	-	-	25,104,725	565,104,724
Pro forma adjustments (Note 3.3)					
Issuance of shares	261,818,000	2,408,725,600	-	-	2,670,543,600
Share issuance costs	-	(103,854,927)	-	-	(103,854,927)
Pro forma balances at January 1, 2021	801,817,999	2,304,870,673	-	25,104,725	3,131,793,397
Comprehensive income					
Audited net income for the period	-	-	-	225,879,943	225,879,943
Audited other comprehensive income for the period	-	-	-		-
Pro forma adjustments to net income	-	-	-	937,882,203	937,882,203
Total comprehensive income for the period	-	-	-	1,163,762,146	1,163,762,146
Transaction with owners					
Audited issuance of shares	834,545,502	2,465,066	-	-	837,010,568
Pro forma adjustment to transaction with owners -					
Cash dividends	-	-	-	(699,083,233)	(699,083,233)
Total transaction with owners	834,545,502	2,465,066	-	(699,083,233)	137,927,335
Pro forma balances at December 31, 2021	1,636,363,501	2,307,335,739	-	489,783,638	4,433,482,878

The notes on pages 1 to 31 are integral part of these pro forma condensed financial information.

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

Pro forma Condensed Statements of Cash Flows
For the nine-month periods ended September 30, 2022 and 2021 and
For the year ended December 31, 2021
(All amounts in Philippine Peso)

	Nine-month period ended September 30, 2022			Nine-month period ended September 30, 2021			Year ended December 31, 2021		
	Reviewed balances	Pro forma adjustments	Pro forma balances	Audited balances	Pro forma adjustments	Pro forma balances	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows from operating activities									
Income before income tax	906,459,067	(27,076,815)	879,382,252	118,586,795	738,751,544	857,338,339	217,679,627	937,882,203	1,155,561,830
Adjustments for:									
Depreciation and amortization	53,526,621	(438,693)	53,087,928	45,961,746	7,136,913	53,098,659	61,751,372	9,042,718	70,794,090
Finance costs	12,601,342	1,559,616	14,160,958	27,984,031	10,628,344	38,612,375	29,438,870	13,915,128	43,353,998
Unrealized foreign exchange losses, net	168,119	-	168,119	4,091	-	4,091	55,318	-	55,318
Retirement benefit income	-	-	-	(2,628,766)	2,628,766	-	(2,550,098)	2,550,098	-
Interest income	(3,001,405)	-	(3,001,405)	(163,171)	-	(163,171)	(277,078)	-	(277,078)
Gain on compromise settlement of due to government agencies	-	-	-	(25,200,913)	25,200,913	-	(25,200,913)	25,200,913	-
Operating income before working capital changes	969,753,744	(25,955,892)	943,797,852	164,543,813	784,346,480	948,890,293	280,897,098	988,591,060	1,269,488,158
Changes in working capital:									
Trade and other receivables	(54,697,307)	(40,996,217)	(95,693,524)	(41,510,511)	(297,474,171)	(338,984,682)	(166,432,084)	(364,687,885)	(531,119,969)
Prepayments and other current assets	(16,264,562)	-	(16,264,562)	(16,305,748)	16,422,400	116,652	(6,942,596)	-	(6,942,596)
Other non-current assets	7,486,372	(7,486,372)	-	(137,577)	137,577	-	(3,790,634)	290,634	(3,500,000)
Trade payables and other liabilities	11,370,161	15,119,500	26,489,661	(29,643,505)	(10,050,073)	(39,693,578)	(17,741,987)	(19,571,267)	(37,313,254)
Due to a related party	(68,703,988)	-	(68,703,988)	-	-	-	-	-	-
Security deposits and deferred rent income	137,348,518	(110,895,610)	26,452,908	-	114,788,135	114,788,135	-	114,029,709	114,029,709
Net cash generated from operations	986,292,938	(170,214,591)	816,078,347	76,946,472	608,170,348	685,116,820	85,989,797	718,652,251	804,642,048
Interest received	649,757	-	649,757	163,171	-	163,171	277,078	-	277,078
Net cash provided by operating activities	986,942,695	(170,214,591)	816,728,104	77,109,643	608,170,348	685,279,991	86,266,875	718,652,251	804,919,126
Cash flows used in an investing activity									
Additions to investment properties	(2,507,918,610)	2,507,918,610	-	-	(2,507,918,610)	(2,507,918,610)	-	(2,507,918,610)	(2,507,918,610)
Cash flows from financing activities									
Proceeds from issuance of shares	2,670,543,600	(2,670,543,600)	-	-	2,670,543,600	2,670,543,600	-	2,670,543,600	2,670,543,600
Payments of share issuance costs	(68,190,556)	68,190,556	-	-	(103,854,927)	(103,854,927)	(35,017,592)	(68,837,335)	(103,854,927)
Payment of dividends	(805,090,842)	(13,477,169)	(818,568,011)	-	(466,055,489)	(466,055,489)	-	(699,083,233)	(699,083,233)
Principal payment of lease liabilities	(18,203,204)	7,268,553	(10,934,651)	(520,222)	(7,863,862)	(8,384,084)	(955,048)	(7,951,848)	(8,906,896)
Interest payment on lease liabilities	(6,076,914)	(5,929,521)	(12,006,435)	(3,010,121)	(5,074,493)	(8,084,614)	(4,464,960)	(6,303,958)	(10,768,918)
Principal payment of loans from a bank	-	-	-	(31,611,570)	-	(31,611,570)	(31,611,570)	-	(31,611,570)
Interest payment on loans from a bank	-	-	-	(36,940,830)	-	(36,940,830)	(36,940,830)	-	(36,940,830)
Net cash (used in) provided by financing activities	1,772,982,084	(2,614,491,181)	(841,509,097)	(72,082,743)	2,087,694,829	2,015,612,086	(108,990,000)	1,888,367,226	1,779,377,226
Net increase in cash and cash equivalents	252,006,169	(276,787,162)	(24,780,993)	5,026,900	187,946,567	192,973,467	(22,723,125)	99,100,867	76,377,742
Cash and cash equivalents, beginning	49,014,348	137,169,620	186,183,968	71,737,473	38,068,753	109,806,226	71,737,473	38,068,753	109,806,226
Cash and cash equivalents, ending	301,020,517	(139,617,542)	161,402,975	76,764,373	226,015,320	302,779,693	49,014,348	137,169,620	186,183,968

The notes on pages 1 to 31 are integral part of these pro forma condensed financial information.

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

Notes to the Pro Forma Condensed Financial Information
As at September 30, 2022 and December 31, 2021 and
For the nine-month periods ended September 30, 2022 and 2021 and
for the year ended December 31, 2021
(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 Republic Act (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 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 and became effective January 1, 2022.

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 P3,840,000,000 divided into 15,360,000,000 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 2,400,000,000 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.), an entity under common control, 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.

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.

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.

(b) Approval and authorization for issuance of the pro forma condensed financial information

The pro forma condensed financial information has been approved and authorized for issuance by Mr. Oliver Tan, President and Chief Executive Officer, as authorized by the Company's BOD on January 26, 2023.

Note 2 - Basis of preparing pro forma condensed financial information

The pro forma condensed financial information has been prepared in accordance with Section 9, Part II of the Rule 68 of the Revised Securities Regulation Code (Revised SRC Rule 68).

The pro forma condensed financial information has been prepared solely for the inclusion in the bond issuance and listing prospectus prepared by the Company in connection with its planned fund-raising activity. The pro forma condensed financial information should be read in conjunction with the reviewed interim financial information as at September 30, 2022 and for the nine-month periods ended September 30, 2022 and 2021 and the audited financial statements as at and for the year ended December 31, 2021.

The objective of the pro forma condensed financial information is to show the effects of certain transactions on the historical financial information of the Company had these occurred at an earlier date. However, the pro forma condensed financial information is not necessarily indicative of the results of operations or related effects on the financial statements that would have been attained, had certain transactions actually occurred at an earlier date. In addition, the pro forma condensed financial information is not intended to be considered in isolation from, or as a substitute for, the financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRS). The transactions were reflected in the pro forma condensed financial information as if the transactions happened on January 1, 2021. These transactions are discussed in the succeeding section.

Significant transactions

Details of the significant transactions that occurred during the interim period are as follows:

(a) Issuance of shares to the public and subsequent acquisition of investment properties; property management and fund management fees; and dividend declaration and taxation as REIT Company

(i) Issuance of shares to the public and subsequent acquisition of investment properties

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 share capital for the issuance of 1,047,272,000 common shares with par value of P0.25 per share or an aggregate amount of P261,818,000. The Company recognized APIC arising from this transaction amounting to P2,408,725,600 in 2022. Transaction costs attributable to Primary Offer Shares which were treated as deduction to APIC amounted to P103,854,927. Total transaction costs comprised of deferred share issuance costs amounting to P35,664,371 as at December 31, 2021 which was subsequently applied against APIC and additional share issuance costs for the period ended September 30, 2022 amounting to P68,190,556.

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 P1,754,116,629 and P753,801,981, respectively.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021 to show:

- the impact on the Company's earnings per share of the subsequent increase of the issued and outstanding shares for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021;
- the issuance of additional shares, recognition of APIC and deduction of transactions costs from APIC; and
- the recognition of investment properties for the assets acquired using the proceeds of share issuances.

(ii) Property management and fund management fees

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.

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 the sales price for every property divested by it. 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.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impact of the transactions results in the recognition of property management fee and fund management fee for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021. This was also assumed to be paid as incurred.

(iii) Dividend declaration and taxation as REIT Company

As a REIT-registered enterprise following its listing in the PSE, the Company can avail the following tax incentives for its REIT operations:

- 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.

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 (i.e. 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 allowable deduction for tax purposes making it effectively an income-tax free entity. As at reporting date, the Company met the provisions of the REIT law and complies with the 90% dividend distribution requirement. Accordingly, the Company did not recognize additional deferred income taxes as part of its pro forma assumptions on the premise that the Company started to avail of its tax incentive as a REIT after its listing to PSE.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021.

The impact of the transactions are as follows:

- Recognition of income taxes at effectively-zero tax rate for the Company’s REIT operations; and
- Quarterly declaration of dividends computed using the Company’s distributable income to be paid on the quarter following the quarter of declaration.

(b) Assignment of Solar Energy Service Contract of the Clark Solar Power Plant and the subsequent lease of the plant to the Parent Company; security deposits and deferred rent income

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Power 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 Power Plant in line with the assignment of SESC. The assignment was approved by the DOE on December 24, 2021 and became effective January 1, 2022 as agreed by the Company and its Parent Company. The lease agreement is effective for almost 18 years commencing on January 1, 2022 and ending on September 3, 2039 with the Company’s right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company’s right over the leasehold property, the Company and Parent Company can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impact of the transactions are as follows:

- derecognition of revenues and expenses including assets and liabilities related in the sale of electricity being the previous solar plant operator; and
- recognition of rental income from solar power plant on a straight-line basis over the lease term of the lease agreement between the Company and its Parent Company, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

In addition, during 2022, the Company received security deposit from its Parent Company related to this lease agreement amounting to P22,180,645, which is equivalent to one-month lease payment. The security deposit shall remain valid until expiration of the lease agreement and shall serve as guarantee for the lessee’s 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 required 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 lessee to the Company. The security deposits, or the balance thereof, whichever is applicable shall be refunded to the lessee within 60 days from the return of the leased properties to the Company.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impact of the transactions are as follows:

- Recognition of security deposits at amortized cost and deferred rent income as at January 1, 2021. Deferred rent income pertains to the difference between the nominal values of the deposits and their present values; and
- Accretion of interest expense for the security deposits and amortization of deferred rent income using the straight-line basis for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021.

(c) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties; security deposits from lessees and deferred rent income

The Company entered into various agreements to acquire leasehold land assets located in Cebu, Tarlac, and Negros Occidental; and freehold land assets located in Tarlac, Bulacan and South Cotabato. The leasehold land assets are currently being leased by various lessees, which are all related parties, to operate solar power plants. Leasehold rights were subsequently acquired by the Company through deed of assignment and through execution of new lease and sublease contracts. The Company will sublease the leasehold land assets back to the related parties and lease the freehold land assets to related parties.

Rental income arising from operating lease and sublease agreements on its investment properties is recognized as income on a straight-line basis over the lease term, as provided under the terms of the lease contract. Rental income is assumed to be collected based on the terms of the lease agreement.

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease.

(i) Land property in Brgy. Talavera, Toledo City, Cebu

On July 26, 2021, the Company entered into a deed of assignment with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.) (assignor), an entity under common control, and a third-party lessor, to transfer, assign, and convey unto the Company (assignee) all of the assignor's rights and obligations under the contract of lease dated November 12, 2015 for the lease of parcel of land with total aggregated area of approximately 73 hectares located in Brgy. Talavera, Toledo City, Cebu. The third-party lessor consented to the assignment of the contract of lease in favor of the Company and the sublease of the leased area by the Company in favor of the assignor. CSCI operates a 60 MW installed capacity solar power plant in the leased area that was successfully commissioned on June 30, 2016.

On the same day, the Company entered into sublease agreement with CSCI (sublessee) related to the identified leased area. The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CSCI can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities from the assignment of the lease contract to the Company; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CSCI.

(ii) Land properties in Brgy. Dalayap, Tarlac City, Tarlac

On July 26, 2021, the Company entered into a contract of sublease with third party sublessors for a parcel of land with a total aggregate area of approximately 4.8 hectares located in Brgy. Dalayap, Tarlac City, Tarlac. This land property is covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company subleased the land back to CST2 effective November 1, 2021. The agreement is effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

On the same day, the Company also entered into a contract of lease with owners of a parcel of land with a total aggregate area of approximately 5.6 hectares located in Brgy. Dalayap, Tarlac City, Tarlac. This land property is covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with CST2. The Company subleased the land back to CST2 effective November 1, 2021. The agreement is effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

CST2 operates a 7.55 MW installed capacity solar power plant in the leased area that was successfully commissioned on February 27, 2016.

On July 26, 2021, the Company also entered into sublease agreement with CST2 (sublessee) related to the identified leased area. The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CST2 can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities from the contract of sublease and the contract of lease with third parties; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CST2.

(iii) Land property in Brgy. Rizal, Silay City, Negros Occidental

On July 28, 2021, the Company entered into a lease agreement with an owner of several parcels of land located in Brgy. Rizal, Silay City, Negros Occidental with a total aggregate area of 431,408 sqm. This land property is covered by an existing lease contract that commenced on June 1, 2016 as result of an assignment from previous lessee but with prior sublease agreement which commenced on November 1, 2015 with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.), an entity under common control. The Company will sublease the land back to CSNO. The new lease agreement shall commence on January 1, 2022 until October 31, 2040 which may be extended for additional five (5) years unless the parties agreed to terminate the lease agreement at the end of the initial term. CSNO operates a 25 MW installed capacity solar power plant in the leased area that was successfully commissioned on March 8, 2016.

On the same day, the Company entered into sublease agreement with CSNO (sublessee) to sublease the leased area. The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CSNO can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities for the lease agreement; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CSNO.

(iv) Land property in Brgy. Armenia, Tarlac City, Tarlac

As a result of the asset for share exchange with CST1, the Company was able to acquire several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac. CST1 operates an 8.8 MW installed capacity solar power plant located in the said property that was successfully commissioned on February 29, 2016.

On July 26, 2021, the Company, as a lessor, entered into a lease agreement with CST1 (lessee) for the latter's lease of said property with a total aggregate area of 138,164 sqm. The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

The transaction was reflected in the pro forma condensed financial information as if the transaction occurred on January 1, 2021. The impact of the transaction is the recognition of rental income on a straight-line basis.

(v) Land property in San Ildefonso, Bulacan

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 with a total aggregate area of 253,880 sqm. 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 P1,754,116,629. The purchase price was fully paid as of September 30, 2022. The land properties were recognized as part of investment properties as at September 30, 2022. Subsequently, in 2022, the Company and CSBI entered into a lease agreement for the same land properties. CSBI operates a 15 MW solar power plant located in the said property that was successfully commissioned on March 12, 2016.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

The transaction was reflected in the pro forma condensed financial information as if the transaction occurred on January 1, 2021 in conjunction with the use of proceeds from share issuances as discussed in Note 2(a)(i) above. The impact of the transaction is the recognition of rental income on a straight-line basis.

(vi) Land property in Brgy. Centrala, Suralla, South Cotabato

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 with a total aggregate area of 79,997 sqm. In 2022, the Company entered into a contract to sell with CSSCI related to the acquisition of land properties, 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 land properties for a total consideration of P753,801,981. The purchase price was fully paid as of September 30, 2022. Subsequently, in 2022, the Company and CSSCI entered into a lease agreement for the same property. CSSCI operates a 6.25 MW solar power plant located in the said property that was successfully commissioned on November 29, 2015.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

The transaction was reflected in the pro forma condensed financial information as if the transaction occurred on January 1, 2021 in conjunction with the use of proceeds from share issuances as discussed in Note 2 (a) (i) above. The impact of the transaction is the recognition of rental income on a straight-line basis.

During 2022, the Company received security deposits from its lessees which are entities under common control amounting to P85,841,526 equivalent to one-month and three-month lease payments, as applicable. The same terms and conditions for the security deposits from Parent Company apply to the security deposits from its lessees which are entities under common control.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impact of the transactions are as follows:

- Recognition of security deposits at amortized cost and deferred rent income as at January 1, 2021. Deferred rent income pertains to the difference between the nominal values of the deposits and their present values; and
- Accretion of interest expense for the security deposits and amortization of deferred rent income using the straight-line basis for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021.

Note 3 - Pro forma adjustments and balances

The pro forma condensed financial information is based on the historical financial information of the Company as shown in the reviewed interim financial information as at September 30, 2022 and for the nine-month periods ended September 30, 2022 and 2021 and audited financial statements as at and for the year ended December 31, 2021 after certain assumptions and pro forma adjustments described in the preceding sections were adjusted. The pro forma adjustments are based on available information and certain assumptions that the Company believes are reasonable under the circumstances.

The pro forma condensed financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the preceding sections occurred earlier than the actual date of the transactions, nor does it purport to project the results of operations of the Company for any future period or date, since closing and completion of the significant transactions are still subject to the satisfaction of certain conditions precedent. This has been prepared for illustration purposes only and on the assumption that all relevant conditions precedent have been satisfied.

3.1 Pro forma condensed statements of financial position

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of financial position are as follows:

3.1.1 September 30, 2022

Trade and other receivables

Details of pro forma adjustments made to trade and other receivables related to lease income as at September 30, 2022 are as follows:

Land properties	Notes	Reviewed Balances	Pro forma adjustments	Pro forma balances
Current				
Clark Solar Power Plant	3.1.1 (b)	-	22,180,645	22,180,645
Leasehold and freehold land assets	3.1.1 (c)	-	77,436,983	77,436,983
		-	99,617,628	99,617,628
Non-current				
Clark Solar Power Plant	3.1.1 (b)	11,850,949	21,690,577	33,541,526
Leasehold and freehold land assets	3.1.1 (c)	89,422,047	242,379,625	331,801,672
		101,272,996	264,070,202	365,343,198

Investment properties, net

Details of pro forma adjustments made to the net book value of total freehold and leasehold land assets as at September 30, 2022 are as follows:

Land properties	Notes	Reviewed balances	Pro forma adjustments	Pro forma balances
Freehold land assets				
Brgy. Armenia, Tarlac City, Tarlac		234,545,502	-	234,545,502
Brgy. San Ildefonso, Bulacan	3.1.1 (a)(i)	1,754,116,629	-	1,754,116,629
Brgy. Centrala, Suralla, South Cotabato	3.1.1 (a)(i)	753,801,981	-	753,801,981
		2,742,464,112	-	2,742,464,112
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	3.1.1 (c)	86,465,970	(3,475,826)	82,990,144
Brgy. Dalayap, Tarlac City, Tarlac - Land A	3.1.1 (c)	27,912,132	(2,350,556)	25,561,576
Brgy. Dalayap, Tarlac City, Tarlac - Land B	3.1.1 (c)	23,426,254	(428,562)	22,997,692
Brgy. Rizal, Silay City, Negros Occidental	3.1.1 (c)	47,553,978	(4,397,447)	43,156,531
		185,358,334	(10,652,391)	174,705,943
		2,927,822,446	(10,652,391)	2,917,170,055

Lease liabilities

Details of pro forma adjustments made to lease liabilities as at September 30, 2022 are as follows:

Land properties	Notes	Reviewed balances	Pro forma adjustments	Pro forma balances
Current				
Brgy. Talavera, Toledo City, Cebu	3.1.1 (c)	-	-	-
Brgy. Dalayap, Tarlac City, Tarlac - Land A	3.1.1 (c)	537,574	125,777	663,351
Brgy. Dalayap, Tarlac City, Tarlac - Land B	3.1.1 (c)	451,179	(27,106)	424,073
Brgy. Rizal, Silay City, Negros Occidental	3.1.1 (c)	1,570,938	(779,641)	791,297
		2,559,691	(680,970)	1,878,721
Clark Solar Power Plant - land property		385,546	-	385,546
		2,945,237	(680,970)	2,264,267
Non-current				
Brgy. Talavera, Toledo City, Cebu	3.1.1 (c)	80,011,094	-	80,011,094
Brgy. Dalayap, Tarlac City, Tarlac - Land A	3.1.1 (c)	28,245,459	(1,932,192)	26,313,267
Brgy. Dalayap, Tarlac City, Tarlac - Land B	3.1.1 (c)	23,706,010	416,404	24,122,414
Brgy. Rizal, Silay City, Negros Occidental	3.1.1 (c)	46,218,080	(791,418)	45,426,662
		178,180,643	(2,307,206)	175,873,437
Clark Solar Power Plant - land property		50,309,667	-	50,309,667
		228,490,310	(2,307,206)	226,183,104

Security deposits and deferred rent income

Details of total security deposits and deferred rent income as at September 30, 2022 are as follows:

	Notes	Clark Solar Power Plant	Leasehold and freehold land assets	Total
Security deposits				
Gross	3.1.1 (b), (c)	15,785,452	62,713,232	78,498,684
Cumulative accretion of interest expense	3.1.1 (b), (c)	858,215	3,555,873	4,414,088
Amortized cost		16,643,667	66,269,105	82,912,772
Deferred rent income				
Gross	3.1.1 (b), (c)	6,395,192	65,534,583	71,929,775
Cumulative amortization	3.1.1 (b), (c)	(992,816)	(5,003,231)	(5,996,047)
Ending		5,402,376	60,531,352	65,933,728
Less: Current portion		(583,868)	(3,365,928)	(3,949,796)
Non-current portion		4,818,508	57,165,424	61,983,932
Total		21,462,175	123,434,529	144,896,704

	Notes	Reviewed balances	Pro forma adjustments	Pro forma balances
Security deposits				
Gross				
Clark Solar Power Plant	3.1.1 (b)	11,706,900	4,078,552	15,785,452
Leasehold and freehold land assets	3.1.1 (c)	42,014,713	20,698,519	62,713,232
		53,721,613	24,777,071	78,498,684
Cumulative accretion of interest expense				
Clark Solar Power Plant	3.1.1 (b)	203,434	654,781	858,215
Leasehold and freehold land assets	3.1.1 (c)	712,873	2,843,000	3,555,873
		916,307	3,497,781	4,414,088
Amortized cost				
Clark Solar Power Plant	3.1.1 (b)	11,910,334	4,733,333	16,643,667
Leasehold and freehold land assets	3.1.1 (c)	42,727,586	23,541,519	66,269,105
		54,637,920	28,274,852	82,912,772
Deferred rent income				
Gross				
Clark Solar Power Plant	3.1.1 (b)	10,473,745	(4,078,553)	6,395,192
Leasehold and freehold land assets	3.1.1 (c)	77,828,559	(12,293,976)	65,534,583
		88,302,304	(16,372,529)	71,929,775
Cumulative amortization				
Clark Solar Power Plant	3.1.1 (b)	(275,347)	(717,469)	(992,816)
Leasehold and freehold land assets	3.1.1 (c)	(1,188,917)	(3,814,314)	(5,003,231)
		(1,464,264)	(4,531,783)	(5,996,047)
Ending				
Clark Solar Power Plant	3.1.1 (b)	10,198,398	(4,796,022)	5,402,376
Leasehold and freehold land assets	3.1.1 (c)	76,639,642	(16,108,290)	60,531,352
		86,838,040	(20,904,312)	65,933,728
Deferred rent income - current				
Clark Solar Power Plant	3.1.1 (b)	1,019,840	(435,972)	583,868
Leasehold and freehold land assets	3.1.1 (c)	2,191,295	1,174,633	3,365,928
		3,211,135	738,661	3,949,796
Deferred rent income - non-current				
Clark Solar Power Plant	3.1.1 (b)	9,178,558	(4,360,050)	4,818,508
Leasehold and freehold land assets	3.1.1 (c)	74,448,347	(17,282,923)	57,165,424
		83,626,905	(21,642,973)	61,983,932
Total security deposits and deferred rent income, net of current portion				
Clark Solar Power Plant	3.1.1 (b)	21,088,892	373,283	21,462,175
Leasehold and freehold land assets	3.1.1 (c)	117,175,933	6,258,596	123,434,529
		138,264,825	6,631,879	144,896,704

The following pro forma adjustments were made:

(a) *Issuance of shares to the public and subsequent acquisition of investment properties; property management and fund management fees; and dividend declaration and taxation as REIT Company*

(i) Issuance of shares to the public and subsequent acquisition of investment properties

There were no pro forma adjustments made as at September 30, 2022 since the transaction occurred on February 22, 2022, hence the pro forma balance of share capital, APIC and related freehold land assets are synonymous to the balance per reviewed financial information. This transaction was already reflected in the historical financial statements.

(ii) Dividend declaration and taxation as REIT Company

Pro forma adjustments were made as at September 30, 2022 related to additional declaration and payment of dividends amounting to P13,477,169 as follows:

	Note	Reviewed balance	Pro forma adjustment	Pro forma balance
Dividends payment and declaration	3.3	805,090,842	13,477,169	818,568,011

(iii) Property management and fund management fees

There were no pro forma adjustments made in the statement of financial position related to property management and fund management fees except for the cash disbursements as discussed in Note 3.2.1 (c).

(b) Assignment of Solar Energy Service Contract of the Clark Solar Power Plant and the subsequent lease of the plant to the Parent Company; security deposits and deferred rent income

The following pro forma adjustments were made:

- Derecognition of the retirement benefit obligation as at September 30, 2022 related to the operations of the Clark Solar Power Plant amounting to P314,672 and derecognition of remeasurement on retirement benefits amounting to P50,894;
- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at September 30, 2022 for the lease accounted as operating lease amounting to P55,722,171. Details are as follows:

	Note	Amount
Beginning		44,545,310
Rental income	3.2	210,030,715
Collections		(198,853,854)
Ending		55,722,171
Less: Current portion		(22,180,645)
Non-current portion		33,541,526

- For the purpose of pro forma adjustments as at January 1, 2021, security deposits amounting to P21,408,695 was assumed to be collected as at January 1, 2021 which was subsequently adjusted to P22,180,645 as at January 1, 2022 to align with the stipulations in the lease agreement. Accordingly, pro forma adjustments were also made to record:

  - Increase in gross amount of security deposits at amortized cost and decrease in deferred rent income amounting to P4,078,552 and P4,078,553, respectively;
  - Increase in cumulative accretion of interest expense and cumulative amortization of deferred rent income amounting to P654,781 and P717,469, respectively, as at September 30, 2022; and
  - Decrease in current portion of deferred rent income amounting to P435,972 as at September 30, 2022 under trade payables and other liabilities.

(c) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties; security deposits and deferred rent income

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at September 30, 2022.

Right-of-use assets arising from these leasing arrangements are presented under leasehold land assets as part of investment properties. Details of pro forma right-of-use assets as at September 30, 2022 are as follows:

Land properties	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	90,805,360	(7,815,216)	82,990,144
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	28,035,276	(2,473,700)	25,561,576
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	25,223,275	(2,225,583)	22,997,692
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	47,294,830	(4,138,299)	43,156,531
		191,358,741	(16,652,798)	174,705,943

Details of pro forma lease liabilities as at September 30, 2022 are as follows:

Land properties	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	80,011,094	80,011,094
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	663,351	26,313,267	26,976,618
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	424,073	24,122,414	24,546,487
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	791,297	45,426,662	46,217,959
		1,878,721	175,873,437	177,752,158

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at September 30, 2022 amounting P409,238,655. Details are as follows:

	Note	Amount
Beginning		322,051,995
Rental income	3.2	770,840,251
Collections		(683,653,591)
Ending		409,238,655
Less: Current portion		(77,436,983)
Non-current portion		331,801,672

For the purpose of pro forma adjustments as at January 1, 2021, security deposits amounting to P98,688,414 was assumed to be collected as at January 1, 2021 which was subsequently adjusted to P128,247,815 as at January 1, 2022 as to align with the stipulations in the lease agreement. Accordingly, pro forma adjustments were also made to record:

- Increase in gross amount of security deposits at amortized cost and decrease in deferred rent income amounting to P20,698,519 and P12,293,976, respectively;
- Increase in cumulative accretion of interest expense and cumulative amortization of deferred rent income amounting to P2,843,000 and P3,814,314, respectively, as at September 30, 2022; and
- Increase in current portion of deferred rent income amounting to P1,174,633 as at September 30, 2022 under trade payables and other liabilities.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Accumulated assumed cash payments net of collections from January 1, 2021 to September 30, 2022 amounting to P139,617,542 related to the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P2,190,527 for the assumed unpaid lease payment as at September 30, 2022; and
- Additional trade payables amounting to P8,965,586 for the assumed accrual for the local business taxes as at September 30, 2022

3.1.2 December 31, 2021

Trade and other receivables

Details of pro forma adjustments made to trade and other receivables related to lease income as at December 31, 2021 are as follows:

Land properties	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Current				
Clark Solar Power Plant	3.1.2 (b)	-	21,408,695	21,408,695
Leasehold and freehold land assets	3.1.2 (c)	-	64,157,728	64,157,728
		-	85,566,423	85,566,423
Non-current				
Clark Solar Power Plant	3.1.2 (b)	-	23,136,615	23,136,615
Leasehold and freehold land assets	3.1.2 (c)	2,456,998	255,437,269	257,894,267
		2,456,998	278,573,884	281,030,882

Pro forma adjustment was also made amounting to P41,448,694 related to derecognition of receivable pertaining to sale of electricity (Note 3.1.2 (b)).

Investment properties, net

Details of pro forma adjustments made to the net book value of total freehold and leasehold land assets as at December 31, 2021 are as follows:

Land properties	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Freehold land assets				
Brgy. Armenia, Tarlac City, Tarlac		234,545,502	-	234,545,502
Brgy. San Ildefonso, Bulacan	3.1.2 (a)(i)	-	1,754,116,629	1,754,116,629
Brgy. Centrala, Suralla, South Cotabato	3.1.2 (a)(i)	-	753,801,981	753,801,981
		234,545,502	2,507,918,610	2,742,464,112
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	3.1.2 (c)	-	86,339,522	86,339,522
Brgy. Dalayap, Tarlac City, Tarlac - Land A	3.1.2 (c)	29,069,778	(2,448,045)	26,621,733
Brgy. Dalayap, Tarlac City, Tarlac - Land B	3.1.2 (c)	24,397,850	(446,337)	23,951,513
Brgy. Rizal, Silay City, Negros Occidental	3.1.2 (c)	-	44,930,088	44,930,088
		53,467,628	128,375,228	181,842,856
		288,013,130	2,636,293,838	2,924,306,968

Lease liabilities

Details of pro forma adjustments made to lease liabilities as at December 31, 2021 are as follows:

Land properties	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Current				
Brgy. Talavera, Toledo City, Cebu	3.1.2 (c)	-	13,440,000	13,440,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	3.1.2 (c)	511,110	119,585	630,695
Brgy. Dalayap, Tarlac City, Tarlac - Land B	3.1.2 (c)	428,967	(25,772)	403,195
Brgy. Rizal, Silay City, Negros Occidental	3.1.2 (c)	-	680,176	680,176
		940,077	14,213,989	15,154,066
Clark Solar Power Plant - land property		323,403	-	323,403
		1,263,480	14,213,989	15,477,469
Non-current				
Brgy. Talavera, Toledo City, Cebu	3.1.2 (c)	-	75,996,967	75,996,967
Brgy. Dalayap, Tarlac City, Tarlac - Land A	3.1.2 (c)	28,652,013	(1,837,070)	26,814,943
Brgy. Dalayap, Tarlac City, Tarlac - Land B	3.1.2 (c)	24,047,225	395,905	24,443,130
Brgy. Rizal, Silay City, Negros Occidental	3.1.2 (c)	-	46,047,914	46,047,914
		52,699,238	120,603,716	173,302,954
Clark Solar Power Plant - land property		50,433,481	-	50,433,481
		103,132,719	120,603,716	223,736,435

Security deposits and deferred rent income

Details of total security deposits and deferred rent income as at December 31, 2021 are as follows:

	Notes	Clark Solar Power Plant	Leasehold and freehold land assets	Total
Security deposits				
Gross	3.1.2 (b), (c)	15,303,112	52,451,177	67,754,289
Cumulative accretion of interest expense	3.1.2 (b), (c)	474,161	1,785,403	2,259,564
Amortized cost		15,777,273	54,236,580	70,013,853
Deferred rent income				
Gross	3.1.2 (b), (c)	6,105,583	46,237,237	52,342,820
Cumulative amortization	3.1.2 (b), (c)	(554,915)	(2,478,786)	(3,033,701)
Ending		5,550,668	43,758,451	49,309,119
Less: Current portion		(554,915)	(2,478,785)	(3,033,700)
Non-current portion		4,995,753	41,279,666	46,275,419
Total		20,773,026	95,516,246	116,289,272

The following pro forma adjustments were made:

(a) Issuance of shares to the public and subsequent acquisition of investment properties; property management and fund management fees; and dividend declaration and taxation as REIT Company

(i) Issuance of shares to the public and subsequent acquisition of investment properties

The following pro forma adjustments were made:

- Adjustments to record additional share issuance of 1,047,272,000 common shares with a par value of P0.25 per share or an aggregate amount of P261,818,000 at an offer price of P2.55 per share or an aggregate amount of P2,670,543,600;
- Recognition of APIC arising from this transaction amounting to P2,408,725,600. Transaction costs attributable to Primary Offer Shares which were treated as deduction to APIC amounted to P103,854,927;
- Recognition of investment properties for Bulacan and South Cotabato properties amounting to P1,754,116,629 and P753,801,981, respectively, which were acquired from cash proceeds of the share issuance; and
- Derecognition of deferred share issuance costs under prepayments and other current assets amounting to P35,664,371.

(ii) Property management and fund management fees

There were no pro forma adjustments made in the statement of financial position related to property management and fund management fees except for the cash disbursements as discussed in Note 3.2.3 (c).

(iii) Dividend declaration and taxation as REIT Company

Pro forma adjustments were made to record declaration and payment of dividends as at December 31, 2021 amounting to P699,083,233 as discussed in Note 3.3.

(b) *Assignment of Solar Energy Service Contract of the Clark Solar Power Plant and the subsequent lease of the plant to the Parent Company; security deposits and deferred rent income*

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2021 related to the operations of the Clark Solar Power Plant:

	Amount
Trade and other receivables	
Trade receivables	41,448,694
Other non-current assets	
Electric utility deposits	6,580,541
Restricted cash	905,831
	7,486,372
Trade payables and other liabilities	
Trade payables	16,798,407
Accrued expenses	875,166
Due to government agencies	103,751
	17,777,324
Retirement benefit obligation	314,672

The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents.

A pro forma adjustment was also made related to derecognition of remeasurement on retirement benefits amounting to P50,894.

Details of pro forma lease receivables under trade and other receivables as at December 31, 2021 for the lease accounted as operating lease amounting to P44,545,310 are as follows:

	Note	Amount
Beginning		-
Rental income	3.2	280,040,953
Collections		(235,495,643)
Ending		44,545,310
Less: Current		(21,408,695)
Non-current portion		23,136,615

- For the purpose of pro forma adjustments as at January 1, 2021, security deposits amounting to P21,408,695 was assumed to be collected as at January 1, 2021. Accordingly, pro forma adjustments were also made to record:
  - Recognition of security deposits at amortized cost and deferred rent income amounting to P15,303,112 and P6,105,583, respectively;
  - Adjustment for the cumulative accretion of interest expense and cumulative amortization of deferred rent income amounting to P474,161 and P554,915, respectively, as at December 31, 2021; and
  - Recognition of current portion of deferred rent income amounting to P554,915 as at December 31, 2021 under trade payables and other liabilities.

(c) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties; security deposits and deferred rent income*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2021.

Right-of-use assets arising from these leasing arrangements are presented under leasehold land assets as part of investment properties. Land is the underlying asset to which the right-of-use assets would be grouped if these were owned by the Company. Details of pro forma right-of-use assets as at December 31, 2021 related to these transactions are as follows:

Land properties	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	90,805,360	(4,465,838)	86,339,522
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	28,035,276	(1,413,543)	26,621,733
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	25,223,275	(1,271,762)	23,951,513
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	47,294,830	(2,364,742)	44,930,088
		191,358,741	(9,515,885)	181,842,856

Details of pro forma lease liabilities as at December 31, 2021 are as follows:

Land properties	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	13,440,000	75,996,967	89,436,967
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	630,695	26,814,943	27,445,638
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	403,195	24,443,130	24,846,325
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	680,176	46,047,914	46,728,090
		15,154,066	173,302,954	188,457,020

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2021 amounting to P322,051,995. Details are as follows:

	Note	Amount
Beginning		-
Rental income	3.2	1,027,787,001
Collections		(705,735,006)
Ending		322,051,995
Less: Current		(64,157,728)
Non-current portion		257,894,267

Non-current portion of the lease receivable amounting to P2,456,998 was already part of the audited balance of trade and other receivables, net of current portion.

For the purpose of pro forma adjustments as at January 1, 2021, security deposits amounting to P98,688,414 was assumed to be collected as at January 1, 2021. Accordingly, pro forma adjustments were also made to record:

- Recognition of security deposits at amortized cost and deferred rent income amounting to P52,451,177 and P46,237,237, respectively;
- Adjustment for the cumulative accretion of interest expense and cumulative amortization of deferred rent income amounting to P1,785,403 and P2,478,786, respectively, as at December 31, 2021; and
- Recognition of current portion of deferred rent income amounting to P2,478,785 as at December 31, 2021 under trade payables and other liabilities.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Accumulated assumed cash collections net of payments from January 1, 2021 to December 31, 2021 amounting to P137,169,620 related to the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P1,250,928 for the assumed unpaid lease payment as at December 31, 2021; and
- Additional trade payables amounting to P10,267,970 for the assumed accrual for the local business taxes as at December 31, 2021.

3.2 Pro forma condensed statements of total comprehensive income

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of total comprehensive income are as follows:

3.2.1 September 30, 2022

Details of rental income and amortization of deferred rent income for the nine-month period ended September 30, 2022 are as follows:

	Notes	Reviewed balances	Pro forma adjustments	Pro forma balances
Rental income				
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	276,301,939	(3,784,751)	272,517,188
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	208,910,116	(4,872,427)	204,037,689
Brgy. Dalayap, Tarlac City, Tarlac	2(c)(ii)	36,414,410	(330,761)	36,083,649
		521,626,465	(8,987,939)	512,638,526
Freehold land assets				
Brgy. San Ildefonso, Bulacan	2(c)(v)	151,893,359	(2,403,108)	149,490,251
Brgy. Centrala, Suralla, South Cotabato	2(c)(vi)	66,809,645	(1,450,453)	65,359,192
Brgy. Armenia, Tarlac City, Tarlac	2(c)(iv)	43,568,428	(216,146)	43,352,282
		262,271,432	(4,069,707)	258,201,725
Solar plant property				
Clark Freeport Zone, Pampanga	2(b)	211,476,753	(1,446,038)	210,030,715
		995,374,650	(14,503,684)	980,870,966
Amortization of deferred rent income				
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	350,178	216,746	566,924
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	250,078	166,639	416,717
Brgy. Dalayap, Tarlac City, Tarlac	2(c)(ii)	45,656	26,857	72,513
		645,912	410,242	1,056,154
Freehold land assets				
Brgy. San Ildefonso, Bulacan	2(c)(v)	353,463	497,497	850,960
Brgy. Centrala, Suralla, South Cotabato	2(c)(vi)	155,892	229,871	385,763
Brgy. Armenia, Tarlac City, Tarlac	2(c)(iv)	33,650	197,918	231,568
		543,005	925,286	1,468,291
Solar plant property				
Clark Freeport Zone, Pampanga	2(b)	275,347	162,555	437,902
		1,464,264	1,498,083	2,962,347
Total rental income		996,838,914	(13,005,601)	983,833,313

The following pro forma adjustments were made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Power Plant and the subsequent lease of the plant to the Parent Company

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the certain adjustments to rental income. Total rental income for the nine-month period ended September 30, 2022 amounted to P210,030,715.

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in certain adjustments to amortization expense under cost of services and finance costs for the nine-month period ended September 30, 2022 as follows:

Land properties	Notes	Reviewed balances	Pro forma adjustments	Pro forma balances
Amortization				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	3,474,079	(124,701)	3,349,378
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	1,157,646	(97,488)	1,060,158
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	971,596	(17,775)	953,821
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	1,972,285	(198,729)	1,773,556
		7,575,606	(438,693)	7,136,913
Finance costs				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	3,511,044	503,083	4,014,127
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	1,467,911	(88,930)	1,378,981
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	1,612,449	(361,287)	1,251,162
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	2,097,076	268,534	2,365,610
		8,688,480	321,400	9,009,880

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in certain adjustments to rental income. Total rental income related to leasehold and freehold land assets for the nine-month period ended September 30, 2022 amounted to P512,638,526 and P258,201,725, respectively.

(c) Property management and fund management fees

Pro forma adjustments were made to record additional expenses including cash disbursements related to property management and fund management fees for the nine-month period ended September 30, 2022 amounting to P2,988,529 and P996,176, respectively.

	Reviewed balances	Pro forma adjustments	Pro forma balances
Property management fee	10,459,851	2,988,529	13,448,380
Fund management fee	3,486,617	996,176	4,482,793

(d) Security deposits from lessees and deferred rent income

Pro forma adjustments were made to record additional amortization of deferred rent income amounting to P1,498,083 and additional accretion of interest expense on security deposits amounting to P1,238,217 for the nine-month period ended September 30, 2022.

(e) Other pro forma adjustment

Other pro forma adjustment includes recognition of assumed local business taxes amounting to P8,965,586 as part of operating expenses based on the results of operations.

3.2.2 September 30, 2021

Details of rental income and amortization of deferred rent income for the nine-month period ended September 30, 2021 are as follows:

	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Rental income				
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	272,517,188	272,517,188
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	204,037,689	204,037,689
Brgy. Dalayap, Tarlac City, Tarlac	2(c)(ii)	-	36,083,649	36,083,649
			512,638,526	512,638,526
Freehold land assets				
Brgy. San Ildefonso, Bulacan	2(c)(v)	-	149,490,251	149,490,251
Brgy. Centrala, Suralla, South Cotabato	2(c)(vi)	-	65,359,192	65,359,192
Brgy. Armenia, Tarlac City, Tarlac	2(c)(iv)	-	43,352,282	43,352,282
			258,201,725	258,201,725
Solar plant property				
Clark Freeport Zone, Pampanga	2(b)	-	210,030,715	210,030,715
			980,870,966	980,870,966
Amortization of deferred rent income				
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	506,888	506,888
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	335,478	335,478
Brgy. Dalayap, Tarlac City, Tarlac	2(c)(ii)	-	69,225	69,225
			911,591	911,591
Freehold land assets				
Brgy. San Ildefonso, Bulacan	2(c)(v)	-	545,204	545,204
Brgy. Centrala, Suralla, South Cotabato	2(c)(vi)	-	177,428	177,428
Brgy. Armenia, Tarlac City, Tarlac	2(c)(iv)	-	224,866	224,866
			947,498	947,498
Solar plant property				
Clark Freeport Zone, Pampanga	2(b)	-	416,186	416,186
		-	2,275,275	2,275,275
Total rental income		-	983,146,241	983,146,241

The following pro forma adjustments were made:

(a) *Assignment of Solar Energy Service Contract of the Clark Solar Power Plant and the subsequent lease of the plant to the Parent Company*

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the nine-month period ended September 30, 2021 related in the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	190,675,205
Cost of services	5,832,993
Operating expenses	6,516,620
Other income, net	25,200,913

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the nine-month period ended September 30, 2021 amounting to P210,030,715.

(b) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the nine-month period ended September 30, 2021 as follows:

Land properties	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	3,349,378	3,859,180
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	1,060,158	1,409,512
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	953,821	1,270,680
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	1,773,556	2,394,300
		7,136,913	8,933,672

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income related to leasehold and freehold land assets for the nine-month period ended September 30, 2021 amounting to P512,638,526 and P258,201,725, respectively.

(c) *Property management and fund management fees*

Pro forma adjustments were made to record expenses including cash disbursements related to property management and fund management fees for the nine-month period ended September 30, 2021 amounting to P11,551,467 and P3,850,489, respectively.

(d) *Security deposits from lessees and deferred rent income*

Pro forma adjustments were made to record amortization of deferred rent income amounting to P2,275,275 and accretion of interest expense on security deposits amounting to P1,694,672 for the nine-month period ended September 30, 2021.

(e) *Other pro forma adjustment*

Other pro forma adjustment includes recognition of assumed local business taxes amounting to P7,700,979 as part of operating expenses based on the results of operations.

3.2.3 December 31, 2021

Details of rental income and amortization of deferred rent income for the year ended December 31, 2021 are as follows:

	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Rental income				
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	363,356,250	363,356,250
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	272,050,252	272,050,252
Brgy. Dalayap, Tarlac City, Tarlac	2(c)(ii)	8,092,091	40,019,440	48,111,531
		8,092,091	675,425,942	683,518,033
Freehold land assets				
Brgy. San Ildefonso, Bulacan	2(c)(v)	-	199,320,335	199,320,335
Brgy. Centrala, Suralla, South Cotabato	2(c)(vi)	-	87,145,590	87,145,590
Brgy. Armenia, Tarlac City, Tarlac	2(c)(iv)	9,681,801	48,121,242	57,803,043
		9,681,801	334,587,167	344,268,968
Solar plant property				
Clark Freeport Zone, Pampanga	2(b)	-	280,040,953	280,040,953
		17,773,892	1,290,054,062	1,307,827,954
Amortization of deferred rent income				
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	675,850	675,850
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	447,304	447,304
Brgy. Dalayap, Tarlac City, Tarlac	2(c)(ii)	-	92,300	92,300
		-	1,215,454	1,215,454
Freehold land assets				
Brgy. San Ildefonso, Bulacan	2(c)(v)	-	726,939	726,939
Brgy. Centrala, Suralla, South Cotabato	2(c)(vi)	-	236,571	236,571
Brgy. Armenia, Tarlac City, Tarlac	2(c)(iv)	-	299,822	299,822
		-	1,263,332	1,263,332
Solar plant property				
Clark Freeport Zone, Pampanga	2(b)	-	554,915	554,915
		-	3,033,701	3,033,701
Total rental income		17,773,892	1,293,087,763	1,310,861,655

The following pro forma adjustments were made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Power Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the year ended December 31, 2021 related in the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	334,519,230
Cost of services	12,496,824
Operating expenses	45,779,517
Other income, net	25,200,913

A pro forma adjustment was also made related to derecognition of remeasurement gain on retirement benefits amounting to P50,894.

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating lease resulted in the recognition of rental income for the year ended December 31, 2021 amounting to P280,040,953.

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of additional amortization expense under cost of services and finance costs for the year ended December 31, 2021 as follows:

Land properties	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Amortization				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	4,465,837	4,465,837
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	257,256	1,156,287	1,413,543
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	215,910	1,055,852	1,271,762
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	2,364,741	2,364,741
		473,166	9,042,717	9,515,883
Finance costs				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	5,351,607	5,351,607
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	246,756	1,627,605	1,874,361
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	207,099	1,483,951	1,691,050
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	3,192,401	3,192,401
		453,855	11,655,564	12,109,419

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in total rental income related to leasehold and freehold land assets for the year ended December 31, 2021 amounting to P683,518,033 and P344,268,968, respectively.

(c) Property management and fund management fees

Pro forma adjustments were made to record expenses including cash disbursements related to property management and fund management fees for the year ended December 31, 2021 amounting to P15,401,956 and P5,133,987, respectively.

(d) Security deposits from lessees and deferred rent income

Pro forma adjustments were made to record amortization of deferred rent income amounting to P3,033,701 and accretion of interest expense on security deposits amounting to P2,259,564 for the year ended December 31, 2021.

(e) Other pro forma adjustment

Other pro forma adjustment includes recognition of assumed local business taxes amounting to P10,267,970 as part of operating expenses based on the results of operations.

3.3 Pro forma condensed statements of changes in equity

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of changes in equity are as follows:

January 1, 2021

The impact of the pro forma adjustments in equity as at January 1, 2021 follows:

	Audited balances	Pro forma adjustments	Pro forma balances
Share capital	539,999,999	261,818,000	801,817,999
Additional paid-in capital	-	2,307,335,739	2,307,335,739
Retained earnings	25,104,725	-	25,104,725

Issuance of shares to the public and subsequent acquisition of investment properties; dividend declaration and taxation as REIT Company

Pro forma adjustment was made to record additional share issuance of 1,047,272,000 common shares with a par value of P0.25 per share issued or an aggregate amount of P261,818,000 at an offer price of P2.55 per share or an aggregate amount of P2,670,543,600.

A pro forma adjustment was also made to recognize APIC arising from this transaction amounting to P2,408,725,600. Transaction costs attributable to Primary Offer Shares which were treated as deduction from APIC amounted to P103,854,927.

September 30, 2022, December 31, 2021 and September 30, 2021

Beginning January 1, 2021, all the pro forma adjustments were assumed to have flowed through from the pro forma total comprehensive income for the year ended December 31, 2021 and for the nine-month periods ended September 30, 2022 and 2021 to the pro forma condensed statements of changes in equity and pro forma condensed statements of total comprehensive income.

Pro forma adjustments were also made to record dividend declaration as follows:

Period of declaration	Assumed period of payment	Amount
For the quarter ended March 31, 2021	April 2021	233,027,744
For the quarter ended June 30, 2021	July 2021	233,027,745
As at September 30, 2021		466,055,489
For the quarter ended September 30, 2021	October 2021	233,027,744
As at December 31, 2021		699,083,233
For the quarter ended December 31, 2021	January 2022	253,667,984
For the quarter ended March 31, 2022	April 2022	282,450,014
For the quarter ended June 30, 2022	July 2022	282,450,013
As at September 30, 2022		818,568,011

3.4 Pro forma condensed statements of cash flows

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of cash flows are as follows:

3.4.1 September 30, 2022

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the nine-month period ended September 30, 2022:

- Decrease in income before income tax and amortization expense amounting to P27,076,815, P438,693, respectively, and additional finance costs amounting to P1,559,616 arising from the pro forma adjustments described in Note 3.2; and
- Decrease in changes in working capital related to trade and other receivables, security deposits and deferred rent income and other non-current assets amounting to P40,996,217 and P110,895,610, and P7,486,372, respectively, and increase related to trade payables and other liabilities amounting to P15,119,500, arising from the pro forma adjustments described in Note 3.1.

(b) Cash flows from an investing activity

Pro forma adjustment was made to derecognize payment for additions to investment properties amounting to P2,507,918,610 for the nine-month period ended September 30, 2022.

(c) Cash flows from financing activities

Details of pro forma principal and interest payments on lease liabilities for the nine-month period ended September 30, 2022 are as follows:

Land properties	Notes	Reviewed balances	Pro forma adjustments	Pro forma balances
Principal payments				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	13,440,000	(4,014,127)	9,425,873
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	380,089	88,930	469,019
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	319,004	(19,166)	299,838
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	3,834,322	(3,324,190)	510,132
		17,973,415	(7,268,553)	10,704,862
Clark Solar Power Plant - land property		229,789	-	229,789
		18,203,204	(7,268,553)	10,934,651
Interest payments				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	4,014,127	4,014,127
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	1,467,911	(88,930)	1,378,981
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	1,612,448	(361,286)	1,251,162
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	2,365,610	2,365,610
		3,080,359	5,929,521	9,009,880
Clark Solar Power Plant - land property		2,996,555	-	2,996,555
		6,076,914	5,929,521	12,006,435
		24,280,118	(1,339,032)	22,941,086

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the nine-month period ended September 30, 2022:

- Decrease in principal payments of lease liabilities amounting to P7,268,553 and increase in interest payments of lease liabilities amounting to P5,929,521 resulting from the adjustments described in Note 2 (c);

- Increase in dividends paid to shareholders amounting to P13,477,169 for the nine-month period ended September 30, 2022; and
- Derecognition of proceeds from share issuances and payment of share issuance costs amounting to P2,670,543,600 and P68,190,556, respectively.

3.4.2 September 30, 2021

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the nine-month period ended September 30, 2021:

- Additional income before income tax, amortization expense and finance costs amounting to P738,751,544, P7,136,913 and P10,628,344, respectively; and derecognition of retirement benefit income and gain on compromise settlement of due to government agencies amounting to P2,628,766 and P25,200,913, respectively, arising from the pro forma adjustments described in Note 3.2; and
- Decrease in changes in working capital related to trade and other receivables and trade payables and other liabilities amounting to P297,474,171 and P10,050,073, respectively, and increase related to prepayments and other current assets, security deposits and deferred rent income and other non-current assets amounting to P16,422,400, P114,788,135 and P137,577, respectively, arising from the pro forma adjustments described in Note 3.1.

(b) Cash flows from an investing activity

Pro forma adjustment was made to recognize payment for additions to investment properties amounting to P2,507,918,610 for the nine-month period ended September 30, 2021.

(c) Cash flows from financing activities

Details of pro forma principal and interest payments on lease liabilities for the nine-month period ended September 30, 2021 are as follows:

Land properties	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Principal payments				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	6,720,000	6,720,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	-	438,488	438,488
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	-	280,320	280,320
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	425,054	425,054
		-	7,863,862	7,863,862
Clark Solar Power Plant - land property		520,222	-	520,222
		520,222	7,863,862	8,384,084
Interest payments				
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	-	1,409,512	1,409,512
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	-	1,270,680	1,270,680
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	2,394,301	2,394,301
		-	5,074,493	5,074,493
Clark Solar Power Plant - land property		3,010,121	-	3,010,121
		3,010,121	5,074,493	8,084,614
		3,530,343	12,938,355	16,468,698

The following adjustment was made related to cash flows from financing activities section of the statement of cash flows for the nine-month period ended September 30, 2021:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (c) amounting to P7,863,862 and P5,074,493, respectively;
- Recognition of dividends paid to shareholders amounting to P466,055,489 for the nine-month period ended September 30, 2021; and
- Recognition of proceeds from share issuances and payment of share issuance costs amounting to P2,670,543,600 and P103,854927, respectively.

3.4.3 December 31, 2021

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2021:

- Additional income before income tax, amortization expense and finance costs amounting to P937,882,203, P9,042,718 and P13,915,128, respectively; and derecognition of retirement benefit income and due to government agencies amounting to P2,550,098 and P25,200,913, respectively, arising from the pro forma adjustments described in Note 3.2; and
- Decrease in changes in working capital related to trade and other receivables and trade payables and other liabilities amounting to P364,687,885 and P19,571,267, respectively, and increase related to other non-current assets and security deposits and deferred rent income amounting to P290,634 and P114,029,709, respectively, arising from the pro forma adjustments described in Note 3.1.

(b) Cash flows from an investing activity

Pro forma adjustment was made to recognize payment for additions to investment properties amounting to P2,507,918,610 for the year ended December 31, 2021.

(c) Cash flows from financing activities

Details of pro forma principal and interest payments on lease liabilities for the year ended December 31, 2021 are as follows:

Land properties	Notes	Audited balances	Pro forma adjustments	Pro forma balances
Principal payments				
Brgy. Talavera, Toledo City, Cebu	2(c)(i)	-	6,720,000	6,720,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	163,911	425,728	589,639
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	137,568	239,381	376,949
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	566,739	566,739
		301,479	7,951,848	8,253,327
Clark Solar Power Plant - land property		653,569	-	653,569
		955,048	7,951,848	8,906,896
Interest payments				
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(c)(ii)	246,756	1,627,605	1,874,361
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(c)(ii)	207,099	1,483,952	1,691,051
Brgy. Rizal, Silay City, Negros Occidental	2(c)(iii)	-	3,192,401	3,192,401
		453,855	6,303,958	6,757,813
Clark Solar Power Plant - land property		4,011,105	-	4,011,105
		4,464,960	6,303,958	10,768,918
		5,420,008	14,255,806	19,675,814

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2021:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (c) amounting to P7,951,848 and P6,303,958, respectively;
- Dividends paid to shareholders amounting to P699,083,233 for the year ended December 31, 2021; and
- Recognition of proceeds from issuance of shares and additional payment of share issuance costs amounting to P2,670,543,600 and P68,837,335, respectively.

Cash at the beginning of each of the period and years presented were adjusted to reflect the effects of the pro forma adjustments described above.

Note 4 - Earnings per share (EPS) computation

Basic EPS is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common shares or instruments that may entitle the holder to common shares were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS is the same as the basic EPS.

For the purpose of the pro forma basic/diluted EPS computation for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021, the weighted average number of issued and outstanding common shares consider the impact of share issuance described in Note 2 (a). This is on the assumption that the Company had already attained its status as public company in the main board of the PSE as at January 1, 2021.

Pro forma weighted average number of common shares is determined as follows:

	Note	No. of shares	Ratio	Weighted average no. of shares
September 30, 2021				
Beginning		2,159,999,994	1.00	2,159,999,994
Pro forma adjustment related to issuance of shares to the public	2 (a)	1,047,272,000	1.00	1,047,272,000
		3,207,271,994		3,207,271,994
December 31, 2021				
Beginning		2,159,999,994	1.00	2,159,999,994
Pro forma adjustment related to issuance of shares to the public	2 (a)	1,047,272,000	1.00	1,047,272,000
Share subscription		3,338,182,006	0.18	612,000,035
		6,545,454,000		3,819,272,029
September 30, 2022				
Beginning		6,545,454,000	1.00	6,545,454,000

There are no dilutive financial instruments for the nine-month periods ended September 30, 2022 and 2021 and for the year ended December 31, 2021, hence, diluted EPS is the same as the basic EPS.

The pro forma basic and diluted EPS are as follows:

	Nine-month periods ended September 30		Year ended
	2022	2021	December 31, 2021
Pro forma net income	879,382,252	857,338,339	1,163,762,146
Pro forma weighted average number of common shares	6,545,454,004	3,207,271,994	3,819,272,029
	0.13	0.27	0.30

Note 5 - Related party transactions

The significant transactions described in Note 2 are mostly with related parties. Disclosures due to the impact of the pro forma adjustments in the related party transactions and balances disclosures are as follows:

	Pro forma transactions			Outstanding balance Receivables (Payables)		
Related parties	September 30, 2022	September 30, 2021	December 31, 2021	September 30, 2022	December 31, 2021	Terms and conditions
Parent Company						See Notes 3.1
Lease income	210,030,715	210,030,715	280,040,953	55,722,171	44,545,310	and 3.2.
Advances to (from)	68,703,988	227,942,488	265,850,948	(55,962,688)	265,850,948	See Note 3.1.
Assignment of loans payable	-	(1,011,570,248)	(1,011,570,248)	-	(377,493,612)	See Note 3.1
Assumed interest payable	-	(13,024,012)	(13,024,012)	-	(13,024,012)	See Note 3.1
				(55,962,688)	(124,666,676)	
Security deposits						
Additions	482,340	15,303,112	15,303,112	15,785,452	15,303,112	See Notes 3.1 and 3.2.
Accretion of interest expense	384,054	355,621	474,161	858,215	474,161	
				16,643,667	15,777,273	
Deferred rent income						
Additions	289,610	6,105,583	6,105,583	6,395,193	6,105,583	See Notes 3.1
Amortization	437,902	416,186	554,915	(992,817)	(554,915)	and 3.2.
				5,402,376	5,550,668	
Deposit for future shares subscriptions	-	607,330,352	-	-	-	
Issuance of shares	-	-	607,330,352	-	-	
Entities under common control						See Notes
Lease income	770,840,251	770,840,251	1,027,787,001	409,238,655	322,051,995	3.1 and 3.2.
Advances to	-	87,021,747	87,021,747	-	87,021,747	See Note 3.1
Acquisition of properties	-	2,507,918,610	2,507,918,610	-	-	See Note 3.1
Property management fee	13,448,380	11,551,467	15,401,956	-	-	See Note 3.2.
Fund management fee	4,482,793	3,850,489	5,133,986	-	-	See Note 3.2.
Security deposits						
Additions	10,262,055	52,451,177	52,451,177	62,713,232	52,451,177	See Notes 3.1 and 3.2.
Accretion of interest expense	1,770,470	1,339,051	1,785,403	3,555,873	1,785,403	
				66,269,105	54,236,580	
Deferred rent income						
Additions	19,297,346	46,237,237	46,237,237	65,534,583	46,237,237	See Notes 3.1
Amortization	2,524,445	1,859,089	2,478,786	(5,003,231)	(2,478,786)	and 3.2.
				60,531,352	43,758,451	
Deposit for future shares subscriptions	-	229,680,216	-	-	-	
Issuance of shares	-	-	229,680,216	-	-	

CITICORE
ENERGY REIT

November 25, 2022

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 September 30, 2022 and 2021 and December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders for the periods ended September 30, 2021 and December 31, 2021 and audited the financial statements of the Company for the said periods 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 period ending September 30, 2022 were reviewed by the independent auditors in accordance with Review Engagement 2410 and have expressed an unmodified conclusion.

Edgar B. Saavedra
Chairman of the Board

Oliver Y. Tan
President and Chief Executive Officer

Jez G. Dela Cruz
Treasurer

Mia Grace Paula Cortez
Chief Financial Officer

Signed this ____ day of _____

SUBSCRIBED AND SWORN to before me in SAN JUAN CITY this NOV 25 2022 by affiant with ____________ issued at ____________ on ________.

ATTY. MAE LALAINE H. DE LEON
Appointment No 176 (2021-2022)
Notary Public for and in the Cities of Pasig and San Juan and in the Municipality of Pateros
Commission Expires on December 31, 2022
11/F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue, San Juan City
Roll of Attorneys No. 71079
MCLE Compliance No. VI-0018800
IBP O.R. No. 197586 / 01-08-22 / Manila
PTR No. 1574237 / 01-07-22 / San Juan City

ATTY. MAE LALAINE H. DE LEON
NOTARY PUBLIC
PASIG
PATEROS
SAN JUAN
PHILS.
ROLL NO. 71079

c. No. 192;
ge No. 40;
ok No. 1;
eries of 2022

11F Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave. San Juan City,
+63 8255 4600 | investorrelations@creit.com.ph | www.creit.com.ph

www.pwc.com/ph

Citicore Energy REIT Corp.

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

Condensed Interim Financial Statements
As at September 30, 2022 and December 31, 2021 and
for the nine-month periods ended September 30, 2022 and 2021

pwc

Isla Lipana & Co.

Isla Lipana & Co.

Report on the Review of Condensed Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) as at September 30, 2022 and the related condensed interim statements of total comprehensive income, changes in equity and cash flows for the nine-month periods ended September 30, 2022 and 2021, and selected explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with Philippine Accounting Standard (PAS) 34, "*Interim Financial Reporting*" as issued by the Financial Reporting Standards Council. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on the Review of Condensed Interim Financial Statements

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 2

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with PAS 34.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual)

SEC A.N. (firm)

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
November 25, 2022

pwc

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 reviewed the accompanying condensed interim financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at September 30, 2022 and for the nine-month periods ended September 30, 2022 and 2021, on which we have rendered the attached report dated November 25, 2022. The supplementary information shown in the Schedules A, B, C, D, E, F and G, Reconciliation of Retained Earnings Available for Dividend Declaration and a 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 the 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 condensed interim financial statements. Such supplementary information is the responsibility of management and has been subjected to review procedures applied in the review of the basic condensed interim financial statements, in accordance with Philippine Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". Based on our review, nothing has come to our attention that causes us to believe that the supplementary information is not prepared in accordance with Revised Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual)

SEC A.N. (firm)

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
November 25, 2022

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

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 reviewed in accordance with Philippine Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", the condensed interim financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) as at September 30, 2022 and for the nine-month periods ended September 30, 2022 and 2021 and have issued our report thereon dated November 25, 2022. Our review was made for the purpose of forming a conclusion on the basic condensed interim financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of management. These financial soundness indicators are not measures of operating performance defined by Philippine Accounting Standard (PAS) 34, "*Interim Financial Reporting*", as issued by the Financial Reporting Standards Council, 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 condensed interim financial statements prepared in accordance with PAS 34. The components of these financial soundness indicators have been derived from the condensed interim financial statements as at September 30, 2022 and for the nine-month periods ended September 30, 2022 and 2021, and the annual financial statements as at and for the year ended December 31, 2021. Based on our review, nothing has come to our attention that causes us to believe that the supplementary information is not prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual)

SEC A.N. (firm) as

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
November 25, 2022

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

Interim Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(All amounts in Philippine Peso)

	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	4	301,020,517	49,014,348
Trade and other receivables, net	5	7,458,141	41,892,701
Prepayments and other current assets	6	34,808,588	54,208,397
Total current assets		343,287,246	145,115,446
Non-current assets			
Trade and other receivables, net of current portion	5	177,465,613	85,982,098
Property, plant and equipment, net	7	1,286,836,981	1,331,185,212
Investment properties, net	9	2,927,822,446	288,013,130
Right-of-use assets, net	19	35,956,344	37,559,128
Deferred income tax assets, net	18	8,200,316	8,200,316
Other non-current assets	8	5,279,310	12,765,682
Total non-current assets		4,441,561,010	1,763,705,566
Total assets		4,784,848,256	1,908,821,012
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	10	62,767,497	51,397,336
Due to a related party	12	-	56,144,929
Lease liabilities	19	2,945,237	1,263,480
Total current liabilities		65,712,734	108,805,745
Non-current liabilities			
Lease liabilities, net of current portion	19	228,490,310	103,132,719
Security deposits and deferred rent income	12	138,264,825	-
Due to a related party, net of current portion	12	55,962,688	68,521,747
Retirement benefit obligation		314,672	314,672
Total non-current liabilities		423,032,495	171,969,138
Total liabilities		488,745,229	280,774,883
Equity			
Share capital	13	1,636,363,501	1,374,545,501
Additional paid-in-capital	13	2,307,335,739	2,465,066
Remeasurement on retirement benefits		50,894	50,894
Retained earnings		352,352,893	250,984,668
Total equity		4,296,103,027	1,628,046,129
Total liabilities and equity		4,784,848,256	1,908,821,012

The notes on pages 1 to 37 are integral part of these interim financial statements.

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

Interim Statements of Total Comprehensive Income
For each of the nine-month periods ended September 30, 2022 and 2021
and of the three-month periods ended September 30, 2022 and 2021
(All amounts in Philippine Peso)

		Nine-month periods ended September 30		Three-month periods ended September 30	
	Notes	**2022 (Unaudited)**	**2021 (Audited)**	**2022 (Unaudited)**	**2021 (Unaudited)**
Rental income	12, 14	996,838,914	-	333,255,814	-
Sale of electricity	14	-	190,675,205	-	59,948,537
Revenues		996,838,914	190,675,205	333,255,814	59,948,537
Cost of services	15	(67,449,931)	(51,764,414)	(19,828,553)	(18,308,008)
Gross profit		929,388,983	138,910,791	313,427,261	41,640,529
Operating expenses	16	(12,935,787)	(17,699,784)	(4,177,986)	(11,304,464)
Income from operations		916,453,196	121,211,007	309,249,275	30,336,065
Finance costs	17	(12,601,342)	(27,984,031)	(4,880,988)	(1,002,343)
Other income, net	17	2,607,213	25,359,819	954,050	53,207
Income before income tax		906,459,067	118,586,795	305,322,337	29,386,929
Income tax expense	18	-	-	-	-
Net income for the period		906,459,067	118,586,795	305,322,337	29,386,929
Other comprehensive income for the period		-	50,894	-	-
Total comprehensive income for the period		906,459,067	118,637,689	305,322,337	29,386,929
Earnings per share					
Basic and diluted	20	0.14	0.05	0.05	0.01

The notes on pages 1 to 37 are integral part of these interim financial statements.

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

Interim Statements of Changes in Equity
For the nine-month periods ended September 30, 2022 and 2021
(All amounts in Philippine Peso)

	Common shares (Note 13)	Preference shares (Note 13)	Total share capital (Note 13)	Deposits for future shares subscriptions (Note 13)	Additional paid-in-capital (Note 13)	Remeasurement on retirement benefits	Retained earnings	Total
Balances at January 1, 2021	72,860,309	467,139,690	539,999,999	-	-	-	25,104,725	565,104,724
Comprehensive income								
Net income for the period	-	-	-	-	-	-	118,586,795	118,586,795
Other comprehensive income for the period	-	-	-	-	-	50,894	-	50,894
Total comprehensive income for the period	-	-	-	-	-	50,894	118,586,795	118,637,689
Transactions with owners								
Reclassification of preference shares to common shares	467,139,690	(467,139,690)	-	-	-	-	-	-
Deposits for future shares subscriptions	-	-	-	837,010,568	-	-	-	837,010,568
Total transactions with owners	467,139,690	(467,139,690)	-	837,010,568	-	-	-	837,010,568
Balances at September 30, 2021 (Audited)	539,999,999	-	539,999,999	837,010,568	-	50,894	143,691,520	1,520,752,981
Balances at January 1, 2022	1,374,545,501	-	1,374,545,501	-	2,465,066	50,894	250,984,668	1,628,046,129
Comprehensive income								
Net income for the period	-	-	-	-	-	-	906,459,067	906,459,067
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	906,459,067	906,459,067
Transactions with owners								
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	-	-	-	-	-	-	(805,090,842)	(805,090,842)
Total transactions with owners	261,818,000	-	261,818,000	-	2,304,870,673	-	(805,090,842)	1,761,597,831
Balances at September 30, 2022 (Unaudited)	1,636,363,501	-	1,636,363,501	-	2,307,335,739	50,894	352,352,893	4,296,103,027

The notes on pages 1 to 37 are integral part of these interim financial statements.

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

Interim Statements of Cash Flows
For the nine-month periods ended September 30, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022 (Unaudited)	2021 (Audited)
Cash flows from operating activities			
Income before income tax		906,459,067	118,586,795
Adjustments for:			
Depreciation and amortization	7, 19	53,526,621	45,961,746
Finance costs	17	12,601,342	27,984,031
Unrealized foreign exchange losses, net	21	168,119	4,091
Retirement benefit income		-	(2,628,766)
Gain on compromise settlement of due to government agencies	10, 17	-	(25,200,913)
Interest income	17	(3,001,405)	(163,171)
Operating income before working capital changes		969,753,744	164,543,813
Changes in working capital:			
Trade and other receivables		(54,697,307)	(41,510,511)
Prepayments and other current assets		(16,264,562)	(16,305,748)
Other non-current assets		7,486,372	(137,577)
Trade payables and other liabilities		11,370,161	(29,643,505)
Due to a related party		(68,703,988)	-
Security deposits		137,348,518	-
Net cash generated from operations		986,292,938	76,946,472
Interest received		649,757	163,171
Net cash provided by operating activities		986,942,695	77,109,643
Cash flows from an investing activity			
Additions to investment properties	9	(2,507,918,610)	-
Cash flows from financing activities			
Proceeds from issuance of shares	13	2,670,543,600	-
Payments of share issuance costs	13	(68,190,556)	-
Payments of dividends	13	(805,090,842)	-
Principal payments of lease liabilities	19	(18,203,204)	(520,222)
Interest payments on lease liabilities	19	(6,076,914)	(3,010,121)
Principal payments on loans from a bank	11	-	(31,611,570)
Interest payments of loans from a bank	11	-	(36,940,830)
Net cash provided by (used in) financing activities		1,772,982,084	(72,082,743)
Net increase in cash and cash equivalents		252,006,169	5,026,900
Cash and cash equivalents at January 1		49,014,348	71,737,473
Cash and cash equivalents at September 30	4	301,020,517	76,764,373

The notes on pages 1 to 37 are integral part of these 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 September 30, 2022 and December 31, 2021 and
for the nine-month periods ended September 30, 2022 and 2021
(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 Republic Act (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 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 13).

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 September 30, 2022, the Company has 138 shareholders, each owning one hundred (100) or more shares.

The total shares outstanding are held by the following shareholders as at September 30, 2022:

	Percentage
CREC	47.70%
CST1	14.04%
Public	38.26%
	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.

(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 September 30, 2022 and for the periods ended September 30, 2022 and 2021.

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 significant uncertainties arising after the September 30, 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 condensed interim financial statements as at and for the period ended September 30, 2022.

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

These condensed interim financial statements have been approved and authorized for issuance on November 25, 2022 by Mr. Oliver Tan, President and Chief Executive Officer, as authorized by the Company's BOD.

Note 2 - Segment reporting

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

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 14). 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 14).

All amounts reported in the financial statements of the Company as at and for the period ended September 30, 2022 are attributable to this segment except for trade receivables from TransCo amounting to P83.65 million (Note 5), interest income arising from amortization of discount on trade receivables amounting to P2.68 million (Note 5) and deferred income tax liabilities (Note 18) amounting to P8.40 million, which are attributable to sale of solar energy segment.

The results of operations of the reportable segments of the Company for the periods ended September 30, 2022 and 2021 are as follows:

	2022			2021
	Leasing	Sale of solar energy	Total	Sale of solar energy
Revenue	996,838,914	-	996,838,914	190,675,205
Cost of services	(67,449,931)	-	(67,449,931)	(51,764,414)
Gross profit	929,388,983	-	929,388,983	138,910,791
Operating expense	(12,935,787)	-	(12,935,787)	(17,699,784)
Finance costs	(12,601,342)	-	(12,601,342)	(27,984,031)
Other income, net	(69,679)	2,676,892	2,607,213	25,359,819
Income before income tax	903,782,175	2,676,892	906,459,067	118,586,795
Income tax expense	-	-	-	-
Net income for the period	903,782,175	2,676,892	906,459,067	118,586,795

The segment assets and liabilities of the reportable segments of the Company as at September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022			December 31, 2021		
	Leasing	Sale of solar Energy	Total	Leasing	Sale of solar energy	Total
Segment assets						
Current	335,829,105	7,458,141	343,287,246	35,664,371	109,451,075	145,115,446
Non-current	4,373,765,303	76,192,617	4,449,957,920	307,067,354	1,465,035,122	1,772,102,476
	4,709,594,408	83,650,758	4,793,245,166	342,731,725	1,574,486,197	1,917,217,922
Segment liabilities						
Current	62,767,497	-	62,767,497	940,077	107,865,668	108,805,745
Non-current	423,032,495	8,396,910	431,429,405	52,699,238	127,666,810	180,366,048
	485,799,992	8,396,910	494,196,902	53,639,315	235,532,478	289,171,793

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"*.

Difference in total assets and total liabilities under segment reporting and in the statements of financial position as at September 30, 2022 and 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 18).

Note 3 - 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 September 30, 2022 which includes acquisition of land properties and assignment of lease agreements from related parties and subsequent lease agreements and sub-lease agreements with related parties (Note 12).

3. Related party transactions include advances to (from) related parties which are made to finance working capital requirements including 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 12).

4. Refer to Note 14 (b) for the disaggregation of the Company's revenue from contracts with customers recognized for the period ended September 30, 2022. There is no lease income for the period ended September 30, 2021. Sale of electricity for the period ended September 30, 2021 is disclosed in Note 14.

5. The Company's equity transactions for the period ended September 30, 2022 includes (i) additional share issuance of 1,047,272,000 common shares with a par value of P0.25 per share issued or an aggregate amount of P261,818,000; (ii) recognition of additional paid-up capital (APIC) amounting to P2.4 billion and subsequent deduction against APIC of the transaction costs attributable to shares issued amounting to P103.85 million; and (iii) dividend declaration amounting to P805.09 million (Note 13).

6. There were no items not in the ordinary course of business for the period ended September 30, 2022 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 22.

8. There were no other off-balance sheet arrangements or obligations for the period ended September 30, 2022 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 September 30, 2022 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 4 - Cash and cash equivalents

Cash and cash equivalents as at reporting periods consist of:

	September 30, 2022	December 31, 2021
Cash on hand	65,000	65,000
Cash in banks	300,955,517	10,783,402
Short-term placements	-	38,165,946
	301,020,517	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 periods ended September 30 is as follows:

	Note	2022	2021
Interest income	17	324,513	163,171

Note 5 - Trade and other receivables, net

Trade and other receivables, net as at reporting periods consist of:

	Note	September 30, 2022	December 31, 2021
Current			
Trade receivables from TransCo		7,458,141	41,892,701
Other receivable		1,944,096	1,944,096
Allowance for doubtful account		(1,944,096)	(1,944,096)
		-	-
		7,458,141	41,892,701
Non-current			
Trade			
Receivables from TransCo		76,192,617	83,525,100
Lease receivables	12	101,272,996	2,456,998
		177,465,613	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 periods ended September 30, 2022 and 2021.

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

	Current	Non-current	Total
September 30, 2022			
Trade receivables	7,906,250	88,479,519	96,385,769
Discount on receivables	(448,109)	(12,286,902)	(12,735,011)
	7,458,141	76,192,617	83,650,758
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 14).

Discount on trade receivables from TransCo arising from this amounted to P12.73 million as at September 30, 2022 (December 31, 2021 - P12.74 million). Interest income arising from amortization of discount on trade receivables from TransCo for the period ended September 30, 2022 amounted to P2.68 million (September 30, 2021 - nil) (Note 17).

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 which was fully provided with an allowance for doubtful accounts 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 September 30, 2022 and December 31, 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 6 - Prepayments and other current assets

Prepayments and other current assets as at reporting periods consist of:

	September 30, 2022	December 31, 2021
Input value-added tax (VAT)	18,250,189	12,081,806
Prepaid taxes	16,135,487	906,900
Advances to employees	410,662	448,662
Deferred share issuance costs	-	35,664,371
Advances to suppliers	-	5,094,408
Others	12,250	12,250
	34,808,588	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.

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

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

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

Note 7 - 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, 2021, December 31, 2021 and September 30, 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	41,921,252	2,403,321	3,333	20,325	44,348,231
September 30, 2022	404,742,146	17,240,622	40,000	90,333	422,113,101
Net book values					
September 30, 2022	1,259,554,818	27,236,996	-	45,167	1,286,836,981
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 Term Loan Facility 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 September 30, 2022 and December 31, 2021.

Depreciation expenses for the periods ended September 30 are recognized as follows:

	Notes	2022	2021
Cost of services	15	44,324,573	44,336,929
Operating expenses	16	23,658	30,325
		44,348,231	44,367,254

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 12). 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 September 30, 2022 and December 31, 2021.

Note 8 - Other non-current assets

Other non-current assets as at reporting periods consist of:

	Note	September 30, 2022	December 31, 2021
Security deposits	19	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.

As at September 30, 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 9 - Investment properties, net

Details and movements of investment properties 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
September 30, 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	-	(7,575,606)	(7,575,606)
September 30, 2022	-	(8,048,772)	(8,048,772)
Net book values			
September 30, 2022	2,742,464,112	185,358,334	2,927,822,446
December 31, 2021	234,545,502	53,467,628	288,013,130

The amounts recognized in the statements of total comprehensive income for the period ended September 30, 2022 (September 30, 2021 - nil) related to the investment properties are as follows:

	Notes	Freehold land assets	Leasehold land assets	Total
Rental income	14	262,271,432	521,626,465	783,897,897
Cost of services				
Depreciation		-	(7,575,606)	(7,575,606)
Property management fee		(2,667,569)	(5,463,315)	(8,130,884)
Fund management fee		(889,190)	(1,821,105)	(2,710,295)
	15	(3,556,759)	(14,860,026)	(18,416,785)
Finance costs	17	-	(8,688,480)	(8,688,480)
Profit arising from investment properties		258,714,673	498,077,959	756,792,632

(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 P4.87 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 13). 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 12).

The aggregate fair value of these parcels of land as determined by an independent appraiser as at October 31, 2021 amounted to 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 expects to obtain updated valuation in December 2022. 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 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.

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 effective November 1, 2021 (Note 12). 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 12).

- 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 12).

The aggregate fair value of these parcels of land classified as leasehold land assets as determined by an independent appraiser as at October 31, 2021 amounted to 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 10 - Trade payables and other liabilities

Trade payables and other liabilities as at reporting periods consist of:

	Note	September 30, 2022	December 31, 2021
Trade payables		9,993,205	16,798,407
Due to government agencies		47,470,567	33,723,763
Deferred rent income, current portion	12	3,211,135	-
Accrued expenses		2,092,590	875,166
		62,767,497	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 statement of total comprehensive income. The remaining balance of due to government agencies as at September 30, 2022 and December 31, 2021 mainly pertains to unpaid real property taxes and business taxes to a local government unit, withholding taxes and mandatory government contributions.

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

Note 11 - 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 period ended September 30, 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 12). 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 13). These are considered as non-cash transactions.

Finance costs including amortization of debt issuance cost for the period ended September 30, 2021 recognized in the statement of total comprehensive income amounted to P24.97 million (Note 17).

Movements in loans payable for the period ended September 30, 2021 are as follows:

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

Movements in interest payable for the period ended September 30, 2021 are as follows:

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

Note 12 - 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 September 30, 2022 and December 31, 2021 and for the periods then ended and for the period ended September 30, 2021 with related parties are as follows:

Related parties	Transactions September 30, 2022	Transactions September 30, 2021	Transactions December 31, 2021	Outstanding balance Receivables (Payables) September 30, 2022	Outstanding balance Receivables (Payables) December 31, 2021	Terms and conditions
Parent Company						
Lease income	211,476,753	-	-	11,850,949	-	Refer to (e) and Note 5.
Advances to (from)	68,703,988	227,942,488	265,850,948	(55,962,688)	265,850,948	Refer to (a).
Assignment of loans payable	-	(1,011,570,248)	(1,011,570,248)	-	(377,493,612)	Refer to (b) and Note 11.
Assumed interest payable	-	(13,024,012)	(13,024,012)	-	(13,024,012)	Refer to Note 11.
				(55,962,688)	(124,666,676)	
Security deposits						
Additions	22,180,645	-	-	(22,180,645)	-	Refer to (e).
Accretion of interest expense	203,433	-	-	10,270,311	-	
				(11,910,334)	-	
Deferred rent income						
Additions	10,473,745	-	-	(10,473,745)	-	Refer to (e).
Amortization	275,347	-	-	275,347	-	
				(10,198,398)	-	
Deposit for future shares subscription	-	607,330,352	-	-	-	Refer to (c), Notes 9 and 11.
Issuance of shares	-	-	607,330,352	-	-	Refer to (c), Notes 9 and 11.
Entities under common control						
Lease income	783,897,897	-	17,773,892	89,422,047	2,456,998	Refer to (e) and Note 5.
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 9.
Property management fee	10,459,851	-	-	-	-	Refer to (f).
Fund management fee	3,486,617	-	-	-	-	Refer to (g).
Security deposits						
Additions	119,843,272	-	-	(119,843,272)	-	Refer to (e).
Accretion of interest expense	712,874	-	-	77,115,686	-	
				(42,727,586)	-	
Deferred rent income						
Additions	77,828,559	-	-	(77,828,559)	-	Refer to (e).
Amortization	1,188,917	-	-	1,188,917	-	
				(76,639,642)	-	
Deposit for future shares subscription	-	229,680,216	-	-	-	Refer to (c) and Note 9.
Issuance of shares	-	-	229,680,216	-	-	Refer to (c) and Note 9.

(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 period ended September 30, 2022.

Details of net payable to the Parent Company as at reporting periods are as follows:

	September 30, 2022	December 31, 2021
Current	-	56,144,929
Non-current	55,962,688	68,521,747
	55,962,688	124,666,676

In September 2022, the Company and the Parent Company agreed that the remaining balance of due to Parent Company amounting to P55.96 million is to be settled in cash after more than 12 months from September 30, 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	11	1,011,570,248
Cash settlement after assignment		(31,611,570)
Subscription of shares	12 (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 and issuances

Details of additional shares subscriptions and issuances for the year ended December 31, 2021 are as follows:

	Notes	Conversion of advances	Land properties exchange	Total
Parent Company	9, 11, 13	602,465,066	4,865,286	607,330,352
CST1	9, 13	-	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 for the period ended September 30, 2022 amounted to P1.68 million (September 30, 2021 - P0.63 million) (Note 16).

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 September 30, 2022 and 2021.

(e) 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 September 30, 2022 amounting to P36.41 million (Note 14).

    - 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 September 30, 2022 amounting to P208.91 million (Note 14).

    - 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 September 30, 2022 amounting to P276.30 million (Note 14).

- 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 September 30, 2022 amounting to P43.57 million (Note 14).

  - 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 9). The purchase price was fully paid as of September 30, 2022. The land properties were recognized as part of investment properties as at September 30, 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 period ended September 30, 2022 amounting to P151.89 million (Note 14).

  - 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 September 30, 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 period ended September 30, 2022 amounting to P66.81 million (Note 14).

- 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 September 30, 2022 amounting to P211.48 million (Note 14).

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 monthly 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 September 30, 2022 and December 31, 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 P99.62 million, which is equivalent to one-month lease payments. 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 September 30, 2022.

Details of security deposits and deferred rent income as at September 30, 2022 are as follows:

	Notes	Amount
Security deposits		
Gross amount		142,023,917
Allowance for amortization of security deposits		
Additions		(88,302,304)
Accretion of interest expense	17	916,307
		(87,385,997)
		54,637,920
Deferred rent income		
Additions		88,302,304
Amortization	14	(1,464,264)
		86,838,040
Less: Current portion	10	(3,211,135)
Non-current portion		83,626,905

Accretion of interest expense for the period ended September 30, 2022 amounted to P916,307 (Note 17).

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 September 30, 2022 amounted to P1.46 million which was recognized as part of rental income in the statements of total comprehensive income (Note 14).

(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 P10.50 million for the period ended September 30, 2022 (September 30, 2021 - nil) (Note 15).

(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, 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 P3.49 million for the period ended September 30, 2022 (September 30, 2021 - nil) (Note 15).

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 13 - Share capital

The details and movements of the Company's share capital are as follows:

	September 30, 2022		December 31, 2021	
	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				
Balance at 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
Balance at end of period	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501
Common class A - P1 par value				
Balance at January 1	-	-	7,291,011	7,291,011
Reclassification	-	-	(7,291,011)	(7,291,011)
Balance at end of period	-	-	-	-
Common class B - P13.5 par value				
Balance at January 1	-	-	4,856,985	65,569,298
Reclassification	-	-	(4,856,985)	(65,569,298)
Balance at end of period	-	-	-	-
Redeemable preference shares A - P27 par value				
Balance at January 1	-	-	1,729,922	46,707,894
Reclassification	-	-	(1,729,922)	(46,707,894)
Balance at end of period	-	-	-	-
Redeemable preference shares B - P364.5 par value				
Balance at January 1	-	-	1,153,448	420,431,796
Reclassification	-	-	(1,153,448)	(420,431,796)
Balance at end of period	-	-	-	-
	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501

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.

(b) Share subscriptions and issuances

(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 P602.47 million. Total consideration in excess of par value of shares issued amounting to P2.47 million was credited as additional paid in capital. The Parent Company assigned P602.47 million of its advances to fully pay the subscription price (Note 12). 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 9 and 12). 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 9 and 12). This is considered as a non-cash transaction.

These parcels of land were recognized as investment properties (Note 9).

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 CREC 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 period ended September 30, 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.

Events after the reporting period

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 P290.23 million for the third quarter of 2022. The cash dividends are payable on January 5, 2023 to shareholders on record as at December 9, 2022. The management has determined that this is a non-adjusting event.

Note 14 - 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 5). 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 P83.65 million as at September 30, 2022 (December 31, 2021 - P125.42 million) (Note 5).

For the period ended September 30, 2021, revenue from sale of electricity amounted to P190.68 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 period ended September 30, 2022.

Land properties	Note	Rental income	Amortization of deferred rent income	Total
Leasehold land assets				
Brgy. Talavera, Toledo City, Cebu		276,301,939	350,178	276,652,117
Brgy. Rizal, Silay City, Negros Occidental		208,910,116	250,078	209,160,194
Brgy. Dalayap, Tarlac City, Tarlac		36,414,410	45,656	36,460,066
		521,626,465	645,912	522,272,377
Freehold land assets				
Brgy. San Ildefonso, Bulacan		151,893,359	353,463	152,246,822
Brgy. Centrala, Suralla, South Cotabato		66,809,645	155,892	66,965,537
Brgy. Armenia, Tarlac City, Tarlac		43,568,428	33,650	43,602,078
		262,271,432	543,005	262,814,437
Solar plant property				
Clark Freeport Zone, Pampanga		211,476,753	275,347	211,752,100
	12	995,374,650	1,464,264	996,838,914

The future minimum lease receivable under non-cancellable operating leases as at September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Within one year	1,248,707,244	1,195,411,535
After one year but not more than five years	6,496,394,568	6,449,273,035
More than five years	9,825,377,148	10,822,353,040
	17,570,478,960	18,467,037,610

Note 15 - Cost of services

The components of cost of services for the periods ended September 30 are as follows:

	Notes	2022	2021
Depreciation and amortization	7, 19	53,502,963	45,931,421
Property management fee	12	10,459,851	-
Fund management fee	12	3,486,617	-
Taxes and licenses		500	216,963
Utilities		-	3,071,239
Outside services		-	2,506,481
Insurance		-	1,194,190
Salaries and wages		-	723,911
Repairs and maintenance		-	705,756
Retirement benefit income		-	(2,628,766)
Others		-	43,219
		67,449,931	51,764,414

Note 16 - Operating expenses

The components of operating expenses for the periods ended September 30 are as follows:

	Notes	2022	2021
Outside services		6,976,510	-
Taxes and licenses		2,124,925	13,730,895
Professional fees		1,751,872	1,120,972
Directors' fees	12	1,675,000	631,579
Transportation and travel		43,150	98,192
Depreciation	7	23,658	30,325
Dues and subscriptions		-	938,366
Repairs and maintenance		-	127,374
Charitable contribution		-	100,000
Communication, light and water		-	73,661
Bank charges		-	20,568
Others		340,672	827,852
		12,935,787	17,699,784

Portion of outside services, taxes and licenses, and professional fees for the period ended September 30, 2022 includes costs for the listing and offering of the Company's shares to the public.

Note 17 - Other income, net; finance costs

The components of other income, net for the periods ended September 30 are as follows:

	Notes	2022	2021
Interest income	4, 5	3,001,405	163,171
Foreign exchange losses, net	21	(394,192)	(4,265)
Gain on compromise settlement of due to government agencies		-	25,200,913
		2,607,213	25,359,819

The components of finance costs for the periods ended September 30 are as follows:

	Notes	2022	2021
Interests on security deposits	12	916,307	-
Interests on lease liabilities	19	11,685,035	3,010,121
Interests on loans payable from DBP	11	-	24,973,910
		12,601,342	27,984,031

Note 18 - 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.

There is no income tax expense for the periods ended September 30, 2022 and 2021.

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 periods ended December 31, 2021. 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 September 30, 2022 and December 31, 2021.

The details of the Company's recognized deferred income tax assets, net as at September 30, 2022 and December 31, 2021 and the temporary differences where these arise are as follows:

	Amount
Lease income segment under regular corporate income tax (RCIT) rate	
Deferred income tax assets - to be recovered beyond 12 Months	
Net operating loss carryover (NOLCO)	17,168,553
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	42,922
	17,211,475
Deferred income tax liability - to be settled beyond 12 months	
Excess of rental income based on straight-line recognition of rent over actual rental	(614,249)
Total deferred income tax assets, net - lease income segment	16,597,226
Sale of solar energy under special tax rate	
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

The Company's unrecognized deferred income tax assets in relation to sale of solar energy segment as at September 30, 2022 and December 31, 2021 arise from the following temporary differences:

	Amount
Accrued expenses	33,620,012
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	3,510,809
Provision for doubtful accounts	1,944,096
Retirement benefit obligation	314,672
Unrealized foreign exchange loss	55,318
	39,444,907
Tax rate	10%
	3,944,491

The details of the Company's recognized NOLCO as at September 30, 2022 and December 31, 2021 are as follows:

Year of incurrence	Year of expiration	December 31, 2021
2021	2026	68,674,211
Tax rate		25%
		17,168,553

The Company did not recognize deferred income tax assets arising from NOLCO amounting to P67.72 million for the period ended September 30, 2022 as the 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. In addition, the deferred income tax asset arising from NOLCO is still not yet final and still uncertain as at interim reporting period, hence, not yet reported in the Company's income tax return.

The reconciliation between income tax expense computed at the statutory tax rate and the actual income tax expense for the periods ended September 30 as shown in the statements of total comprehensive income follows:

	2022			2021
	RCIT	Special rate	Total	Special rate
Income tax at statutory tax rate	226,614,767	-	226,614,767	11,858,680
Income tax effects of:				
Non-deductible expenses	400,420	-	400,420	343,968
Non-taxable income due to ITH	-	-	-	(5,551,671)
Interest income subject to final tax	(81,128)	-	(81,128)	(16,317)
Movement of unrecognized deferred income tax assets	(8,613,709)	-	(8,613,709)	(6,634,660)
Deductible expenses recognized as APIC	(17,047,639)	-	(17,047,639)	-
Deductible dividends payment	(201,272,711)	-	(201,272,711)	-
	-	-	-	-

The effective tax rate of the Company for the periods ended September 30, 2022 and 2021 is nil.

Note 19 - 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 September 30, 2022 and December 31, 2021 (Note 8). 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 9);
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2 (Note 9); and
- Lease agreement with a third party for a land property in Brgy. Rizal, Silay City, Negros Occidental previously being leased by CSNO (Note 9).

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.

For land properties located in Brgy. Dalayap, Tarlac City, Tarlac, the Company has recognized right-of-use asset and lease liabilities on November 1, 2021 in the statements of financial position amounting to P53.94 million.

For land properties located in Brgy. Talavera, Toledo City, Cebu and Brgy. Rizal, Silay City, Negros Occidental, the Company has recognized right-of-use asset and lease liabilities on January 1, 2022 in the statements of financial position amounting to P89.94 million and P49.53 million, respectively.

Amounts recognized in the statements of financial position

Details of leased land properties recognized as part of right-of-use asset, net and movements in the account as at and for the periods ended September 30, 2022 and December 31, 2021 are as follows:

	Note	2022	2021
Cost			
January 1, 2021, December 31, 2021, September 30, 2021 and 2022		43,937,092	43,937,092
Accumulated amortization			
Beginning		6,377,964	4,251,976
Amortization	15	1,602,784	2,125,988
Ending		7,980,748	6,377,964
Net book value		35,956,344	37,559,128

Investment properties held by the Company as a right-of-use asset measured initially at its cost in accordance with PFRS 16 as at and for the periods ended September 30, 2022 and December 31, 2021 are as follows:

	Notes	2022	2021
Cost			
Beginning		53,940,794	-
Additions		139,466,312	53,940,794
Ending		193,407,106	53,940,794
Accumulated amortization			
Beginning		473,166	-
Amortization	15	7,575,606	473,166
Ending		8,048,772	473,166
Net book value	9	185,358,334	53,467,628

Details of the lease liabilities as at reporting periods are as follows:

	September 30, 2022	December 31, 2021
Current	2,945,237	1,263,480
Non-current	228,490,310	103,132,719
	231,435,547	104,396,199

Movements in lease liabilities for the periods ended September 30, 2022 and December 31, 2021 are as follows:

	Notes	September 30, 2022	December 31, 2021
Beginning		104,396,199	51,355,135
Additions	9	139,466,312	53,940,794
Principal payments		(18,203,204)	(955,048)
Interest payments		(6,076,914)	(4,464,960)
Interest expense	9, 17	11,685,035	4,464,960
Translation difference	21	168,119	55,318
Ending		231,435,547	104,396,199

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 September 30 related to the lease agreements are as follows:

	Notes	2022	2021
Amortization expense	9, 15	9,178,390	1,594,492
Interest expense	9, 17	11,685,035	3,010,121
Translation difference	21	168,119	4,091
		21,031,544	4,608,704

The total cash outflows for the periods ended September 30 for the lease agreements are as follows:

	2022	2021
Payment of principal portion of lease liabilities	18,203,204	520,222
Payment of interest on lease liabilities	6,076,914	3,010,121
	24,280,118	3,530,343

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 20 - Earnings per share (EPS)

Basic and diluted EPS for the periods ended September 30 are as follows:

	2022	2021
Net income	906,459,067	118,586,795
Weighted average number of common shares	6,346,900,576	2,554,917,288
Basic and diluted EPS	0.14	0.05

Weighted average number of common shares for the period ended September 30, 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 during 2022	13	1,047,272,000	0.81	848,718,572
		6,545,454,004		6,346,900,576

Weighted average number of common shares for the period ended September 30, 2021 is calculated as follows:

	Note	Number of shares	Ratio	Weighted number of shares
Reclassification and effect in reduction in par value	13	2,159,999,994	0.46	1,003,717,469
Issuances	13	3,338,182,010	0.46	1,551,199,819
		5,498,182,004		2,554,917,288

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 13). 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 September 30, 2022 and 2021. Therefore, basic and diluted EPS are the same.

Note 21 - Fair value estimation and financial risk and capital management

21.1 Fair value estimation

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, trade payables and other liabilities (excluding due to government agencies), due to related parties, 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 are close to market rates. The fair value of the non-current portion of due to a related party amounted to P50.55 million and was determined using discounted cash flow approach by applying current market interest rates of 5.22% (Level 2). The carrying value of the Company's financial instruments are summarized in Note 21.2.1.

As at September 30, 2022 and 2021, the Company does not have financial instruments that are measured using the fair value hierarchy.

21.2 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 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.

21.2.1 Components of financial assets and financial liabilities

Financial assets

Details of the Company's financial assets at amortized cost are as follows:

	Notes	September 30, 2022	December 31, 2021
Cash and cash equivalents	4	301,020,517	49,014,348
Trade and other receivables	5	184,923,754	127,874,799
Security deposits	8	5,279,310	5,279,310
Electric utility deposits	8	-	6,580,541
Restricted cash	8	-	905,831
		491,223,581	189,654,829

Financial liabilities

Details of the Company's financial liabilities, categorized as liabilities at amortized cost are as follows:

	Notes	September 30, 2022	December 31, 2021
Trade payables and other liabilities*	10	12,085,795	17,673,573
Lease liabilities	19	231,435,547	104,396,199
Security deposits	12	54,637,920	-
Due to a related party	12	55,962,688	124,666,676
		354,121,950	246,736,448

**excluding due to government agencies and deferred rent income*

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities and security deposits, which are equivalent to their carrying balances as the impact of discounting is not significant.

21.2.2 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 as follows:

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates 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 September 30, 2022 and December 31, 2021 (Note 11).

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. There are no other financial instruments subject to interest rate risk.

(b) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates.

The Company's foreign currency denominated monetary liability as at September 30, 2022 refers to a portion of lease liabilities amounting to US$19,940 (December 31, 2021 - US$20,052) with Philippine Peso equivalent of P1.17 million (December 31, 2021 - P1.02 million).

Details of foreign exchange losses, net for the periods ended September 30 are as follows:

	Notes	2022	2021
Unrealized losses, net	19	168,119	4,091
Realized losses, net		226,073	174
	17	394,192	4,265

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.

21.2.3 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 are equal to the carrying amount of the cash and cash equivalents (excluding cash on hand), trade and other receivables, electric utility deposits, security deposits and restricted cash as at September 30, 2022 and December 31, 2021 as disclosed in Note 21.2.1.

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 4 and 8. 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 September 30, 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.

21.2.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these falls due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
September 30, 2022				
Trade payables and other liabilities*	10	-	12,085,795	-
Security deposits	12	-	-	54,637,920
Due to a related party	12	-	-	55,962,688
Interest**		-	19,922,426	253,992,300
Lease liabilities	19	-	2,945,237	228,490,310
		-	34,953,458	593,083,218
December 31, 2021				
Trade payables and other liabilities*	10	-	17,673,573	-
Due to a related party	12	56,144,929	-	68,521,747
Interest**		-	7,579,060	85,887,552
Lease liabilities	19	-	1,263,480	103,132,719
		56,144,929	26,516,113	257,542,018

**excluding due to government agencies and deferred rent income*
***expected interest on lease liabilities up to maturity date and on security deposits up to maturity date*

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities and security deposits, 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.

21.3 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 September 30, 2022 and December 31, 2021.

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 September 30, 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.

Note 22 - 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 and an accounting estimate related to effective interest rates of security deposits.

(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 September 30, 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 additional deferred taxes as at September 30, 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.

(b) 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 coupon 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 has been material movements with the rates.

Note 23 - Basis of preparation

These condensed interim financial statements as at and for the nine-month period ended September 30, 2022 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, 2021 and any public announcements made by the Company during the nine-month period ended September 30, 2022. The accounting policies adopted are consistent with those of the previous financial year.

The Company has adopted a new accounting policy for the nine-month period ended September 30, 2022:

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 the statement of total comprehensive income 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, 2022 that are expected to have a material impact on the Company's condensed interim financial statements.

Note 24 - 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 September 30, 2022 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
September 30, 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
September 30, 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.	-	296,882,826	70,070
Development Bank of the Philippines	-	3,917,888	253,824
Security Bank Corporation	-	154,803	619
Cash on hand	-	65,000	-
Total cash and cash equivalents	-	301,020,517	324,513
Trade and other receivables	-	184,923,754	2,676,892
Security deposits	-	5,279,310	-
Total financial assets	-	491,223,581	3,001,405

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)
September 30, 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)	-	-	-	-
Trade receivables							
Citicore Solar Tarlac 1, Inc.	1,486,767	43,568,428	(37,820,443)	-	-	7,234,752	7,234,752
Citicore Solar Tarlac 2, Inc.	970,231	36,414,410	(33,100,406)	-	-	4,284,235	4,284,235
Citicore Renewable Energy Corporation	-	211,476,753	(199,625,804)	-	-	11,850,949	11,850,949
Citicore Solar Cebu, Inc.	-	276,301,939	(253,878,035)	-	-	22,423,904	22,423,904
Citicore Solar Negros Occidental, Inc.	-	208,910,116	(181,305,661)	-	-	27,604,455	27,604,455
Citicore Solar Bulacan, Inc.	-	151,893,359	(132,423,646)	-	-	19,469,713	19,469,713
Citicore Solar South Cotabato, Inc.	-	66,809,645	(58,404,657)	-	-	8,404,988	8,404,988
Total trade receivables	2,456,998	995,374,650	(896,558,652)	-	-	101,272,996	101,272,996
Total receivables from related parties	268,307,946	995,374,650	(1,162,409,600)	-	-	101,272,996	101,272,996

**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 September 30, 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
September 30, 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
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
September 30, 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)
September 30, 2022

Name of related party	Balance at the beginning of the period	Balance at the end of the period
Citicore Renewable Energy Corporation	68,521,747	55,962,688

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
September 30, 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
September 30, 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

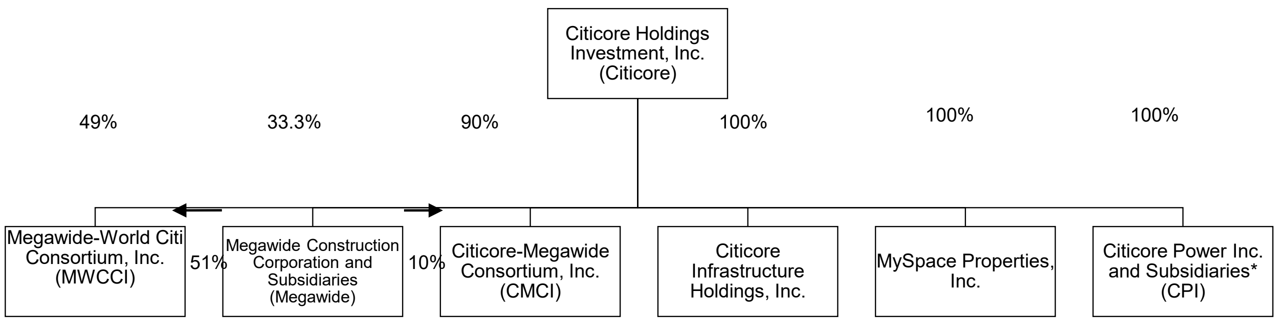
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration
As at September 30, 2022
(All amounts in Philippine Peso)

Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning		250,984,668
Add : Net income actually earned during the period		
Net income during the period closed to retained earnings	906,459,067	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	-
Net income actually earned during the period		906,459,067
Add (Less):		
Dividends declarations during the period	(805,090,842)	
Appropriations of retained earnings during the period		
Reversal of appropriation		
Effect of prior period adjustments		
Treasury shares		(805,090,842)
Unappropriated retained earnings available for dividend declaration, ending		352,352,893

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

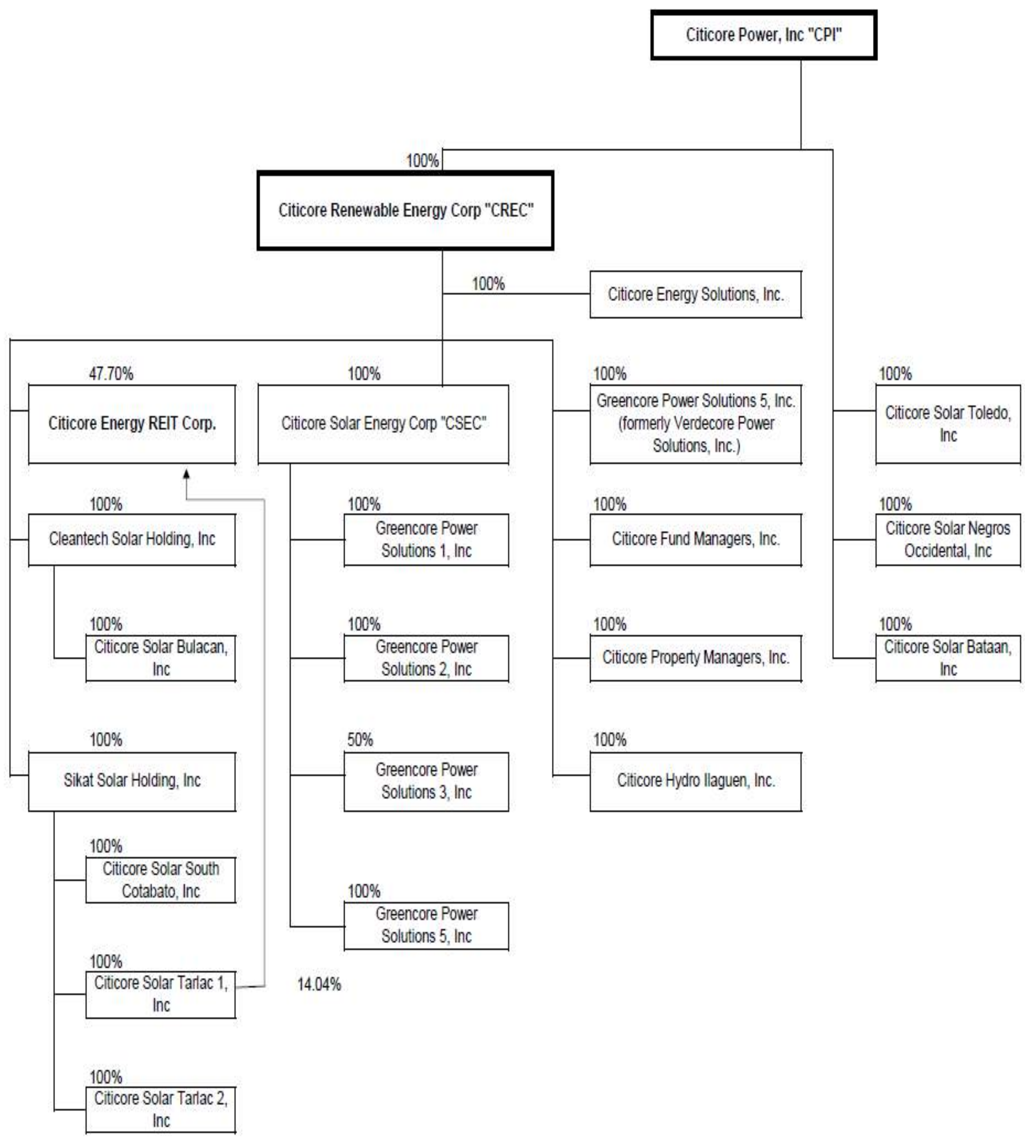
A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
September 30, 2022



**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)
September 30, 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 periods ended September 30, 2022 and 2021

	2022	2021
Current ratio[a]	5.22x	1.09x
Acid test ratio[b]	4.69x	0.88x
Solvency ratio[c]	-	-
Debt-to-equity ratio[d]	-	-
Asset-to-equity ratio[e]	1.11x	1.17x
Interest rate coverage ratio[f]	76.97x	5.97x
Debt service coverage ratio[g]	62.39x	5.91x
Net debt/ EBITDA[h]	(0.31)x	(0.46)x
Earnings per share (Php)[i]	0.14	0.05
Book value per share[j]	0.66	0.70
Return on assets[k]	27.08%	6.67%
Return on equity[l]	30.60%	11.37%
Net profit margin[m]	90.93%	62.19%

[a] Current assets/current liabilities
[b] Cash and cash equivalents + Trade and other receivables, net/Current liabilities
[c] Net operating profit after tax + depreciation and amortization/Loans payable
[d] Loans payable/ Total equity
[e] Total assets/ Total equity
[f] Earnings before interest, taxes, depreciation and amortization/Interest expense
[g] Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities
[h] Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization
[i] Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares
[j] Total equity less Preferred Equity/Total number of shares outstanding
[k] Net income attributable to owners of the Company/Average total assets
[l] Net income attributable to owners of the Company/Average total equity
[m]Net income/Revenue

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 period ended September 30, 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	
		3,547,417,428
Balance as at September 30, 2022		2,567,479,068

Breakdown of disbursements per project for each of the quarter ended are as follows:

	March 31, 2022	June 30, 2022	September 30, 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	88,771,903
Batangas B Solar Farm	-	-	186,151,270	186,151,270
Isabela Run-of River Hydro	-	171,783,655	272,797,907	444,581,562
	870,158,551	1,481,087,613	1,196,171,264	3,547,417,428

Citicore Energy REIT Corp.
Aging of Receivables
As of September 30, 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	7,458,141	-	-	-	-	-	-	-	76,192,617	83,650,758
Lease receivable - PFRS 16	-	-	-	-	-	-	-	-	101,272,997	101,272,997
Total	**7,458,141**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**177,465,614**	**184,923,755**

Exhibit 2

14 October 2022

THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Re: **CITICORE ENERGY REIT CORP.**
Quarterly Progress Report as of and for the Quarter Ended 30 September 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 22 February 2022, we submit herewith the Company's quarterly report on the application of the proceeds from the said offering. The details of the disbursements made as of and for the quarter ended 30 September 2022 are as follows:

Net Offering Proceeds	**PhP**	**6,114,896,495.56**
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
	PhP	**3,547,417,428.31**
Balance of the Offering Proceeds as of September 30, 2022	**PhP**	**2,567,479,067.25**

CITICORE RENEWABLE ENERGY CORP.

Disbursements Breakdown	Q1 2022	Q2 2022	Q3 2022	To date
AFAB Solar Rooftop	PhP 307,997,768.76	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	88,771,903.25
Batangas B Solar Farm	-	-	186,151,270.00	186,151,270.00
Isabela Run-of River Hydro	-	171,783,655.26	272,797,905.95	444,581,561.21
Total Disbursements as of September 30, 2022	**PhP 870,158,551.01**	**PhP 1,481,087,613.12**	**PhP 1,196,171,264.14**	**PhP 3,547,417,428.31**

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 quarter ended September 30, 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 far will produce 10 5 gigawatt-hours (GWh) of renewable energy annually, enough to power 45,000 households while avoiding approximately 72,000 metric tons (MT) CO2 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 quarter ended September 30, 2022.

CITICORE RENEWABLE ENERGY CORP.

- ***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 quarter ended September 30, 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 P88.8 million and P186.2 million while the balance of unutilized proceeds amounted to P1,335.6 million and P191.0 million for Batangas A and Batangas B, respectively.

- ***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 P444.6 million has disbursed as of and for the quarter ended September 30, 2022. The unutilized balance as of September 30, 2022 amounted to P1,041.0 million.

We hope you find everything in order.

CITICORE
RENEWABLE
ENERGY CORP.

Very truly yours,

CITICORE RENEWABLE ENERGY CORP.

By:

MIA GRACE PAULA S. CORTEZ

Chief Financial Officer

11F Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila
info@crec.com.ph | www.citicorepower.com.ph

CITICORE
ENERGY REIT

ACKNOWLEDGMENT

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

Before me, a notary public, for and in the City of San Juan this OCT 17 2022 personally appeared:

NAME	GOVERNMENT-ISSUED ID	DATE/PLACE ISSUED
Mia Grace Paula S. Cortez		

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 OCT 17 2022 day of ____________ 2022.

NOTARY PUBLIC

Doc. No.: 398;
Page No.: 81;
Book No.: 6;
Series of 2022.

ATTY. MAE LALAINE H. DE LEON
NOTARY PUBLIC
PASIG
PATEROS
SAN JUAN
PHILS.
ROLL NO 71079

ATTY. MAE LALAINE H. DE LEON
Appointment No. 176 (2021-2022)
Notary Public for and in the Cities of Pasig and San J
and in the Municipality of Pateros
Commission Expires on December 31, 202
11/F Rockwell Santolan Town Plaza
76 Col. Bonny Serrano Avenue, San Juan
Roll of Attorneys No. 71079
MCLE Compliance No. VI-001880
IBP O.R. No. 197586 / 01-08-22 / Manil
PTR No. 1574237 / 01-07-22 / San Jua
mlhdeleon.law@gmail.com

pwc

Isla Lipana & Co.

Agreed-Upon Procedures Report on Quarterly 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 Quarterly Progress Report dated October 14, 2022 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 September 30, 2022 and for the period from July 1 to September 30, 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.

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 July 1 to September 30, 2022.

No exceptions noted.

We present below the summary of the breakdown and application of the Offering Proceeds as at and for period from July 1 to September 30, 2022 based on the information we obtained from the Company.

	Planned Application of Offering Proceeds as at March 31, 2022	Application of Offering Proceeds for the period ended March 31, 2022	Balance of Offering Proceeds as of March 31, 2022	Reallocations	Planned Application of Offering Proceeds as at June 30, 2022	Application of Offering Proceeds for the period ended June 30, 2022	Balance of Offering Proceeds as of June 30, 2022	Application of Offering Proceeds for the period ended September 30, 2022	Balance of Offering Proceeds as at September 30, 2022
AFAB Solar Rooftop Phase 1	307,997,768	(307,997,768)	-	-	-	-	-	-	-
Arayat Mexico Solar Farm Phase 1	435,993,013	(435,993,013)	-	1,117,921,912	1,117,921,912	(1,117,921,912)	-	-	-
Arayat Mexico Solar Farm Phase 2	197,988,548	(126,167,770)	71,820,778	768,011,452	839,832,230	(191,382,046)	648,450,184	(648,450,184)	-
Zambales Solar Farm	490,257,356	-	490,257,356	(490,257,356)	-	-	-	-	-
Batangas A Solar Farm	848,522,347	-	848,522,347	575,803,006	1,424,325,353	-	1,424,325,353	(88,771,903)	1,335,553,450
Batangas B Solar Farm	377,121,043	-	377,121,043	-	377,121,043	-	377,121,043	(186,151,270)	190,969,773
Pangasinan Solar Farm	856,095,871	-	856,095,871	(856,095,871)	-	-	-	-	-
Laguna Solar Farm	735,386,034	-	735,386,034	(735,386,034)	-	-	-	-	-
Bulacan Solar Farm	1,015,872,635	-	1,015,872,635	(1,015,872,635)	-	-	-	-	-
Isabela Run-of-River Hydro	849,661,881	-	849,661,881	635,875,526	1,485,537,407	(171,783,655)	1,313,753,752	(272,797,907)	1,040,955,845
	6,114,896,496	(870,158,551)	5,244,737,945	-	5,244,737,945	(1,481,087,613)	3,763,650,332	(1,196,171,264)	2,567,479,068

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 September 30, 2022 and for the period from July 1, 2022 to September 30, 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	1,196,171,264	1,196,171,264

4. We traced the reported application of IPO proceeds amounting to P1,196,171,264 for the period from July 1, 2022 to September 30, 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 September 30, 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 as follows:

	Amount
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
	3,547,417,428

The remaining balance of the Offering Proceeds amounting to P2,567 million as at September 30, 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 July 1 to September 30, 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.

[redacted]

Pocholo C. Domondon
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted]
SEC A.N. (individual) [redacted]

SEC A.N. (firm) [redacted]

T.I.N. [redacted]
BIR A.N. [redacted]
BOA/PRC Reg. No. [redacted]

Makati City
October 14, 2022

ACKNOWLEDGMENT

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

Before me, a notary public, for and in the City of San Juan this OCT 17 2022 personally appeared:

NAME	GOVERNMENT-ISSUED ID	Validity
Pocholo C. Domondon		Valid until 10/04/2023

who was identified by me through competent evidence of identity to be the same person described in the foregoing instrument who acknowledged before me that his signature on the instrument was voluntarily affixed by him seal for the purposes stated therein, and who declared to me that he executed the instrument as his free and voluntary act and deed.

WITNESS MY HAND AND SEAL this OCT 17 2022 day of ____________ 2022.

NOTARY PUBLIC

Doc. No.: 399;
Page No.: 81;
Book No.: 6;
Series of 2022.

ATTY. MAE LALAINE H. DE LEON
NOTARY PUBLIC
PASIG
PATEROS
SAN JUAN
PHILS.
ROLL NO. 71079

ATTY. MAE LALAINE H. DE LEON
Appointment No. 176 (2021-2022)
Notary Public for and in the Cities of Pasig and San J
and in the Municipality of Pateros
Commission Expires on December 31, 202
11/F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue, San Jua
Roll of Attorneys No. 71079
MCLE Compliance No. VI-001880
IBP O.R. No. 197586 / 01-08-22 / Mani
PTR No. 1574237 / 01-07-22 / San Juan
mlhdeleon.law@gmail.com

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	0	1	0	7	8	0

COMPANY NAME

C I T I C O R E   E N E R G Y   R E I T   C O R P .

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

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

Form Type	Department requiring the report	Secondary License Type, if Applicable
A A F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
msercado@crec.com.ph	02-8255-4600	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
10 (ten)	25th of May	December 01

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JAIME P. DEL ROSARIO	jdelrosario@crec.com.ph	02-8255-4600	09177145206

CONTACT PERSON's ADDRESS

11F ROCKWELL SANTOLAN TOWN PLAZA, 276 COL. BONNY SERRANO AVENUE, SAN JUAN CITY

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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.

CITICORE
ENERGY REIT

March 9, 2022

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, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

Isla Lipana & Co. and Maceda Valencia & Co, the independent auditors appointed by the stockholders for the periods December 31, 2021 and 2020 and December 31, 2019, respectively, have audited the consolidated 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. Saavedra
Chairman of the Board

____
Oliver Y. Tan
President and Chief Executive Officer

____
Mia Grace Paula S. Cortez
Chief Financial Officer

Signed this ____ day of _____ APR 1 1 2022

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

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

Doc. No. 117;
Page No. 24;
Book No. III;
Series of ____

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, 2021 and 2020, and its financial performance and its cash flows for the years then ended, 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, 2021 and 2020;
- the statements of total comprehensive income for the years ended December 31, 2021 and 2020;
- the statements of changes in equity for the years ended December 31, 2021 and 2020;
- the statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

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:

Key audit matters	**How our audit addressed the key audit matters**
In line with the Company's listing at the Philippine Stock Exchange (PSE) on February 22, 2022, the Company completed various Real Estate Investment Trust (REIT) formation transactions during 2021 which include: a. Bank loan assignment to the Parent Company (Note 10).	We addressed the key audit matters by obtaining understanding of the REIT formation transactions and by performing certain audit procedures, which included the following: *a. Bank loan assignment to the Parent Company.* We obtained the bank consent on the assignment of bank loan and the corresponding confirmation of the loan balance as at date of assignment. We also assessed the compliance of the accounting treatment based on the requirements of Philippine Accounting Standards (PAS) 32, *"Financial Instruments: Presentation"*.

Key audit matters	How our audit addressed the key audit matters
b. Increase in authorized share capital (Note 14 (a)) and shares subscription through conversion of advances from Citicore Renewable Energy Corporation (the "Parent Company") (Notes 11 (c) and 14 (b)) and assignment of land properties (Notes 8 (a), 11(c) and 14(b)).	*b. Increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties.* We inspected the amended articles of incorporation on the increase of authorized share capital and related subscription agreements, schedule of advances as payment for subscription to the increase in authorized share capital, Treasurer's affidavit on approved amount for conversion, and deed of assignment of land properties. We also verified the appropriateness and sufficiency of the disclosures in accordance with PAS 1, "*Presentation of Financial Statements*" and PAS 40, "*Investment Properties*".
c. Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company (Note 11(e)).	*c. Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company.* We reviewed the assignment contract, lease agreement with Parent Company and the corresponding government authority approval on the assignment. This was added as a disclosure in the financial statements because of its future impact on the financial statements of the Company.
d. Assignment of lease contract, lease and sublease agreements with third parties (Note 20 (b)) and the subsequent subleases and lease contract with related parties (Note 11 (e)). We identified the REIT formation transactions as key audit matters because these are non-recurring, material, and involved complex accounting treatment. In addition, the future operations of the Company as a REIT company are anchored on these formation transactions.	*d. Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with 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 PFRS16, "*Leases*" on recognition of lease income, lease liabilities and right-of-use assets.

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2020.

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.

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.

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 26 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.
P.T.R. No.
SEC A.N. (individual) as general auditors
SEC A.N. (firm) as general auditors

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
March 9, 2022

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, 2021, on which we have rendered the attached report dated March 9, 2022.

In compliance with SRC Rule 68 and based on the certification we received from the Company's corporate secretary, the Company has two (2) shareholders, each owning one hundred (100) or more shares, as at December 31, 2021.

Isla Lipana & Co.

Poch[redacted]lo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual) as general auditors
SEC A.N. (firm) as general auditors
T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
March 9, 2022

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, 2021, on which we have rendered the attached report dated March 9, 2022. The supplementary information shown in Schedules A, B, C, D, E, F, and G, Reconciliation of Retained Earnings Available for Dividend Declaration and the Map showing the relationships between and among the Company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual) as general auditors
SEC A.N. (firm) as general auditors

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
March 9, 2022

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 and for the years ended December 31, 2021 and 2020 and have issued our report thereon dated March 9, 2022. 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 and for the years ended December 31, 2021 and 2020 and no material exceptions were noted.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual) as general auditors
SEC A.N. (firm) as general auditors

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
March 9, 2022

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, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	3	49,014,348	71,737,473
Trade and other receivables, net	4	41,892,701	258,905,233
Prepayments and other current assets	5	54,208,397	11,601,430
Total current assets		145,115,446	342,244,136
Non-current assets			
Trade and other receivables, net of current portion	4	85,982,098	-
Property, plant and equipment, net	6	1,331,185,212	1,390,337,430
Investment properties, net	8	288,013,130	-
Right-of-use assets, net	20	37,559,128	39,685,116
Deferred income tax assets, net	19	8,200,316	-
Other non-current assets	7	12,765,682	8,975,048
Total non-current assets		1,763,705,566	1,438,997,594
Total assets		1,908,821,012	1,781,241,730
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	9	51,397,336	125,610,375
Due to a related party	11	56,144,929	-
Loans payable	10	-	126,446,281
Lease liabilities	20	1,263,480	294,139
Total current liabilities		108,805,745	252,350,795
Non-current liabilities			
Loans payable, net of current portion	10	-	909,809,551
Lease liabilities, net of current portion	20	103,132,719	51,060,996
Due to a related party, net of current portion	11	68,521,747	-
Retirement benefit obligation	13	314,672	2,915,664
Total non-current liabilities		171,969,138	963,786,211
Total liabilities		280,774,883	1,216,137,006
Equity			
Share capital	14	1,374,545,501	539,999,999
Additional paid-in-capital	14	2,465,066	-
Remeasurement on retirement benefits	13	50,894	-
Retained earnings		250,984,668	25,104,725
Total equity		1,628,046,129	565,104,724
Total liabilities and equity		1,908,821,012	1,781,241,730

The notes on pages 1 to 50 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 the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Sale of electricity	15	334,519,230	269,076,808	248,010,727
Rental income	11, 15	17,773,892	-	-
Revenues		352,293,122	269,076,808	248,010,727
Cost of services	16	(74,207,762)	(94,623,573)	(98,375,976)
Gross profit		278,085,360	174,453,235	149,634,751
Operating expenses	17	(56,972,789)	(7,987,959)	(3,386,831)
Income from operations		221,112,571	166,465,276	146,247,920
Finance costs	18	(29,438,870)	(64,054,226)	(68,727,061)
Other income, net	18	26,005,926	1,703,762	2,050,084
Income before income tax		217,679,627	104,114,812	79,570,943
Income tax benefit	19	8,200,316	-	-
Net income for the year		225,879,943	104,114,812	79,570,943
Other comprehensive income				
Other comprehensive income that will not be subsequently reclassified to profit or loss				
Remeasurement gain on retirement benefits, net of tax	13	50,894	-	-
Total comprehensive income for the year		225,930,837	104,114,812	79,570,943
Earnings per share				
Basic and diluted	21	0.08	0.04	0.03

The notes on pages 1 to 50 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 the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Common shares (Note 14)	Preference shares (Note 14)	Total share capital (Note 14)	Additional paid-in-capital	Remeasurement on retirement benefits (Note 13)	Retained earnings (Deficit)	Total
Balances at January 1, 2019	72,860,309	467,139,690	539,999,999	-	-	(158,581,030)	381,418,969
Comprehensive income							
Net income for the year	-	-	-	-	-	79,570,943	79,570,943
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	79,570,943	79,570,943
Balances at December 31, 2019	72,860,309	467,139,690	539,999,999	-	-	(79,010,087)	460,989,912
Comprehensive income							
Net income for the year	-	-	-	-	-	104,114,812	104,114,812
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	104,114,812	104,114,812
Balances at December 31, 2020	72,860,309	467,139,690	539,999,999	-	-	25,104,725	565,104,724
Comprehensive income							
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
Transactions with owners							
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
	1,301,685,192	(467,139,690)	834,545,502	2,465,066	-	-	837,010,568
Balances at December 31, 2021	1,374,545,501	-	1,374,545,501	2,465,066	50,894	250,984,668	1,628,046,129

The notes on pages 1 to 50 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 the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Cash flows from operating activities				
Income before income tax		217,679,627	104,114,812	79,570,943
Adjustments for:				
Depreciation and amortization	6, 20	61,751,372	61,285,334	61,270,709
Finance costs	18	29,438,870	64,054,226	68,727,061
Unrealized foreign exchange losses, net	22	55,318	11,175	60,375
Reversal of provision for asset retirement obligation	12	-	(1,056,902)	-
Provision for doubtful account of other receivable	4	-	1,944,096	-
Interest income	3, 4, 18	(277,078)	(662,181)	(2,110,459)
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)	-	-
Operating income before working capital changes		280,897,098	232,606,224	207,518,629
Changes in working capital:				
Trade and other receivables		(166,432,084)	(132,219,223)	(65,175,700)
Prepayments and other current assets		(6,942,596)	(158,182)	1,126,048
Other non-current assets		(3,790,634)	(306,840)	(308,357)
Trade payables and other liabilities		(17,741,987)	19,004,500	5,179,618
Net cash generated from operations		85,989,797	118,926,479	148,340,238
Interest received		277,078	662,181	2,110,459
Net cash provided by operating activities		86,266,875	119,588,660	150,450,697
Cash flows from an investing activity				
Additions to property, plant and equipment	6	-	-	(175,500)
Cash flows from financing activities				
Principal payment of lease liabilities	20	(955,048)	(87,598)	(235,236)
Interest payment on lease liabilities	20	(4,464,960)	(4,026,048)	(3,686,845)
Principal payment of loans from a bank	10	(31,611,570)	(61,363,636)	(122,727,273)
Interest payment on loans from a bank	10	(36,940,830)	(29,438,488)	(63,355,700)
Payment of share issuance costs	5	(35,017,592)	-	-
Net cash used in financing activities		(108,990,000)	(94,915,770)	(190,005,054)
Net (decrease) increase in cash and cash equivalents		(22,723,125)	24,672,890	(39,729,857)
Effects of exchange rate changes in cash and cash equivalents		-	-	-
Cash and cash equivalents at January 1		71,737,473	47,064,583	86,794,440
Cash and cash equivalents at December 31	3	49,014,348	71,737,473	47,064,583

The notes on pages 1 to 50 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 and for the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(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 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"*.

Prior to October 12, 2021, CREC (the "Parent Company") owns 100% of the Company in 2019 and 2020.

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.

The Company's ultimate parent company beginning May 17, 2018 is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On May 25, 2021, the Company's Board of Directors (BOD) and shareholder approved, among others, the following amendments to the Company's Articles of Incorporation (AOI): (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 2,400,000,000 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 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.

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

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 Securities Regulation Code ("SRC") Rule 68.

(b) 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 9, 2022.

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. Transco is the Company's sole customer for its sale of solar energy. As a result of assignment of Solar Energy Service Contract of the Clark Solar Plant to its Parent Company, the sale of solar energy business was terminated with the approval of the DOE. On December 24, 2021, the DOE approved the assignment effective December 25, 2021 (Note 15).

(b) Leasing

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

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 as at and for the year ended December 31, 2020 are attributable to this segment.

The segment assets, liabilities and results of operations of the reportable segments of the Company as at and for the year ended December 31, 2021 are as follows:

	Leasing	Sale of solar energy	Total
Revenue	17,773,892	334,519,230	352,293,122
Cost of services	(806,147)	(73,401,615)	(74,207,762)
Gross profit	16,967,745	261,117,615	278,085,360
Operating expense	(47,238,419)	(9,734,370)	(56,972,789)
Finance costs	(453,855)	(28,985,015)	(29,438,870)
Other income, net	-	26,005,926	26,005,926
Income (loss) before income tax	(30,724,529)	248,404,156	217,679,627
Income tax benefit (expense)	16,597,226	(8,396,910)	8,200,316
Net income for the year	(14,127,303)	240,007,246	225,879,943
Segment assets			
Current	35,664,371	109,451,075	145,115,446
Non-current	307,067,354	1,465,035,122	1,772,102,476
	342,731,725	1,574,486,197	1,917,217,922
Segment liabilities			
Current	940,077	107,865,668	108,805,745
Non-current	52,699,238	127,666,810	180,366,048
	53,639,315	235,532,478	289,171,793

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"*.

Difference in total assets and total liabilities under segment reporting and in the statements of financial position pertains to the deferred income tax asset of leasing segment and deferred tax liability of sale of solar energy amounting to P16,597,226 and P8,396,910, respectively, which were presented as deferred income tax assets, net amounting to P8,200,316 in the statements of financial position (Note 19).

Note 3 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash on hand	65,000	35,000
Cash in banks	10,783,402	12,763,953
Short-term placements	38,165,946	58,938,520
	49,014,348	71,737,473

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 0.087% to 1.00% (2020 - 1.23% to 1.85%).

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

	Note	2021	2020	2019
Interest income	18	246,942	662,181	2,075,226

Note 4 - Trade and other receivables, net

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

	Note	2021	2020
Current			
Trade receivables from TransCo		41,892,701	41,996,272
Due from related parties	11	-	216,908,961
Other receivable		1,944,096	1,944,096
Allowance for doubtful account of other receivable		(1,944,096)	(1,944,096)
		-	-
		41,892,701	258,905,233
Non-current			
Trade			
Receivables from TransCo		83,525,100	-
Lease receivables	11	2,456,998	-
		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 National Transmission Corporation (TransCo) fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%.

Details of interest income arising from late payments of TransCo are as follows:

	Note	2021	2020	2019
Interest income	18	30,136	-	35,233

Details of trade receivables from TransCo as at December 31 are as follows:

	Current	Non-current	Total
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
2020			
Trade receivables	41,996,272	-	41,996,272
Discount on receivables	-	-	-
	41,996,272	-	41,996,272

During 2020, the ERC issue 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 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 P12.74 million as at December 31, 2021.

There were no transactions that would warrant recognition of discount on trade receivables as at and for the year ended December 31, 2020.

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, 2021 and 2020, except for other receivable which has been fully provided for, is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature and all previous billings were collected in full.

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

Note 5 - Prepayments and other current assets

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

	2021	2020
Deferred share issuance costs	35,664,371	-
Input value-added tax (VAT)	12,081,806	9,435,619
Advances to suppliers	5,094,408	481,558
Prepaid taxes	906,900	1,430,404
Advances to employees	448,662	217,509
Others	12,250	36,340
	54,208,397	11,601,430

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

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

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

Prepaid taxes include overpayment of withholding taxes and income taxes.

Advances to employees represent unliquidated cash advances to employees 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, 2020, December 31, 2020 and 2021	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2020	250,999,718	8,427,780	10,000	15,808	259,453,306
Depreciation	55,914,483	3,204,430	13,333	27,100	59,159,346
December 31, 2020	306,914,201	11,632,210	23,333	42,908	318,612,652
Depreciation	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
Net book values					
December 31, 2021	1,301,476,070	29,640,317	3,333	65,492	1,331,185,212
December 31, 2020	1,357,382,763	32,845,408	16,667	92,592	1,390,337,430

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, 2021 and 2020.

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

	Notes	2021	2020	2019
Cost of services	16	59,111,784	59,118,913	59,118,913
Operating expenses	17	40,434	40,433	25,808
		59,152,218	59,159,346	59,144,721

In 2019, management assessed, based on internal evaluations, that they will be able to utilize the solar plant and equipment for up to 30 years and substation and transmission lines for up to 15 years from the start of commercial operation which is also aligned with industry practice. As such, the BOD approved the change in estimated useful life of solar plant and equipment from 23 years to 30 years and substation and transmission lines from 23 years to 15 years.

The change in estimated useful life is considered to be a change in accounting estimate accounted for prospectively by recognizing the effect of the change in the period of change and future periods until the end of the useful life. The net effect of the change in useful life is decrease in depreciation expense annually amounting to P12.74 million starting 2019 to 2031 and P15.95 million starting 2032 to 2040 and increase amounting to P55.91 million from 2041 to 2045.

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, 2021 and 2020.

Note 7 - Other non-current assets

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

	Note	2021	2020
Electric utility deposits		6,580,541	6,580,541
Security deposits	20	5,279,310	1,779,310
Restricted cash		905,831	615,197
		12,765,682	8,975,048

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. Electric utility and security deposits will be assigned to the Parent Company in 2022 in line with the assignment of SESC.

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

Note 8 - Investment properties, net

Details of investment properties as at December 31, 2021 are as follows:

	Freehold land asset	Leasehold land asset	Total
Cost			
January 1	-	-	-
Additions	234,545,502	53,940,794	288,486,296
December 31	234,545,502	53,940,794	288,486,296
Accumulated amortization			
January 1	-	-	-
Amortization	-	(473,166)	(473,166)
December 31	-	(473,166)	(473,166)
Net book values	234,545,502	53,467,628	288,013,130

The amounts recognized in the statements of total comprehensive income for the year ended December 31, 2021 related to the investment properties are as follows:

	Notes	Freehold land asset	Leasehold land asset	Total
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 P4,865,286 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, an entity under common control, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances valued at P229,680,216 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital (Note 14). These parcels of land are recognized in reference to its fair value.

The actual transfer and registration of the parcels of land to the Company's name were finalized on October 27, 2021.

The aggregate fair value of these parcels of land as determined by an independent appraiser as at October 31, 2021 amounted to P687,161,000. Management has assessed that there are no significant changes in the fair value of the parcels of land as at December 31, 2021 from the date of appraisal. 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 (Note 24.5).

The fair value is sensitive to the following unobservable inputs: (1) lease income growth rate (fixed and variable lease) which were 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.

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

Rental income earned in relation to these parcels of land for the year ended December 31, 2021 amounted to P9.68 million (Note 15). Expenses incurred in relation to these parcels of land for the year ended December 31, 2021 amounting to P0.30 million, P3.40 million and P2.32 million pertain to registration fees, local transfer tax and other fees are included as part of professional fees, outside services and taxes and licenses, respectively, under operating expenses in the statements of total comprehensive income (Note 17).

(b) Leasehold land assets

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 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 will sublease the land back to CST2. These 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.

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 asset would be grouped if this was owned by the Company.

Rental income earned in relation to these right-of use assets for the year ended December 31, 2021 amounted to P8.09 million (Note 15). Expenses incurred in relation to these parcels of land for the year ended December 31, 2021 amounting to P0.47 million and P0.45 million is related to amortization and interest expense recorded as part of cost of services and finance costs, respectively.

Note 9 - Trade payables and other liabilities

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

	Note	2021	2020
Trade payables - third parties		16,798,407	6,794,533
Due to government agencies		33,723,763	85,508,641
Accrued expenses		875,166	1,390,283
Interest payable	10	-	31,916,918
		51,397,336	125,610,375

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 (Note 18). The remaining balance of due to government agencies pertains to unpaid business taxes to a local government unit.

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

Note 10 - Loans payable

Details of loans payable as at December 31, 2020 consist of:

Development Bank of the Philippines

	Amount
Current	126,446,281
Non-current	909,809,551
	1,036,255,832

Movements in loans payable for the years ended December 31 are as follows:

	2021	2020
Principal amount		
January 1	1,043,181,818	1,104,545,454
Assignment of loan	(1,011,570,248)	-
Payments	(31,611,570)	(61,363,636)
December 31	-	1,043,181,818
Debt issuance cost		
January 1	(6,925,986)	(9,289,563)
Amortization	6,925,986	2,363,577
December 31	-	(6,925,986)
	-	1,036,255,832

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. As at December 31, 2020, the Company has complied with these covenants.

In March 2020, the Philippine government enacted the granting of a 30-day grace period for all loans with principal and/or interest falling due within the Enhanced Community Quarantine period without incurring interest on interest, penalties, fees and other charges pursuant to Republic Act No. 11649, also known as the *"Bayanihan to Heal as One Act"*. The Company availed of the deferral of its principal payment and interest due to DBP which in result spreads the deferred principal and interest amount to the remaining payments to be made for the remaining term of the loan. The impact of the deferral is not material hence no gain or loss on loan modification was recognized.

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

Details of finance costs including amortization of debt issuance cost for the years ended December 31 recognized in the statements of total comprehensive income are as follows:

	Note	2021	2020	2019
Finance costs	18	24,973,910	60,028,178	65,040,216

Movements in interest payable for the years ended December 31 are as follows:

	2021	2020	2019
January 1	31,916,918	3,690,805	3,975,000
Interest expense	18,047,924	57,664,601	63,071,505
Assumed by Parent Company	(13,024,012)	-	-
Interest payments	(36,940,830)	(29,438,488)	(63,355,700)
December 31	-	31,916,918	3,690,805

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 and for the years ended December 31 with related parties are as follows:

	Transactions			Outstanding balance Receivables (Payables)		
Related parties	2021	2020	2019	2021	2020	Terms and conditions
Parent Company						
Advances to	265,850,948	39,525,344	101,236,796	265,850,948	129,887,214	Refer to (a).
Assignment of loans payable	(1,011,570,248)	-	-	(377,493,612)	-	Refer to (b) and Note 10.
Assumed interest payable	(13,024,012)	-	-	(13,024,012)	-	See Note 10.
				(124,666,676)	129,887,214	
Issuance of shares	607,330,352	-	-	-	-	Refer to (c) and Note 10.
Entities under common control						
Lease income	17,773,892	-	-	2,456,998	-	Refer to (e) and Note 4.
Advances to	87,021,747	87,021,747	-	-	87,021,747	Refer to (a).
Issuance of shares	229,680,216	-	-	-	-	Refer to (c) and Note 10.

(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, 2020.

Details of net payable to the Parent Company as at December 31, 2021 are as follows:

	Amount
Current	56,144,929
Non-current	68,521,747
	124,666,676

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
Assignment of loan	10	1,011,570,248
Cash settlement	10	(31,611,570)
Subscription of shares	11 (c)	(602,465,066)
Ending amount subsequently classified as advances		377,493,612

(c) 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, 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, 2021 amounted to P0.84 million (December 31, 2020 and 2019 - 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 the years ended December 31, 2021 and 2020.

(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 Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.)

The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2021 amounting to P8.09 million (Note 15).

- Land property located in Brgy. Rizal, Silay City, Negros Occidental with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.)

  The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

- Land property located in Brgy. Talavera, Toledo City, Cebu with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.)

  The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

- Lease contract of the land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

  The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2021 amounting to P9.68 million (Note 15).

- Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

  On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment 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.

  In addition, 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 monthly lease payment for the lease agreements above is equivalent to the sum of fixed and variable lease rates.

The lease agreements commencing January 1, 2022 will result in the recognition of rental income on a straight-line basis over the lease term in the statements of total comprehensive income as these lease agreements are classified as operating leases and corresponding lease receivables under trade and other receivables in the statements of financial position, if any.

(f) Memorandum of agreement for future sale transaction

The Company entered into a memorandum of agreement with Citicore Solar South Cotabato, Inc. (CSSCI) (formerly nv vogt Philippine Solar Energy One, Inc.) and Citicore Solar Bulacan, Inc. (CSBI) (formerly Bulacan Solar Energy Corporation), entities under common control, for the future sale of land properties owned by CSSCI and CSBI to the Company.

This will result in the recognition of investment properties in the statements of financial position for the land properties that will be acquired.

(g) Memorandum of agreement for future lease agreement

The Company entered into a memorandum of agreement with CSSCI and CSBI for the subsequent lease of land properties owned by CSSCI and CSBI 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 will be classified as operating leases in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position, if any, upon the consummation of the agreement.

(h) Property management fee

On August 9, 2021 the Company entered into a property management agreement with Citicore Property Managers, Inc. (CPMI) for property management services of the Company. 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.

(i) Fund management fee

On July 26, 2021, the Company entered into a fund management agreement with Citicore Fund Managers, Inc. (CFMI) for the fund management services of the Company. 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.

Property management and fund management agreement shall commence in 2022 aligned with the date of Company's listing to PSE.

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, 2021 from the date of actuarial valuation.

The retirement benefit obligation recognized in the statement of financial position as at December 31, 2021 amounted to P314,672 (2020 - P2,915,664).

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 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, 2021 is 17.8 years (2020 - 18.3 years).

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, with all other assumptions held constant.

	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
December 31, 2021			
Discount rate	+/-1.00%	(0.03 million)	0.04 million
Salary increase rate	+/-1.00%	0.04 million	(0.03 million)
December 31, 2020			
Discount rate	+/-1.00%	(1.02 million)	0.01 million
Salary increase rate	+/-1.00%	0.69 million	(0.56 million)

Expected maturity analysis of undiscounted retirement benefits 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 Company's share capital as at December 31 consists of:

	2021		2020	
	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	-	-
Common class A - P1 par value	-	-	7,291,011	7,291,011
Common class B - P13.5 par value	-	-	4,856,985	65,569,298
Redeemable preference shares A - P27 par value	-	-	1,729,922	46,707,894
Redeemable preference shares B - P364.5 par value	-	-	1,153,448	420,431,796
	15,360,000,000	3,840,000,000	15,031,366	539,999,999
Issued and outstanding				
Common shares - P0.25 par value	5,498,182,004	1,374,545,501	-	-
Common class A - P1 par value	-	-	7,291,011	7,291,011
Common class B - P13.5 par value	-	-	4,856,985	65,569,298
Redeemable preference shares A - P27 par value	-	-	1,729,922	46,707,894
Redeemable preference shares B - P364.5 par value	-	-	1,153,448	420,431,796
	5,498,182,004	1,374,545,501	15,031,366	539,999,999

The changes in the number of shares for the years ended December 31 are as follows:

	2021					2020			
Par value	Common P0.25	Common class A P1	Common class B P13.5	Preference A P27	Preference B P364.5	Common class A P1	Common class B P13.5	Preference A P27	Preference B P364.5
Authorized share capital									
January 1	-	7,291,011	4,856,985	1,729,922	1,153,448	7,291,011	4,856,985	1,729,922	1,153,448
Reclassification to one class common shares (a)	13,877,918	(7,291,011)	(4,856,985)	(1,729,922)	(1,153,448)	-	-	-	-
Change in par value and increase in authorized share capital (a)	2,146,122,076	-	-	-	-	-	-	-	-
Increase in authorized share capital (a)	13,200,000,006	-	-	-	-	-	-	-	-
December 31	15,360,000,000	-	-	-	-	7,291,011	4,856,985	1,729,922	1,153,448
Issued and outstanding									
January 1	-	7,291,011	4,856,985	1,729,922	1,153,448	7,291,011	4,856,985	1,729,922	1,153,448
Reclassification to one class common shares (a)	13,877,918	(7,291,011)	(4,856,985)	(1,729,922)	(1,153,448)	-	-	-	-
Change in par value and increase in authorized share capital (a)	2,146,122,076	-	-	-	-	-	-	-	-
Issuance of new shares (b.i and b.ii)	3,338,182,010	-	-	-	-	-	-	-	-
December 31	5,498,182,004	-	-	-	-	7,291,011	4,856,985	1,729,922	1,153,448

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 11). 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 P4,865,286. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

On the same date, CST1 entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P229,680,216. CST1 hereby assigns several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

These parcels of land were recognized as investment properties as at December 31, 2021 (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 CREC and CST1 (Note 1).

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. 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 P125.42 million as at December 31, 2021 (2020 - P42.00 million) (Note 4).

As a result of assignment of Solar Energy Service Contract of the Clark Solar Plant to its Parent Company, the sale of solar energy business 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 year ended December 31, 2021 as follows:

Land properties	Note	Amount
Freehold land assets		
Brgy. Armenia, Tarlac City, Tarlac		9,681,801
Leasehold land assets		
Brgy. Dalayap, Tarlac City, Tarlac		8,092,091
	11	17,773,892

Note 16 - Cost of services

The components of cost of services for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Depreciation and amortization	6, 20	61,710,938	61,244,901	61,244,901
Utilities		4,500,169	4,933,938	5,051,365
Repairs and maintenance		3,846,766	1,023,368	3,233,916
Outside services		3,511,285	3,711,108	7,360,805
Insurance		1,599,934	1,657,448	2,152,889
Salaries and wages		934,099	1,843,562	1,440,549
Taxes and licenses		610,854	17,281,122	17,784,779
Retirement benefit (income) expense	13	(2,550,098)	2,915,664	-
Others		43,815	12,462	106,772
		74,207,762	94,623,573	98,375,976

Note 17 - Operating expenses

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Taxes and licenses		29,202,654	4,340,315	1,775,610
Professional fees		20,142,435	41,500	181,020
Outside services		3,904,095	-	-
Dues and subscriptions		1,188,968	949,262	674,390
Directors' fees	11	842,105	-	-
Transportation and travel		211,306	197,253	171,359
Repairs and maintenance		191,023	146,405	21,401
Communication, light and water		107,442	138,214	123,717
Charitable contributions		100,000	126,000	105,000
Depreciation	6	40,434	40,433	25,808
Bank charges		27,828	7,912	188,259
Provision for doubtful accounts	4	-	1,944,096	-
Others		1,014,499	56,569	120,267
		56,972,789	7,987,959	3,386,831

Portion of taxes and licenses, professional fees and outside services amounting to P22.73 million, P19.76 million and P3.90 million, respectively, pertains to costs for the listing and offering of the Company's shares to the public.

Note 18 - Other income, net; finance costs

The components of other income, net for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Gain on compromise settlement of due to government agencies	9	25,200,913	-	-
Interest income	3, 4	277,078	662,181	2,110,459
Reversal of asset retirement obligation	12	-	1,056,902	-
Foreign exchange losses, net	22	(55,492)	(15,321)	(60,375)
Others		583,427	-	-
		26,005,926	1,703,762	2,050,084

The components of finance costs for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Interests on loans payable from DBP	10	24,973,910	60,028,178	65,040,216
Interests on lease liabilities	20	4,464,960	4,026,048	3,686,845
		29,438,870	64,054,226	68,727,061

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.

The income tax benefit for the year ended December 31, 2021 pertains only to deferred income tax benefit amounting to P8,200,316 (2020 and 2019 - nil).

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Company’s ability to generate taxable income in the future within the carry-over period of its unused tax losses. Management has considered this in reaching its conclusion not to recognize the deferred income tax assets in relation to sale of solar energy segment for the year ended December 31, 2020. In addition, the Company is still subject to ITH for the years ended December 31, 2021 and 2020 until October 15, 2022.

However, using the same considerations, the Company recognized certain deferred income tax assets in relation to both its sales 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 it arise follow:

	Amount
Lease income segment under regular corporate income tax (RCIT) rate	
Deferred income tax assets - to be recovered beyond 12 months	
Net operating loss carryover (NOLCO)	17,168,553
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	42,922
	17,211,475
Deferred income tax liability - to be settled beyond 12 months	
Excess of rental income based on straight-line recognition of rent over actual rental	(614,249)
	16,597,226
Sale of solar energy under special tax rate	
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)
	(8,396,910)
	8,200,316

The Company's unrecognized deferred income tax assets in relation to sale of solar energy segment as at December 31 arise from the following temporary differences:

	2021	2020
Accrued expenses	33,620,012	85,485,864
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	3,510,809	2,038,390
Provision for doubtful accounts	1,944,096	1,944,096
Retirement benefit obligation	314,672	2,915,664
Unrealized foreign exchange loss	55,318	11,175
	39,444,907	92,395,189
Tax rate	10%	10%
	3,944,491	9,239,519

The details of the Company's NOLCO as at December 31 are as follows:

Year of incurrence	Year of expiration	2021	2020
2018	2021	-	9,966,459
2021	2026	68,674,211	-
Total		68,674,211	9,966,459
Applied		-	(9,966,459)
		68,674,211	-
		25%	30%
		17,168,553	-

Where higher than normal income tax, the Company is required to pay MCIT equal to 2% of gross income as required by the Tax Reform Act of 1997 for other operating income. This amount may separately be offset against normal income tax liabilities for the three (3) immediately succeeding taxable years. During 2017, the Company incurred MCIT amounting to P72,283 which expired on December 31, 2020.

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:

	2021			2020	2019
	RCIT	Special rate	Total	Special rate	Special rate
Income tax at statutory tax rate	(7,681,132)	24,840,416	17,159,284	10,411,481	7,957,094
Income tax effects of:					
Deductible expenses recognized as asset	(8,916,094)	-	(8,916,094)	-	-
Non-deductible expenses	-	346,062	346,062	27,599	88,271
Interest income subject to final tax	-	(27,708)	(27,708)	(66,218)	(207,523)
Non-taxable income due to ITH	-	(11,471,921)	(11,471,921)	(11,742,155)	(5,307,253)
Movement of unrecognized deferred income tax assets	-	(5,289,939)	(5,289,939)	1,369,293	(2,530,589)
	(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, 2021 (2020 - P1.78 million) (Note 7). These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term. The impact of discounting is deemed to be immaterial.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) During 2021, the Company entered into various lease contracts, as a lessee, with third parties as follows:

- Assignment of lease contract of a land property located in Brgy. Talavera, Toledo City, Cebu by CSCI, an entity under common control, with a third party, to the Company;
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2, an entity under common control (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, an entity under common control.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that will be held by the lessor. Leased assets may not be used as security for borrowing purposes.

No right-of-use assets and lease liabilities was recognized as at December 31, 2021 for land property located in Brgy. Talavera, Toledo City, Cebu and land property in Brgy. Rizal, Silay City, Negros Occidental since the earliest commencement date of the lease contracts is on January 1, 2022.

For land properties located in Brgy. Dalayap, Tarlac City, Tarlac, the Company has recognized right-of-use asset and lease liabilities on November 1, 2021 in the statements of financial position amounting to P53.94 million.

Amounts recognized in the statements of financial position

Details of right-of-use asset, net and movements in the account as at and for the years ended December 31 are as follows:

	Note	2021	2020
Cost			
December 31, 2020 and 2021		43,937,092	43,937,092
Accumulated amotion			
January 1		4,251,976	2,125,988
Amortization	16	2,125,988	2,125,988
December 31		6,377,964	4,251,976
Net book value		37,559,128	39,685,116

Investment properties held by the Company as a right-of-use asset measured initially at its cost in accordance with PFRS 16 as at December 31, 2021 are as follows:

	Notes	Amount
Land properties - Brgy. Dalayap, Tarlac City, Tarlac		
Cost		53,940,794
Accumulated amortization	16	(473,166)
	8	53,467,628

Details of the lease liabilities as at December 31 are as follows:

	2021	2020
Current	1,263,480	294,139
Non-current	103,132,719	51,060,996
	104,396,199	51,355,135

Movements in lease liabilities for the years ended December 31 are as follows:

	Note	2021	2020
January 1		51,355,135	51,431,558
Additions	8	53,940,794	-
Principal payments		(955,048)	(87,598)
Interest payments		(4,464,960)	(4,026,048)
Interest expense	8, 18	4,464,960	4,026,048
Translation difference		55,318	11,175
December 31		104,396,199	51,355,135

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	2021	2020	2019
Amortization expense	8, 16	2,599,154	2,125,988	2,125,988
Interest expense	8, 18	4,464,960	4,026,048	3,686,845
Translation difference		55,318	11,175	60,375
		7,119,432	6,163,211	5,873,208

The total cash outflows for the years ended December 31 for the lease agreements are as follows:

	2021	2020	2019
Payment of principal portion of lease liabilities	955,048	87,598	235,236
Payment of interest on lease liabilities	4,464,960	4,026,048	3,686,845
	5,420,008	4,113,646	3,922,081

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:

	2021	2020	2019
Net income	225,879,943	104,114,812	79,570,943
Weighted average number of common shares	2,772,000,029	2,772,000,029	2,772,000,029
Basic and diluted EPS	0.08	0.04	0.03

Weighted average number of common shares is calculated as follows:

	Number of shares	Ratio	Weighted number of shares
Beginning	2,159,999,994	1.00	2,159,999,994
Issuance of shares	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 for all the periods presented.

The Company has no potential dilutive common shares for the years ended December 31, 2021 and 2020. Therefore, basic and diluted EPS are the same.

Note 22 - Financial risk and capital management and fair value estimation

22.1 Financial risk management

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

22.1.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Security price is deemed not applicable since the Company has no debt or equity instruments traded in an active market. The management of these risks is discussed as follows:

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates 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, 2021 (2020 - P1.04 billion) (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, 2021 refers to a portion of lease liabilities amounting to US$20,052 (2020 - US$20,392) with Philippine Peso equivalent of P1.02 million (2020 - P0.98 million).

Details of foreign exchange losses, net for the years ended December 31 are as follows:

	Note	2021	2020	2019
Unrealized losses, net		55,318	11,175	60,375
Realized losses, net		174	4,146	-
	18	55,492	15,321	60,375

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	2021	2020	2019
Cash and cash equivalents*	3	48,949,348	71,702,473	47,033,583
Trade and other receivables	4	129,818,895	260,849,329	128,630,106
Electric utility deposits	7	6,580,541	6,580,541	6,580,541
Security deposits	7	5,279,310	1,779,310	1,779,310
Restricted cash	7	905,831	615,197	308,357
		191,533,925	341,526,850	184,331,897

**excluding cash on hand*

Credit quality of financial assets

(i) Cash and cash equivalents and restricted cash in bank

Cash deposited/placed in banks are considered stable as the banks qualify as universal and commercial banks as defined by the Philippine Banking System and are approved by the BOD to minimize credit risk. The amounts deposited in these banks are disclosed in Notes 3 and 7. 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, 2021 and 2020.

(iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there was no history of default and these are collectible upon termination of or at the end of the term of the agreements. The expected credit loss is determined to be immaterial by management.

22.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
December 31, 2021				
Trade payables and other liabilities*	9	-	17,673,573	-
Due to a related party	11	56,144,929	-	68,521,747
Interest**		-	7,579,060	85,887,552
Lease liabilities	20	-	1,263,480	103,132,719
		56,144,929	26,516,113	257,542,018
December 31, 2020				
Trade payables and other liabilities*	9	-	40,101,734	-
Loans payable	10	-	126,446,281	909,809,551
Interest**		-	28,985,465	48,733,444
Lease liabilities	20	-	294,139	51,060,996
		-	195,827,619	1,009,603,991

**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 equity, which comprises 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 net debt reconciliation and gearing ratio as at December 31 are presented below:

	Notes	2021	2020
Loans payable, January 1	10	1,036,255,832	1,095,255,891
Cash flows		(31,611,570)	(61,363,636)
Non-cash movement	10	(1,004,644,262)	2,363,577
Loans payable, December 31	10	-	1,036,255,832
Cash and cash equivalents	3	(49,014,348)	(71,737,473)
Net (asset) debt		(49,014,348)	964,518,359
Total equity		1,628,046,129	565,104,724
Net gearing ratio		(0.03):1	1.70:1

Non-cash movement pertains to the amortization of debt issuance cost and assignment of loans payable (Note 10).

22.3 Fair value estimation

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, other non-current assets, trade payables and other liabilities (excluding due to government agencies), due to a related party, loans payable and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair values of other non-current assets, non-current portion of trade receivables, lease liabilities and non-current portion of loans payable are close to market rates. The fair value of the non-current portion of due to a related party 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, 2021 and 2020, 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 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.

In 2019, the BOD approved the change in the estimated useful life of the substation and transmission lines and solar plant and equipment from 23 years to 15 years and 30 years, respectively. The net effect of the change in useful life is disclosed in Note 6.

If the actual useful lives of these assets are prolonged or shortened by five (5) years, income before tax for the years ended December 31 would be as follows:

	Impact on income before tax Increase (Decrease)		
	2021	2020	2019
Prolonged by 5 years	P 8.91 million	P8.92 million	P8.90 million
Shortened by 5 years	(P13.03 million)	(P13.03 million)	(P13.04 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.

(d) Retirement benefit obligation

The present value of the defined benefit obligation depends on a number of factors that are determined using a number of assumptions. The assumptions used include discount rate and salary increase rate. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligation. Details of retirement benefit obligation and the related sensitivity analysis are disclosed in Note 13.

23.2 Critical judgments in applying the Company's accounting policies

(a) Recoverability of non-financial assets

The Company's non-financial assets such as property, plant and equipment and investment properties are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use. Management believes that there are no indications that the carrying amount of non-financial assets may not be recoverable. Details of property, plant and equipment and investment properties are disclosed in Notes 6 and 8, respectively.

(b) Critical judgment in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Company's lease 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 (Note 12). No asset retirement obligation was recognized in 2021.

(d) Income taxes

Significant judgment is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The 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.

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, amendments to existing standards and interpretations adopted by the Company

No new standards, amendments to existing standards or interpretations, that are effective beginning January 1, 2021, are expected to have a material impact on the Company's financial statements.

(b) New standards, amendments to existing standards and interpretations not yet adopted by the Company

A number of new standards, amendments to existing standards and interpretations are effective for the Company's annual periods after January 1, 2021 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these are expected to be relevant and have an effect on the financial statements of the Company, while the most relevant ones are set out as follows:

- Classification of Liabilities as Current or Non-current - Amendments to PAS 1 (effective January 1, 2023). The amendments affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments:
    - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the 'right' to defer settlement by at least 12 months and make explicit that only rights in place 'at the end of the reporting period' should affect the classification of a liability;
    - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
    - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are not expected to have a material impact on the Company's classification of liabilities. The amendments provided clear guidance which will support the Company's assessment.

- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to PAS 37 (effective January 1, 2022). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are not expected to have a material impact on the Company's financial statements.

No other standards, amendments to existing standards or interpretations, that are effective after January 1, 2021, are expected to have a material impact on the Company's financial statements.

24.2 Cash and cash equivalents; Restricted cash

Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of changes in value and bank overdrafts.

Restricted cash is subject to regulatory restrictions and therefore not available for general use of the Company. This is classified as non-current asset as this is expected to be collected more than 12 months after the end of the reporting period.

Other relevant policies are disclosed in Note 24.4.

24.3 Trade and other receivables

Trade receivables 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, 2021 and 2020.

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), 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 less 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, 2021 and 2020.

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.

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.

<u>Company as a lessor</u>

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term except for variable rent which is recognized when earned.

24.19 Related party relationships and transactions

(a) Related party relationship

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel or directors.
In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

24.20 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income through profit or loss.

24.21 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

24.22 Earnings per share

Basic EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, after considering impact of any share dividends, share splits or reverse share splits during the period. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

The number of ordinary or potential ordinary shares changes as a result of a share split or reverse share split are applied retrospectively and adjust the calculation of basic and diluted EPS for all periods presented. This applies regardless of whether the change occurred during the reporting period or after the end of the period before the financial statements are authorized for issue.

24.23 Events after the reporting period

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

24.24 Reclassification and correction of errors

The Company adjusted its statements of cash flows to correct cash outflow arising from interest payments on loans from a bank by an increase amounting to P3.57 million for the year ended December 31, 2019.

The impact of the correction of error in the statements of cash flows for the year ended December 31, 2019 are as follows:

	Previously reported balances	Adjustments	Adjusted balances
Cash flows from operating activities	146,877,159	3,573,539	150,450,698
Cash flows from financing activities	(186,431,516)	(3,573,539)	(190,005,055)

The opening balances of assets, liabilities and equity as at December 31, 2020 and 2019 in the statement of financial position were not presented since the reclassification did not have any impact on the previously reported balances. The reclassification also did not impact previously reported financial position, net income and retained earnings.

Note 25 - Impact of COVID-19

In the worldwide context of COVID-19 pandemic disease and unprecedented crisis that started in the first quarter of 2020, the Philippine Government has taken measures which caused disruptions to businesses and economic activities, and its impact continues to evolve.

In 2020, the government enacted the Republic Act No. 11649, also known as the *"Bayanihan to Heal as One Act"* providing relief to loan payments, interest and penalties thereon. The Company availed of this relief which resulted in the deferral of its principal payment and interest on its loans payable to DBP. This, in effect, spreads the deferred principal and interest amount to the remaining payments to be made throughout the term of the loan.

Aside from the deferral of the principal and interest on loans payable, the Company incurred additional expenses due to the quarantine and social distancing measures required by the Philippine Government. Based on the management's assessment, the COVID-19 pandemic had no other significant impact in the Company's financial statements as at and for the year ended December 31, 2021.

The Company's financial statements as at and for the year ended December 31, 2021 have been prepared applying the going concern principle. The management of the Company is not aware of any other significant uncertainties arising after the December 31, 2021 that would have any impact on its ability to continue as going concern. The Company is continuously monitoring the situation.

Note 26 - 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	351,930,501	-
Vatable sales	-	-
Total	351,930,501	-

Revenues presented above are based on net receipts from sale of energy for VAT reporting purposes while revenues in the statement of total comprehensive income are based on revenue recognition policy per Note 24.14. Under the Renewable Energy Act of 2008, registered developers of renewable energy projects in the Philippines benefit from a zero-rated VAT on the sale of electricity to off takers. In addition, the gross receipts from the rental of real properties on its leasing business shall be subject to VAT.

(b) Input VAT

Movements in input VAT for the year ended December 31, 2021 follow:

	Amount
January 1	9,435,619
Add: Current year's domestic purchases of services	2,649,746
December 31	12,085,365

(c) Importations

The Company did not have importations during the year ended December 31, 2021.

(d) Excise tax

There were no transactions subject to excise tax for the year ended December 31, 2021.

(e) Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2021 amounted to P448,783 for insurance and surety bond contracts and share issuance costs. The amount is recorded as part of taxes and licenses account under operating expenses in the statements of total comprehensive income.

(f) Withholding taxes

Withholding taxes paid and accrued for the year ended December 31, 2021 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	52,786	4,045	56,831
Expanded withholding tax	516,715	82,484	599,199
	569,501	86,529	656,030

(g) All other local and national taxes

	Amount
License and permit fees	1,413,174
Gross receipts tax on loan payments	643,257
Local government tax	823,828
Energy regulations tax	216,582
Local business tax	26,686
	3,123,527

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.

(h) Tax assessments and cases

The Company has received letters of authority (LOAs) from the BIR for taxable years 2018 and 2017. These assessments were finalized and paid during 2021 through settlement of tax deficiencies and interests amounting to P351,219 and P2,932,393 for taxable years 2018 and 2017, respectively.

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, 2021.

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, 2021

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of the Financial Statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator

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

Schedule A - Financial Assets
December 31, 2021

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash in banks			
BDO Unibank, Inc.	-	8,299,214	5,765
Development Bank of the Philippines	-	1,790,511	12,297
Security Bank Corporation	-	693,677	600
Short-term placements			
Development Bank of the Philippines	-	38,165,946	228,280
Cash on hand	-	65,000	-
Total cash and cash equivalents	-	49,014,348	246,942
Trade and other receivables	-	127,874,799	30,136
Electric utility deposits	-	6,580,541	-
Security deposits	-	5,279,310	-
Restricted cash	-	905,831	-
Total financial assets	-	189,654,829	277,078

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, 2021

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
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Renewable Energy Corporation	129,887,214	135,963,734	-	-	-	-	265,850,948
Citicore Power, Inc.**	87,021,747	-	(87,021,747)	-	-	-	-
Total due from related parties	216,908,961	135,963,734	(87,021,747)	-	-	-	265,850,948
Trade receivables							
Citicore Solar Tarlac 1, Inc.	-	9,681,801	(8,195,034)	-	-	1,486,767	1,486,767
Citicore Solar Tarlac 2, Inc.	-	8,092,091	(7,121,860)	-	-	970,231	970,231
Total trade receivables	-	17,773,892	(15,316,894)	-	-	2,456,998	2,456,998
Total receivables from related parties	216,908,961	153,737,626	(102,338,641)	-	-	2,456,998	268,307,946

**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, 2021.*

***During 2021, the Company offset the intercompany receivables (except lease receivables) with intercompany payables and consolidated the ending balance to the Parent Company.*

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, 2021

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, 2021

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet	Notes
N/A	N/A	N/A	N/A	N/A

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

Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2021

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, 2021

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

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

Schedule G - Share Capital
December 31, 2021

Title of issue	Number of authorized shares	Number of issued and outstanding	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common shares	15,360,000,000	5,498,182,004	N/A	5,498,181,996	8	N/A

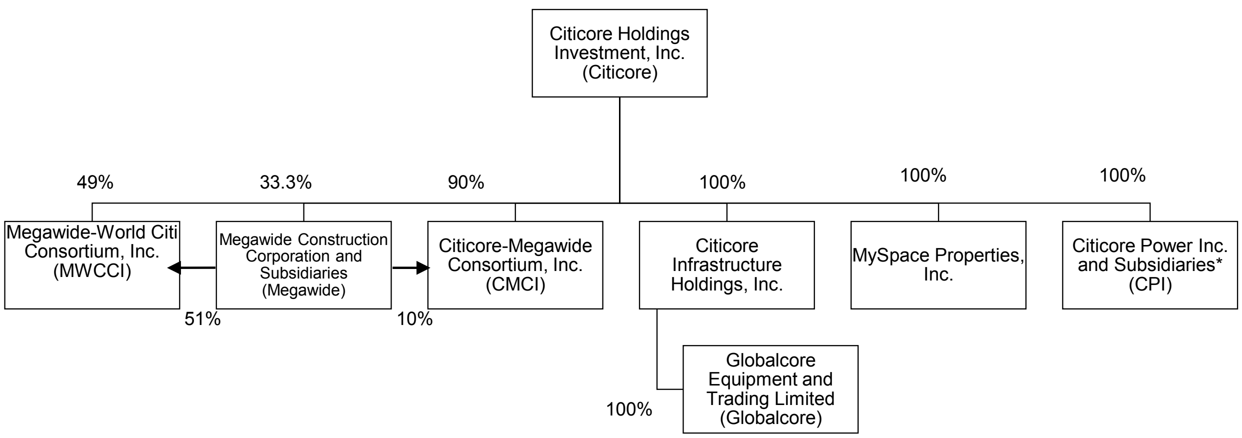
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2021
(All amounts in Philippine Peso)

Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning		25,104,725
Add : Net income actually earned during the period		
Net income during the period closed to retained earnings	225,879,943	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		225,879,943
Add (Less):		
Dividends declarations during the period	-	
Appropriations of retained earnings during the period	-	
Reversal of appropriation	-	
Effect of prior period adjustments	-	
Treasury shares	-	-
Unappropriated retained earnings available for dividend declaration, ending		250,984,668

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

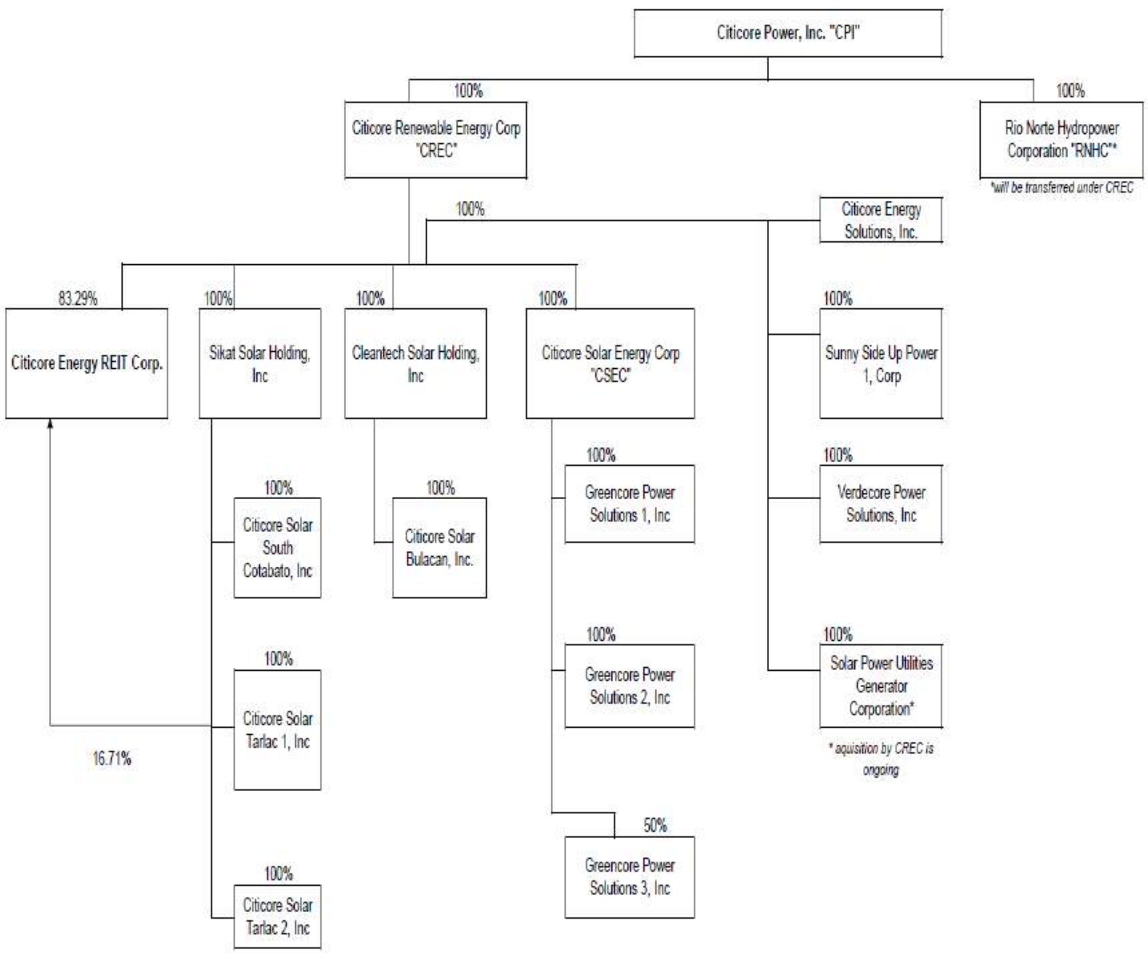
A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2021



**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)
December 31, 2021



Note: The table above is not an exclusive enumeration of the subsidiaries of CPI.

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

Schedule of Financial Soundness Indicator
As at and for the years ended December 31, 2021 and 2020

	2021	2020
Current ratio[a]	1.33x	1.36x
Acid test ratio[b]	0.84x	1.31x
Solvency ratio[c]	-	0.22x
Debt-to-equity ratio[d]	-	1.83x
Asset-to-equity ratio[e]	1.17x	3.15x
Interest rate coverage ratio[f]	9.61x	3.56x
Debt service coverage ratio[g]	9.21x	1.19x
Net debt/ EBITDA[h]	(0.17)x	4.23x
Earnings per share (Php)[i]	0.08	0.04
Book value per share[j]	0.30	8.06
Return on assets[k]	12.24%	6.00%
Return on equity[l]	20.60%	20.29%
Net profit margin[m]	64.12%	38.69%

[a] Current assets/current liabilities
[b] Cash and cash equivalents + Trade and other receivables, net/Current liabilities
[c] Net operating profit after tax + depreciation and amortization/Loans payable
[d] Loans payable/ Total equity
[e] Total assets/ Total equity
[f] Earnings before interest, taxes, depreciation and amortization/Interest expense
[g] Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities
[h] Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization
[i] Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares
[j] Total equity less Preferred Equity/Total number of shares outstanding
[k] Net income attributable to owners of the Company/Average total assets
[l] Net income attributable to owners of the Company/Average total equity
[m]Net income/Revenue

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	0	1	0	7	8	0

COMPANY NAME

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

PRINCE BALAGTAS AVENUE EXTENSION CLARK FREEPORT ZONE PAMPANGA

Form Type	Department requiring the report	Secondary License Type, if Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
msercado@crec.com.ph	02-8255-4600	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
7 (seven)	1st Monday of April	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Marie Arcie Anne M. Sercado	msercardo@crec.com.ph	02-8255-4600	09478905921

CONTACT PERSON's ADDRESS

11/F, SANTOLAN TOWN PLAZA, 276 COL. BONNY SERRANO AVE., SAN JUAN CITY

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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.

E P R R I

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Enfinity Philippines Renewable Resources Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

PwC, Isla Lipana & Co., the independent auditor, appointed by the shareholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

EDGAR B. SAAVEDRA
Chairman

OLIVER Y. TAN
President

MANUEL LOUIE B. FERRER
Treasurer

Signed this 7th day of March 2021

Gmail ENFINITY RENEWABLE <eprri2010@gmail.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, Apr 30, 2021 at 9:37 AM
To: EPRRI2010@gmail.com
Cc: KIMBERLY.ROVERO0724@gmail.com

Hi ENFINITY PHILIPPINES RENEWABLE RESOURCES INC,

Valid files

- EAFS007813849RPTTY122020.pdf
- EAFS007813849ITRTY122020.pdf
- EAFS007813849AFSTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-76EH6JGK099KC966FMY2N2X420N4WSNXYS**
Submission Date/Time: **Apr 30, 2021 09:37 AM**
Company TIN: **007-813-849**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholder of
Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Enfinity Philippines Renewable Resources Inc. (the "Company") as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at December 31, 2020;
- the statement of total comprehensive income for the year ended December 31, 2020;
- the statement of changes in equity for the year ended December 31, 2020;
- the statement of cash flows for the year ended December 31, 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholder of
Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Page 3

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.

Other Matter

The financial statements as at and for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2020.

Report on the Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit 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.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.
P.T.R. No.
SEC A.N. (individual) as general auditors
SEC A.N. (firm) as general auditors

T.I.N.
BIR A.N.
BOA/PRC Reg. No.

Makati City
March 9, 2021

Isla Lipana & Co.

Statement Required by Rule 68,
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. (the "Company") as at and for the year ended December 31, 2020, on which we have rendered the attached report dated March 9, 2021.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary, the Company has only one (1) shareholder owning one hundred (100) or more shares as at December 31, 2020.

Isla Lipana & Co.

[redacted]

Pocholo C. Domondon
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted]
SEC A.N. (individual) as general auditors [redacted]
SEC A.N. (firm) as general auditors [redacted]
T.I.N. [redacted]
BIR A.N. [redacted]
BOA/PRC Reg. No. [redacted]

Makati City
March 9, 2021

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statement of Financial Position
As at December 31, 2020
(With comparative figures as at December 31, 2019)
(All amounts in Philippine Peso)

	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	2	71,737,473	47,064,583
Trade and other receivables, net	3	258,905,233	128,630,106
Prepayments and other current assets	4	11,601,430	11,443,248
Total current assets		342,244,136	187,137,937
Non-current assets			
Property, plant and equipment, net	5	1,390,337,430	1,449,496,776
Right-of-use asset, net	18	39,685,116	41,811,104
Other non-current assets	6	8,975,048	8,668,208
Total non-current assets		1,438,997,594	1,499,976,088
Total assets		1,781,241,730	1,687,114,025
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	7	125,610,375	78,379,762
Loans payable	8	126,446,281	120,913,719
Lease liabilities	18	294,139	21,201
Total current liabilities		252,350,795	199,314,682
Non-current liabilities			
Loans payable, net of current portion	8	909,809,551	974,342,172
Lease liabilities, net of current portion	18	51,060,996	51,410,357
Retirement benefit obligation	11	2,915,664	-
Other non-current liability	10	-	1,056,902
Total non-current liabilities		963,786,211	1,026,809,431
Total liabilities		1,216,137,006	1,226,124,113
Equity			
Share capital	12	539,999,999	539,999,999
Retained earnings (Deficit)		25,104,725	(79,010,087)
Total equity		565,104,724	460,989,912
Total liabilities and equity		1,781,241,730	1,687,114,025

The notes on pages 1 to 33 are integral part of these financial statements.

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statement of Total Comprehensive Income
For the year ended December 31, 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso

	Notes	2020	2019
Revenues	13	269,076,808	248,010,727
Cost of services	14	(94,623,573)	(98,375,976)
Gross profit		174,453,235	149,634,751
Operating expenses	15	(7,987,959)	(3,386,831)
Income from operations		166,465,276	146,247,920
Finance costs	8, 18	(64,054,226)	(68,727,061)
Other income, net	16	1,703,762	2,050,084
Income before income tax		104,114,812	79,570,943
Income tax expense	17	-	-
Net income for the year		104,114,812	79,570,943
Other comprehensive income for the year		-	-
Total comprehensive income for the year		104,114,812	79,570,943

The notes on pages 1 to 33 are integral part of these financial statements.

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statement of Changes in Equity
For the year ended December 31, 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Common shares (Note 12)	Preference shares (Note 12)	Total share capital (Note 12)	Retained earnings (Deficit)	Total
Balances at January 1, 2019	72,860,309	467,139,690	539,999,999	(158,581,030)	381,418,969
Comprehensive income					
Net income for the year	-	-	-	79,570,943	79,570,943
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	79,570,943	79,570,943
Balances at December 31, 2019	72,860,309	467,139,690	539,999,999	(79,010,087)	460,989,912
Comprehensive income					
Net income for the year	-	-	-	104,114,812	104,114,812
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	104,114,812	104,114,812
Balances at December 31, 2020	72,860,309	467,139,690	539,999,999	25,104,725	565,104,724

The notes on pages 1 to 33 are integral part of these financial statements.

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statement of Cash Flows
For the year ended December 31, 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Notes	2020	2019
Cash flows from operating activities			
Income before income tax		104,114,812	79,570,943
Adjustments for:			
Finance costs	8, 18	64,054,226	68,727,062
Depreciation and amortization	5, 18	61,285,334	61,270,709
Retirement benefit expense	11	2,915,664	-
Provision for doubtful accounts	3	1,944,096	-
Unrealized foreign exchange losses, net	19	11,175	60,375
Interest income	2, 3	(662,181)	(2,110,459)
Reversal of provision for asset retirement obligation	10	(1,056,902)	-
Operating income before working capital changes		232,606,224	207,518,630
Changes in working capital:			
Trade and other receivables		(132,219,223)	(65,175,700)
Prepayments and other current assets		(158,182)	1,126,048
Trade payables and other liabilities		19,004,500	1,606,079
Other non-current assets		(306,840)	(308,357)
Net cash generated from operations		118,926,479	144,766,700
Interest received		662,181	2,110,459
Net cash provided by operating activities		119,588,660	146,877,159
Cash flow from an investing activity			
Additions to property, plant and equipment	5	-	(175,500)
Cash flows from financing activities			
Principal payment of lease liabilities	18	(87,598)	(235,237)
Interest payment on lease liabilities	18	(4,026,048)	(3,686,845)
Interest payment on loans	8	(29,438,488)	(59,782,161)
Principal payment of loans	8	(61,363,636)	(122,727,273)
Net cash used in financing activities		(94,915,770)	(186,431,516)
Net increase (decrease) in cash and cash equivalents		24,672,890	(39,729,857)
Cash and cash equivalents at January 1		47,064,583	86,794,440
Cash and cash equivalents at December 31	2	71,737,473	47,064,583

The notes on pages 1 to 33 are integral part of these financial statements.

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Notes to the Financial Statements
As at and for the year ended December 31, 2020
(With comparative figures and notes as at and for the year ended December 31, 2019)
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Enfinity Philippines Renewable Resources Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under the Renewable Energy Act of 2008, (RA 9513).

The Company's 22.33 megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years.

The Company's parent company is Citicore Renewable Energy Corporation (the "Parent Company") which is incorporated in the Philippines and is engaged in power generation under the Renewable Energy Law. The Certificate Authorizing Registration (CAR) for the transfer of shares of previous shareholders to the Parent Company was issued by the Bureau of Internal Revenue (BIR) on March 18, 2019 and June 2, 2020.

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

The principal place of business and registered office address of the Company is located at Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga.

The financial statements have been approved and authorized for issuance by the Company's Board of Directors (BOD) on March 9, 2021.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2020	2019
Cash on hand	35,000	31,000
Cash in banks	12,763,953	1,321,944
Short-term placements	58,938,520	45,711,639
	71,737,473	47,064,583

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements represent money market placements or short-term investments with maturities up to three (3) months and annual interest ranging from 1.23% to 1.85% in 2020 (2019 - 3.70% to 4.00%). Total interest earned for the year ended December 31, 2020 amounted to P0.66 million (2019 - P2.07 million) (Note 16).

Note 3 - Trade and other receivables, net

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

	Note	2020	2019
Trade receivables		41,996,272	36,324,140
Due from related parties	9	216,908,961	90,361,870
		258,905,233	126,686,010
Other receivable		1,944,096	1,944,096
Allowance for doubtful accounts for other receivable		(1,944,096)	-
		-	1,944,096
		258,905,233	128,630,106

Trade receivables are generally collectible within a 60-day period. In accordance with the Renewable Energy Payment Agreement (REPA), in the event that National Transmission Corporation (TransCo) fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%. Interest income arising from late payments of TransCo amounted to P0.04 million in 2019 (Note 16). There was no late payment transaction in 2020.

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 statement of total comprehensive income (Note 15).

The Company does not hold any collateral as security. Management believes that an allowance for doubtful accounts as at December 31, 2020 and 2019 except for other receivables which has been fully provided for is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature and all previous billings were collected in full.

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

Note 4 - Prepayments and other current assets

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

	2020	2019
Prepaid taxes	1,430,404	1,854,350
Input value-added tax (VAT)	9,435,619	9,403,280
Advances to employees	217,509	134,976
Others	517,898	50,642
	11,601,430	11,443,248

Prepaid taxes include overpayment of withholding taxes and income taxes.

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

Note 5 - 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, 2019	1,664,296,964	44,477,618	-	-	1,708,774,582
Additions	-	-	40,000	135,500	175,500
December 31, 2019 and 2020	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2019	195,085,235	5,223,350	-	-	200,308,585
Depreciation	55,914,483	3,204,430	10,000	15,808	59,144,721
December 31, 2019	250,999,718	8,427,780	10,000	15,808	259,453,306
Depreciation	55,914,483	3,204,430	13,333	27,100	59,159,346
December 31, 2020	306,914,201	11,632,210	23,333	42,908	318,612,652
Net book values					
December 31, 2020	1,357,382,763	32,845,408	16,667	92,592	1,390,337,430
December 31, 2019	1,413,297,246	36,049,838	30,000	119,692	1,449,496,776

The Clark Solar Power Project was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP) (Note 8). 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.

Depreciation for the years ended December 31 were charged to:

	Notes	2020	2019
Cost of services	14	59,118,913	59,118,913
Operating expenses	15	40,433	25,808
		59,159,346	59,144,721

In 2019, management assessed, based on internal evaluations, that they will be able to utilize the solar plant and equipment for up to 30 years and substation and transmission lines for up to 15 years from the start of commercial operation which is also aligned with industry practice. As such, the BOD approved the change in estimated useful life of solar plant and equipment from 23 years to 30 years and substation and transmission lines from 23 years to 15 years.

The change in estimated useful life is considered to be a change in accounting estimate accounted for prospectively by recognizing the effect of the change in the period change and future periods until the end of the useful life. The net effect of the change in useful life is decrease in depreciation expense amounting to P12.74 million annually starting 2019 to 2031 and P15.95 million starting 2032 to 2040 and increase amounting to P55.91 million from 2041 to 2045.

Based on the results of management assessment, the Company believes that there were no indicators of impairment as at December 31, 2020 and 2019.

Note 6 - Other non-current assets

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

	Note	2020	2019
Electric utility deposits		6,580,541	6,580,541
Security deposits	18	1,779,310	1,779,310
Restricted cash		615,197	308,357
		8,975,048	8,668,208

Electric utility deposits represent deposits to an electric power distribution utility 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 Republic Act (RA) No. 7638, otherwise known as "Department of Energy Act of 1992", Energy Regulation No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour of the total electricity sold as financial benefits to the host communities.

Note 7 - Trade payables and other liabilities

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

	Note	2020	2019
Trade payables		6,794,533	6,647,557
Due to government agencies		85,508,641	66,787,314
Interest payable	8	31,916,918	3,690,805
Accrued expenses		1,390,283	1,254,086
		125,610,375	78,379,762

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

Accrued expenses mainly include utilities, operations and maintenance expenses.

Note 8 - Loans payable

Details of loans payable as at December 31 follow:

	2020	2019
Current	126,446,281	120,913,719
Non-current	909,809,551	974,342,172
	1,036,255,832	1,095,255,891

Movements in loans payable for the years ended December 31 follow:

	2020	2019
Principal amount		
January 1	1,104,545,454	1,227,272,727
Payments	(61,363,636)	(122,727,273)
December 31	1,043,181,818	1,104,545,454
Debt issuance cost		
January 1	(9,289,563)	(11,258,274)
Amortization	2,363,577	1,968,711
December 31	(6,925,986)	(9,289,563)
	1,036,255,832	1,095,255,891

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

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

As long as the loan agreement is in effect and until the payment is full and all other amounts due under the agreement has been collected by the bank, the Company agrees, unless the bank otherwise consent in writing, that the Company will not declare or pay dividends to its shareholder, other than dividends payable solely in shares of its share capital, or retain, retire, purchase or otherwise acquire any class of its share capital, or make any other capital or other asset distribution to its shareholders. Further, the Company shall maintain at all times during the entire term of the loan a debt-to-equity ratio (DER) of not exceeding 2:1 and current ratio and debt service coverage ratio of less than one (1) as defined in the Term Loan Facility Agreement. In 2019, the Company substantially complied with most of the covenants except for one (1) ratio which was covered by a bank waiver. As at December 31, 2020, the Company has complied with these covenants.

In March 2020, the government enacted the granting of a 30-day grace period for all loans with principal and/or interest falling due within the Enhanced Community Quarantine period without incurring interest on interest, penalties, fees and other charges pursuant to Republic Act No. 11649, also known as the Bayanihan to Heal as One Act. The Company availed of the deferral of its principal payment and interest due to DBP which in result spreads the deferred principal and interest amount to the remaining payments to be made for the remaining term of the loan. The impact of the deferral is not material hence no gain or loss on loan modification was recognized.

Total finance costs recognized in the statement of total comprehensive income for the year ended December 31, 2020 amounted to P60.03 million (2019 - P65.04 million). Finance costs include amortization of debt issuance cost amounting to P2.36 million (2019 - P1.97 million).
As at December 31, 2020, interest payable amounted to P31.92 million (2019 - P3.69 million) (Note 7).

Movements of interest payable for the years ended December 31 follow:

	2020	2019
January 1	3,690,805	3,975,000
Interest expense net of amortization of debt issuance cost	57,664,602	63,071,506
Interest payments	(29,438,489)	(63,355,701)
December 31	31,916,918	3,690,805

Note 9 - 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 with related parties as at and for the years ended December 31 follow:

	2020		2019		
	Transactions	Outstanding receivables	Transactions	Outstanding receivables	Terms and conditions
Advances (Note 3)					Advances to related parties are made to finance working capital requirements. These are unsecured, with no guarantee, non-interest bearing, collectible on demand and are expected to be collected in cash or offset with outstanding liability.
Parent Company	39,525,344	129,887,214	101,236,796	90,361,870	
Entity under common control	87,021,747	87,021,747	-	-	
	126,547,091	216,908,961	101,236,796	90,361,870	

The Company's management is being handled by the Parent Company at no cost. No short-term or long-term compensation was paid to key management personnel for the years ended December 31, 2020 and 2019.

Note 10 - Other non-current liabilities

Other non-current liabilities as at December 31, 2019 consist 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 11 - Retirement benefits

In 2020, the Company provided for the estimated retirement benefits based on the requirements of Republic Act (RA) No. 7641, 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 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 principal assumptions used for the year ended December 31, 2020 are as follows:

Discount rate	4.07%
Salary increase rate	5.00%

During 2020, the Company recognized retirement benefit expense amounting to P2.92 million recorded under cost of services in the statement of total comprehensive income (Note 14).

Remeasurements during 2020 is not material due to insignificant changes in financial and demographic assumptions and experience adjustments, hence, not recognized.

The Company does not expect to create a fund in the next reporting period.

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2020, with all other assumptions held constant.

	Changes in assumptions	Impact on retirement benefit obligation
Discount rate	Increase by 1.00%	Decrease by P1.02 million
	Decrease by 1.00%	Increase by P0.01 million
Salary increase rate	Increase by 1.00%	Increase by P0.69 million
	Decrease by 1.00%	Decrease by P0.56 million

Expected maturity of undiscounted defined benefit obligation amounting to P5.75 million as at December 31, 2020 is after 5 years.

Note 12 - Share capital

The Company's share capital as at December 31, 2020 and 2019 consists of:

Authorized, issued and outstanding:	
Common class A - 7,291,011 shares at P1 par value	7,291,011
Common class B - 4,856,985 shares at P 13.5 par value	65,569,298
Redeemable preference shares A - 1,729,922 shares at P27 par value	46,707,894
Redeemable preference shares B - 1,153,448 shares at P364.5 par value	420,431,796
	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.

Note 13 - Revenues

On March 11, 2016, the DOE confirmed the declaration of commerciality of the Company's Clark Solar Power Project under SESC No. 2014-07-086 (Note 1). The DOE confirmation affirms the conversion of said SESC from pre-development to commercial stage.

On March 12, 2016, the Clark Solar Power Project started delivering power to the grid following its commissioning. On June 3, 2016, the Clark Solar Power Project was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the DOE. By virtue of the endorsement, the Clark Solar Power Project is qualified to avail of the FIT system, upon the issuance by the Energy Regulatory Commission (ERC) of the Certificate of Compliance. On November 22, 2016, the ERC issued the Certificate of Compliance (COC) to the Company.

As a result, the Company was entitled to the FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020, which pertains to the approval of the adjustment of the FIT rate for 2016 entrants published on November 17, 2020 and shall take effect on December 2, 2020.

TransCo is the regulating body of all the FIT-rate eligible energy providers. Outstanding receivables under the FIT system due from TransCo amounted to P42.00 million as at December 31, 2020 (2019 - P36.32 million) (Note 3).

Note 14 - Cost of services

The components of cost of services for the years ended December 31 follow:

	Notes	2020	2019
Depreciation amortization	5, 18	61,244,901	61,244,901
Taxes and licenses		17,281,122	17,784,779
Utilities		4,933,938	5,051,365
Outside services		3,711,108	7,360,805
Retirement benefit expense	11	2,915,664	-
Salaries and wages		1,843,562	1,440,549
Insurance		1,657,448	2,152,889
Repairs and maintenance		1,023,368	3,233,916
Others		12,462	106,772
		94,623,573	98,375,976

Note 15 - Operating expenses

The components of operating expenses for the years ended December 31 follow:

	Notes	2020	2019
Taxes and licenses		4,340,315	1,775,610
Provision for doubtful accounts	3	1,944,096	-
Dues and subscriptions		949,262	674,390
Transportation and travel		197,253	171,359
Repairs and maintenance		146,405	21,401
Communication, light and water		138,214	123,717
Charitable contributions		126,000	105,000
Professional fees		41,500	181,020
Depreciation	5	40,433	25,808
Bank charges		7,912	188,259
Others		56,569	120,267
		7,987,959	3,386,831

Note 16 - Other income, net

The components of other income, net for the years ended December 31 follow:

	Notes	2020	2019
Reversal of asset retirement obligation	10	1,056,902	-
Interest income	2, 3	662,181	2,110,459
Foreign exchange losses, net	19	(15,321)	(60,375)
		1,703,762	2,050,084

Note 17 - Income taxes

As a BOI-registered enterprise (Note 1), the Company may avail the following incentives:

- Income Tax Holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sale of electricity of the Clark Solar Power Project;
- Duty-free importation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and
- Tax exemption on carbon credits.

The Company may also avail of certain incentives to be administered by appropriate government agencies subject to the rules and regulations of the respective administering government agencies.

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future within the carry-over period of its unused tax losses. Management has considered this in reaching its conclusion not to recognize deferred income tax assets. In addition, the Company is still subject to ITH for the years ended December 31, 2020 and 2019 until October 15, 2022.

The Company's unrecognized deferred income tax assets as at December 31 arise from the following temporary differences:

	2020	2019
Provision for assessment	85,485,864	65,852,089
Retirement benefit obligation	2,915,664	-
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	2,038,390	1,890,751
Provision for doubtful accounts	1,944,096	-
Unrealized foreign exchange loss	11,175	60,375
Net operating loss carryover (NOLCO)	-	9,966,459
Provision for asset retirement obligation	-	209,753
Minimum corporate income tax (MCIT)	-	72,283
	92,395,189	78,051,710

The details of the Company's NOLCO as at December 31 are as follows:

Year of incurrence	Year of expiration	2020	2019
2016	2019	-	2,206,000
2018	2025	9,966,459	9,966,459
Total		9,966,459	12,172,459
Expired		-	(2,206,000)
Applied		(9,966,459)	-
		-	9,966,459

Where higher than normal income tax, the Company is required to pay MCIT equal to 2% of gross income as required by the Tax Reform Act of 1997 for other operating income. This amount may separately be offset against normal income tax liabilities for the three (3) immediately succeeding taxable years. The details of the Company's unrecognized excess MCIT over normal income tax are as follows:

Year of incurrence	Year of expiration	2020	2019
2016	2019	-	373
2017	2020	72,283	72,283
		72,283	72,656
Expired		(72,283)	(373)
		-	72,283

The reconciliation between income tax expense computed at the statutory tax rate and the actual income tax expense as shown in the statement of total comprehensive income for the years ended December 31 follows:

	2020	2019
Income tax at special tax rate of 10%	10,411,481	7,957,094
Income tax effects of:		
Movement of unrecognized deferred income tax assets	1,369,293	(2,530,589)
Non-deductible expense	27,599	88,271
Interest income subjected to final tax	(66,218)	(207,523)
Nontaxable income due to ITH	(11,742,155)	(5,307,253)
	-	-

Note 18 - Lease

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 $105 with an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter. Upon termination of the lease, the leased property shall revert back to the lessor. There are no restrictions placed upon the lessee by entering into the lease agreement.

Security deposits for the lease agreement amounting to P1.78 million were presented as part of other non-current assets in the statement of financial position as at December 31, 2020 and 2019. 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.

The Company adopted PFRS 16, "Leases" effective January 1, 2019 using the modified retrospective approach and opted not to restate comparative information. The Company measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The associated right-of-use assets for leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any accrued rent or advance lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018.

The effects of adoption of PFRS 16 on the Company's financial statements as at January 1, 2019 are the recognition of the following:

	Increase (Decrease)
Right-of-use asset	43,937,092
Lease liabilities	51,606,419
Advance lease payment	(1,779,310)
Accrued rent	(9,448,638)

(a) Amounts recognized in the statement of financial position

Details of right-of-use asset, net as at December 31 and movements in the account for the years then ended are as follows:

	Note	Amount
Cost		
Adoption of PFRS 16 at January 1, 2019; December 31, 2019 and 2020		43,937,092
Accumulated amortization		
Adoption of PFRS 16 at January 1, 2019		-
Amortization	14	2,125,988
December 31, 2019		2,125,988
Amortization	14	2,125,988
December 31, 2020		4,251,976
Net book value		
December 31, 2020		39,685,116
December 31, 2019		41,811,104

Details of the lease liabilities as at December 31 are as follows:

	2020	2019
Current	294,139	21,201
Non-current	51,060,996	51,410,357
	51,355,135	51,431,558

Movements in lease liabilities for the years ended December 31 are as follows:

	2020	2019
January 1	51,431,558	51,606,419
Principal payments	(87,598)	(235,236)
Interest payments	(4,026,048)	(3,686,845)
Interest expense	4,026,048	3,686,845
Translation difference	11,175	60,375
December 31	51,355,135	51,431,558

(b) Amounts recognized in the statement of total comprehensive income

Amounts recognized in the statement of total comprehensive income for the years ended December 31 related to the lease agreement are as follows:

	Note	2020	2019
Amortization expense of right-of-use asset	14	2,125,988	2,125,988
Interest expense		4,026,048	3,686,845
Translation difference		11,175	60,375
		6,163,211	5,873,208

The total cash outflows for the lease agreement for the year ended December 31, 2020 amounted to P4.11 million (2019 - P3.92 million).

(c) Discount rate

The lease payments are discounted using the Company's incremental borrowing rate of 7.86%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(d) Extension and termination options

Extension and termination options are included in the lease agreement of the Company. These are used to maximize the operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

Note 19 - Financial risk, capital management and fair value estimation

19.1 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.

19.1.1 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. The management of these risks is discussed as follows:

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates primarily relates to loans payable with fixed interest rate. The Company monitors the fluctuations in interest rates to establish trend in the interest rates movements.

Based on the sensitivity analysis performed, the impact on income before tax during 2020 of a 2.5% increase in the interest rate related to loans payable, with all other variables held constant, is a decrease by P27.71 million (2019 - 1.25%, P14.74 million) on the Company's reported operating income. The threshold used was based on the movement of average market interest rate during the year.

The Company's loans payable as at December 31, 2020 amounted to P1.04 billion (2019 - P1.1 billion) (Note 8).

(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, 2020 refers to a portion of lease liabilities amounting to US$20,392 (2019 - US$20,549) with Philippine Peso equivalent of P0.98 million (2019 - P1.04 million).

Details of foreign exchange losses, net for the years ended December 31 are as follows:

	2020	2019
Unrealized losses, net	11,175	60,375
Realized losses, net	4,146	-
	15,321	60,375

The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated other than the Company's functional currency.

19.1.2 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 in banks and trade and other receivables.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

The maximum exposures to credit risk, pertaining to financial assets, as at December 31 are as follows:

	Notes	2020	2019
Cash and cash equivalents	2	71,737,473	47,064,583
Trade and other receivables	3	260,849,329	128,630,106
Electric utility deposits	6	6,580,541	6,580,541
Security deposits	6	1,779,310	1,779,310
Restricted cash	6	615,197	308,357
		341,561,850	184,362,897

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 2 and 6.

(ii) Trade and other receivables

The Company has significant concentration of credit risk on its transactions with TransCo, its sole customer. However, this is brought down to an acceptable level since credit terms on billed fees for sale of electricity are fixed as provided in formal agreements, and are accordingly collected in accordance with this agreement and the Company's credit policy with no reported defaults and write-offs in previous years. The expected credit loss is determined to be immaterial by the 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 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 the 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, 2020.

(iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there were 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 the management.

19.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these falls 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.

Based on management's assessment, the Company has adequate assets available in order to ensure settlement of liabilities maturing within 12 months and to support daily working capital requirements.

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Less than 1 year	More than 1 year
2020			
Trade payables and other liabilities*	7	40,101,734	-
Loans payable	8	126,446,281	909,809,551
Interest**		48,586,983	184,798,079
Lease liabilities	18	294,139	51,060,996
		215,429,137	1,145,668,626
2019			
Trade payables and other liabilities*	7	11,592,448	-
Loans payable	8	120,913,719	974,342,172
Interest**		57,036,733	217,685,455
Lease liabilities	18	21,201	51,410,357
		189,564,101	1,243,437,984

**excluding due to government agencies*
***expected interest on borrowings and lease liabilities up to maturity dates*

The amounts disclosed are the contractual undiscounted cash flows except lease liabilities, which equal 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.

19.2 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 shareholder or issue new shares.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operations and industry.

The capital structure of the Company consists of equity, which comprises of issued capital and retained earnings. The Company monitors capital on the basis of net gearing ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings less cash and cash equivalents, while equity is total equity as shown in the statement of financial position.

The net debt reconciliation and gearing ratio as at December 31 are presented below:

	Notes	2020	2019
Loans payable, January 1	8	1,096,255,891	1,216,014,453
Cash flows		(61,363,636)	(122,727,273)
Non-cash movement	8	2,363,577	1,968,711
Loans payable, December 31	8	1,036,255,832	1,095,255,891
Cash and cash equivalents	2	(71,737,473)	(47,064,583)
Net debt		964,518,359	1,048,191,308
Total equity		565,104,724	460,989,912
Net gearing ratio		1.70:1	2.27:1

Non-cash movement pertains to the amortization of debt issuance cost (Note 8).

There were no changes made in the capital management policies of the Company for the years ended December 31, 2020 and 2019.

19.3 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), loans payable and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair value of lease liability and non-current portion of loans payable are close to market rates.

As at December 31, 2020 and 2019, the Company does not have financial instruments that are measured using the fair value hierarchy.

Note 20 - Critical accounting estimates and assumptions and judgements

The preparation of the financial statements in conformity with Philippine Financial Reporting Standards (PFRS) requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and the related notes. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

20.1 Critical accounting estimates and assumptions

(a) Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. Estimated useful lives of property, plant and equipment are based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets based on the related industry benchmark information and land lease term where the solar power plant is situated. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. The estimated useful life used for solar plant and equipment was higher than the current land lease term of the Company since based on the management's assessment, the Company can still use the solar plant and equipment beyond the current land lease term.

In 2019, the BOD approved the change in the estimated useful life of the solar plant and equipment and substation and transmission lines from 23 years to 15 to 30 years. The net effect of the change in useful life is disclosed in Note 5.

If the actual useful lives of these assets are prolonged or shortened by five (5) years from January 1 of the current year, income before tax for the year ended December 31, 2020 would have been higher by P8.92 million and lower by P13.03 million (2019 - P8.90 million higher and P13.04 million lower). 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 5.

(b) 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 18.

(c) Retirement benefit obligation

The present value of the defined benefit obligation depends on a number of factors that are determined using a number of assumptions. The assumptions used include discount rate and salary increase rate. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligation. Details of retirement benefit obligation and the related sensitivity analysis are disclosed in Note 11.

20.2 Critical judgments in applying the Company's accounting policies

(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 21.3 and 21.4.

In 2020, the Company provided allowance for doubtful accounts for other receivables amounting to P1.94 million (2019 - nil). This is equivalent to the full lifetime expected credit loss using the expected credit loss model. The carrying values of the Company's trade and other receivables are shown in Note 3.

(b) Recoverability of non-financial assets

The Company's non-financial assets such as property, plant and equipment are tested 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 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 property, plant and equipment may not be recoverable.

(c) Critical judgment in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Company's lease agreement have not been included in the lease liabilities because the Company's lease agreement states that extension and termination should be made upon mutual agreement by both parties and considering the estimated useful life of the solar power plant and the effectivity of the SESC. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(d) Estimating cost of dismantling, removing or restoring items of fixed assets

Determining the asset retirement obligation requires estimation of the costs of dismantling, installing and restoring lease properties to their original condition. The Company determined the amount of obligation by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Company's current credit-adjusted risk-free rate depending on the life of the capital costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

As at December 31, 2019, the obligation amounted to P1.06 million (Note 10). During 2020, the Company reversed the full amount of the provision as management assessed that this is longer expected to be settled in the future.

(e) Income taxes

Significant judgment is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The components of deferred income tax are shown in Note 17.

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.

Note 21 - 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 both years presented, unless otherwise stated.

21.1 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, Philippine Accounting Standards (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 20.

The Company has applied the following standard and interpretation for the first time for their annual reporting period commencing January 1, 2020:

- The IASB has made amendments to PAS 1, *"Presentation of Financial Statements"* and PAS 8, *"Accounting Policies, Changes in Accounting Estimates and Errors"* which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, to clarify when information is material and incorporate some of the guidance in PAS 1 about immaterial information.

  In particular, the amendments clarify:

  - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
  - the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- Definition of a Business - amendments to PFRS 3, *"Business Combination"*. The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

- The amendments made to PFRS 7, *"Financial Instruments: Disclosures"*, PFRS 9, *"Financial Instruments"* and PAS 39, *"Financial Instruments: Recognition and Measurement"* provide certain reliefs in relation to interest rate benchmark reforms.

  The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statement of total comprehensive income.

- The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

  - increasing the prominence of stewardship in the objective of financial reporting;
  - reinstating prudence as a component of neutrality;
  - defining a reporting entity, which may be a legal entity, or a portion of an entity;
  - revising the definitions of an asset and a liability;
  - removing the probability threshold for recognition and adding guidance on derecognition;
  - adding guidance on different measurement basis, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

- Covid-19 Related Rent Concessions - amendments to PFRS 16, "Leases". PFRS 16 has been amended to:

  - provide lessees with an exemption from the requirement to determine whether a COVID-19 related rent concession is a lease modification; and
  - require lessees that apply the exemption to account for COVID-19 related rent concessions as if they were not lease modifications.

  The amendment is mandatory for annual reporting periods beginning on or after June 1, 2020 but earlier application is permitted, including in financial statements not yet authorized for issue as at May 28, 2020.

  The Company did not receive any Covid-19 related rent concessions during the year ended December 31, 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.

No other standards, amendments or interpretations that are effective beginning January 1, 2020 are expected to have a material impact on the Company.

(b) New standards, amendments to existing standards and interpretations not yet adopted by the Company

A number of new standards, and amendments and interpretations to existing standards are effective for the Company's annual periods after January 1, 2020 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these are expected to be relevant and have an effect on the financial statements of the Company, while the most relevant one is set out as follows:

- Classification of Liabilities as Current or Non-current - Amendments to PAS 1. The amendments affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendments:

  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the 'right' to defer settlement by at least twelve months and make explicit that only rights in place 'at the end of the reporting period' should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are not expected to have a material impact on the Company's classification of liabilities. The amendments provided clear guidance which will support the Company's assessment.

21.2 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 twelve months after the end of the reporting period.

Other relevant policies are disclosed in Note 21.4.

21.3 Trade and other receivables

Trade receivables, which have a 60-day credit term, and other receivables are initially recognized and carried at transaction price and subsequently measured at amortized cost, less provision for impairment loss. The fair value of trade receivables at initial recognition is equivalent to the original invoice amount (as the effect of discounting is immaterial).

The Company applies the simplified approach to 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 recognized within operating expenses 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 operating expenses 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 twelve (12) months before the beginning of each reporting period and the corresponding historical credit losses experienced 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 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 21.4.

21.4 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, 2020 and 2019.

The classification depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets measured at amortized cost comprise of cash and cash equivalents (Note 21.2), trade and other receivables (Note 21.3), security deposits and electric utility deposits (Note 21.7) and restricted cash in bank (Note 21.2) in the statement of financial position.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, if any, is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented as other income or expense. Impairment losses, if any, are presented in the statement of total comprehensive income within operating expenses.

(b) Recognition and measurement

(i) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset). Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

(ii) Subsequent measurement

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

(c) Impairment

The Company recognizes an expected credit loss for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Expected credit losses are recognized in two stages. For credit exposures 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.

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 21.3.

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 other 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 twelve (12) months after the reporting period which are classified as non-current liabilities.

The Company's trade payables and other liabilities (excluding payable to government agencies) (Note 21.10), loans and interest payables (Note 21.15) and lease liabilities (Note 21.18) 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 Company has no financial instruments that met the offsetting criteria as at December 31, 2020 and 2019.

21.5 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, 2020 and 2019.

21.6 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.

21.7 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.

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 21.4.

Prepayments and other assets, security deposits and electrical utility deposits 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.

21.8 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 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 21.9).

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.

21.9 Impairment of non-financial assets

Assets that have definite useful lives and which 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.

21.10 Trade payables and other liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers with average credit terms of 30 days. Trade payables and other liabilities are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Trade payables and other liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of total comprehensive income within other income or expense.

Other relevant accounting policies are disclosed in Note 21.4.

21.11 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.

21.12 Asset retirement obligation

Decommissioning costs are provided for at the present value of expected costs to settle the obligation using the estimated cash flow and are recognized as part of the cost of the relevant asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in statement of total comprehensive income as part of other income, net. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the costs of the asset.

Asset retirement obligation is reversed when the obligation is no longer expected to be settled by the Company in the future. The liability is derecognized against the asset recognized related to the liability or in the statement of total comprehensive income within other income, net if the asset is already fully amortized.

21.13 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.

21.14 Revenue and cost recognition

(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 main revenue is generation of electricity from solar power energy which the management assessed to involve 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) Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

(c) 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. Cost 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.

21.15 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 to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is 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 an 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.

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.

21.16 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 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.

21.17 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 Republic Act 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.

21.18 Leases - Company as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in 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. 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.

21.19 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.

21.20 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.

21.21 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.

21.22 Reclassifications

During 2020, the Company reclassified finance costs amounting to P68.73 million from other income, net as a separate line item in the statement of total comprehensive income.

The opening balances of assets, liabilities and equity as at December 31, 2019 in the statement of financial position were not presented since the reclassification did not have any impact on the previously reported balances. The reclassification also did not impact previously reported financial position, net income, retained earnings and statement of cash flows.

Note 22 - 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.

During the year, the government enacted the Republic Act No. 11649, also known as the Bayanihan to Heal as One Act providing relief to loan payments, interest and penalties thereon. The Company availed of this relief which resulted in the deferral of its principal payment and interest on its loans payable to DBP. This, in effect, spreads the deferred principal and interest amount to the remaining payments to be made throughout the term of the loan.

Aside from the deferral of the principal and interest on loans payable, the Company incurred additional expenses due to the quarantine and social distancing measures required by the Philippine Government. Based on the management's assessment, the COVID-19 pandemic had no other significant impact in the Company's financial statements as at and for the year ended December 31, 2020.

The Company's financial statements as at and for the year ended December 31, 2020 have been prepared applying the going concern principle. The management of the Company is not aware of any other significant uncertainties arising after the 2020 year-end financial statements that would have a significant financial impact in its ability to continue as going concern. The Company is continuously monitoring the situation.

Note 23 - 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	263,169,908	-

Revenues presented above are based on net receipts from sale of energy for VAT reporting purposes while revenues in the statement of total comprehensive income are based on revenue recognition policy per Note 21.14.

(b) Input VAT

Movements in input VAT for the year ended December 31, 2020 follow:

	2020
Beginning balance	9,403,280
Add: Current year's domestic purchases of services	32,339
	9,435,619

(c) Importations

The Company did not have importations during the year ended December 31, 2020.

(d) Excise tax

There were no transactions subject to excise tax for the year ended December 31, 2020.

(e) Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2020 amounted to P204,554 for insurance and surety bond contracts. The amount is recorded as part of taxes and licenses account under operating expenses in the statement of total comprehensive income.

(f) Withholding taxes

Withholding taxes paid and accrued as at and for the year ended December 31, 2020 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	79,478	9,836	89,314
Expanded withholding tax	762,185	-	762,185
	841,663	9,836	851,499

(g) All other local and national taxes

	Amount
Local government tax	1,026,102
Energy regulations tax	303,995
Gross receipts tax on loan payments	293,427
License and permit fees	128,827
Local business tax	28,507
Other taxes	2,250
	1,783,108

The above local and national taxes are lodged under taxes and licenses account in cost of services and operating expenses in the statement of total comprehensive income.

(h) Tax assessments and cases

There are no outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2020.

Annex 1

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Calumpang
Mabalacat City, Pampanga

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until:
PRC Registration Number:
IPREA Membership No.
PTR No.

City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-003B**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE RENEWABLE ENERGY CORP. (Lessee),** for the purpose of expressing an opinion on the ***lease fee estate*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the Leased Fee Estate of the **CITICORE ENERGY REIT CORPORATION (CREIT)** on the **land,** located **within Barangay Calumpang, Mabalacat City, Pampanga.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Highest and best use of the property; and

Provision of the lease agreement.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property appraised as of ***31 October 2021*** is reasonably represented in the amount of

	Leased Fee Estate (Php)
By Discounted Cash Flow	***3,101,864,000***
By Direct Capitalization Method	***4,945,073,000***

We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number:
Valid Until:
IPREA Membership No.
PTR No.

City of Bacoor

RDM; lpg

CAI File No. 02-2021-0140-003B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-003B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Calumpang, Mabalacat City, Pampanga. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

The appraised property is ***identified as the site of Citicore Clark Solar Power Plant***, located **on the northeast corner of Clark Airport Road and Prince Balagtas Avenue within Barangay Calumpang, Mabalacat City, Pampanga.**

The property is located approximately 150 meters southwest from Clark Development Corporation Sub-station; 1.14 kilometers southwest from Subic-Clark-Tarlac Expressway (S-CTEX); 2.3 kilometers northeast from Sacobia River Bridge; and about 3.0 kilometers northeast from the corner of Prince Balagtas and Panday Pira Avenues.

Prince Balagtas Avenue is 30 meters wide, 8 meters, concreted with asphalt on top and provided with earth aggregate shoulders and open canal, While, Clark Airport Road is 20 meters wide and still on-going construction.

The configuration of the site, as inspected, appears to conform with the lot plan as plotted based on the technical descriptions appearing in the titles furnished by the client.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically commercial, industrial, agricultural and residential.

Generally, the streets in the neighborhood follow a gridiron pattern designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are either concreted or asphalted with widths ranging from 20 to 50 meters and lighted with streetlamps.

Some of the important improvements/development in the vicinity are --

Clark Development Corporation Sub-station
Macapagal Village
Clark International Speedway
Ingasco Plant
Phoenix Semiconductor Philippines Corporation
Nayon Pilipino sa Clark and CAB Elephant Cage
Marcos Village
The Villages

SM City–Clark and Robinsons Supermarket – Mabalacat serve as the commercial and shopping center of the residents in the area. Both are accessible from MacArthur Highway by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the property.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities are available at the site.

Public transportation connecting to various sections of Mabalacat City, Pampanga and its nearby towns is available along Prince Balagtas Avenue where the property fronts. Road lights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government Clark Development Corporation Authority.

V. LEASE CONTRACT

Based on the documents furnished to us by the client, a Contract of Lease was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE RENEWABLE ENERGY CORP. (Lessee)**

Silent features of the Lease Contract are as follows

1. Lease rates and remaining lease period (fixed and variable lease) were based on the lease contracts provided by the client.

2. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VI. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity’s stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

2. Estimation of an appropriate discount rate; and
3. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

2. The remaining life of contract of lease is 18.25 years; and

3. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
Unexpired (31 October 2021 to 30 September 2039)								
1		November	1	21,408,695	962,628	22,371,323	0.9942	22,241,395
		December	2	21,408,695	962,628	22,371,323	0.9884	22,112,222
	2022	January	3	22,180,645	988,209	23,168,854	0.9827	22,767,515
		February	4	22,180,645	988,209	23,168,854	0.9770	22,635,287
		March	5	22,180,645	988,209	23,168,854	0.9713	22,503,826
		April	6	22,180,645	988,209	23,168,854	0.9657	22,373,129
		May	7	22,180,645	988,209	23,168,854	0.9600	22,243,191
		June	8	22,180,645	988,209	23,168,854	0.9545	22,114,008
		July	9	22,180,645	988,209	23,168,854	0.9489	21,985,574
		August	10	22,180,645	988,209	23,168,854	0.9434	21,857,887
		September	11	22,180,645	988,209	23,168,854	0.9379	21,730,942
		October	12	22,180,645	988,209	23,168,854	0.9325	21,604,733
2		November	13	22,180,645	988,209	23,168,854	0.9271	21,479,258
		December	14	22,180,645	988,209	23,168,854	0.9217	21,354,511
	2023	January	15	22,092,514	982,921	23,075,435	0.9163	21,144,886
		February	16	22,092,514	982,921	23,075,435	0.9110	21,022,081
		March	17	22,092,514	982,921	23,075,435	0.9057	20,899,990
		April	18	22,092,514	982,921	23,075,435	0.9005	20,778,608
		May	19	22,092,514	982,921	23,075,435	0.8952	20,657,930
		June	20	22,092,514	982,921	23,075,435	0.8900	20,537,954
		July	21	22,092,514	982,921	23,075,435	0.8849	20,418,674
		August	22	22,092,514	982,921	23,075,435	0.8797	20,300,087
		September	23	22,092,514	982,921	23,075,435	0.8746	20,182,189
		October	24	22,092,514	982,921	23,075,435	0.8695	20,064,975
3		November	25	22,092,514	982,921	23,075,435	0.8645	19,948,442
		December	26	22,092,514	982,921	23,075,435	0.8595	19,832,586
	2024	January	27	22,460,670	1,034,072	23,494,742	0.8545	20,075,690
		February	28	22,460,670	1,034,072	23,494,742	0.8495	19,959,095
		March	29	22,460,670	1,034,072	23,494,742	0.8446	19,843,177
		April	30	22,460,670	1,034,072	23,494,742	0.8397	19,727,933
		May	31	22,460,670	1,034,072	23,494,742	0.8348	19,613,357

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		June	32	22,460,670	1,034,072	23,494,742	0.8299	19,499,447
		July	33	22,460,670	1,034,072	23,494,742	0.8251	19,386,199
		August	34	22,460,670	1,034,072	23,494,742	0.8203	19,273,608
		September	35	22,460,670	1,034,072	23,494,742	0.8156	19,161,672
		October	36	22,460,670	1,034,072	23,494,742	0.8108	19,050,385
4		November	37	22,460,670	1,034,072	23,494,742	0.8061	18,939,745
		December	38	22,460,670	1,034,072	23,494,742	0.8014	18,829,747
	2025	January	39	22,861,455	1,011,028	23,872,484	0.7968	19,021,369
		February	40	22,861,455	1,011,028	23,872,484	0.7922	18,910,898
		March	41	22,861,455	1,011,028	23,872,484	0.7876	18,801,067
		April	42	22,861,455	1,011,028	23,872,484	0.7830	18,691,875
		May	43	22,861,455	1,011,028	23,872,484	0.7784	18,583,317
		June	44	22,861,455	1,011,028	23,872,484	0.7739	18,475,389
		July	45	22,861,455	1,011,028	23,872,484	0.7694	18,368,088
		August	46	22,861,455	1,011,028	23,872,484	0.7650	18,261,411
		September	47	22,861,455	1,011,028	23,872,484	0.7605	18,155,353
		October	48	22,861,455	1,011,028	23,872,484	0.7561	18,049,910
5		November	49	22,861,455	1,011,028	23,872,484	0.7517	17,945,081
		December	50	22,861,455	1,011,028	23,872,484	0.7473	17,840,860
	2026	January	51	23,269,683	1,025,637	24,295,320	0.7430	18,051,411
		February	52	23,269,683	1,025,637	24,295,320	0.7387	17,946,573
		March	53	23,269,683	1,025,637	24,295,320	0.7344	17,842,343
		April	54	23,269,683	1,025,637	24,295,320	0.7301	17,738,719
		May	55	23,269,683	1,025,637	24,295,320	0.7259	17,635,696
		June	56	23,269,683	1,025,637	24,295,320	0.7217	17,533,272
		July	57	23,269,683	1,025,637	24,295,320	0.7175	17,431,443
		August	58	23,269,683	1,025,637	24,295,320	0.7133	17,330,205
		September	59	23,269,683	1,025,637	24,295,320	0.7092	17,229,555
		October	60	23,269,683	1,025,637	24,295,320	0.7051	17,129,490
6		November	61	23,269,683	1,025,637	24,295,320	0.7010	17,030,006
		December	62	23,269,683	1,025,637	24,295,320	0.6969	16,931,099

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2027	January	63	23,686,566	1,040,294	24,726,861	0.6928	17,131,756
		February	64	23,686,566	1,040,294	24,726,861	0.6888	17,032,258
		March	65	23,686,566	1,040,294	24,726,861	0.6848	16,933,339
		April	66	23,686,566	1,040,294	24,726,861	0.6808	16,834,994
		May	67	23,686,566	1,040,294	24,726,861	0.6769	16,737,220
		June	68	23,686,566	1,040,294	24,726,861	0.6730	16,640,014
		July	69	23,686,566	1,040,294	24,726,861	0.6690	16,543,373
		August	70	23,686,566	1,040,294	24,726,861	0.6652	16,447,293
		September	71	23,686,566	1,040,294	24,726,861	0.6613	16,351,771
		October	72	23,686,566	1,040,294	24,726,861	0.6575	16,256,803
7		November	73	23,686,566	1,040,294	24,726,861	0.6536	16,162,387
		December	74	23,686,566	1,040,294	24,726,861	0.6498	16,068,520
	2028	January	75	24,111,304	1,095,124	25,206,428	0.6461	16,285,030
		February	76	24,111,304	1,095,124	25,206,428	0.6423	16,190,450
		March	77	24,111,304	1,095,124	25,206,428	0.6386	16,096,420
		April	78	24,111,304	1,095,124	25,206,428	0.6349	16,002,936
		May	79	24,111,304	1,095,124	25,206,428	0.6312	15,909,994
		June	80	24,111,304	1,095,124	25,206,428	0.6275	15,817,593
		July	81	24,111,304	1,095,124	25,206,428	0.6239	15,725,728
		August	82	24,111,304	1,095,124	25,206,428	0.6203	15,634,396
		September	83	24,111,304	1,095,124	25,206,428	0.6167	15,543,595
		October	84	24,111,304	1,095,124	25,206,428	0.6131	15,453,321
8		November	85	24,111,304	1,095,124	25,206,428	0.6095	15,363,572
		December	86	24,111,304	1,095,124	25,206,428	0.6060	15,274,344
	2029	January	87	24,547,231	1,069,727	25,616,959	0.6025	15,432,958
		February	88	24,547,231	1,069,727	25,616,959	0.5990	15,343,327
		March	89	24,547,231	1,069,727	25,616,959	0.5955	15,254,217
		April	90	24,547,231	1,069,727	25,616,959	0.5920	15,165,624
		May	91	24,547,231	1,069,727	25,616,959	0.5886	15,077,545
		June	92	24,547,231	1,069,727	25,616,959	0.5852	14,989,978
		July	93	24,547,231	1,069,727	25,616,959	0.5818	14,902,920
		August	94	24,547,231	1,069,727	25,616,959	0.5784	14,816,367

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		September	95	24,547,231	1,069,727	25,616,959	0.5750	14,730,317
		October	96	24,547,231	1,069,727	25,616,959	0.5717	14,644,767
9		November	97	24,547,231	1,069,727	25,616,959	0.5684	14,559,713
		December	98	24,547,231	1,069,727	25,616,959	0.5651	14,475,154
	2030	January	99	24,991,497	1,084,487	26,075,984	0.5618	14,648,957
		February	100	24,991,497	1,084,487	26,075,984	0.5585	14,563,879
		March	101	24,991,497	1,084,487	26,075,984	0.5553	14,479,295
		April	102	24,991,497	1,084,487	26,075,984	0.5520	14,395,203
		May	103	24,991,497	1,084,487	26,075,984	0.5488	14,311,599
		June	104	24,991,497	1,084,487	26,075,984	0.5457	14,228,480
		July	105	24,991,497	1,084,487	26,075,984	0.5425	14,145,844
		August	106	24,991,497	1,084,487	26,075,984	0.5393	14,063,688
		September	107	24,991,497	1,084,487	26,075,984	0.5362	13,982,010
		October	108	24,991,497	1,084,487	26,075,984	0.5331	13,900,805
10		November	109	24,991,497	1,084,487	26,075,984	0.5300	13,820,073
		December	110	24,991,497	1,084,487	26,075,984	0.5269	13,739,809
	2031	January	111	25,445,386	1,099,264	26,544,650	0.5239	13,905,524
		February	112	25,445,386	1,099,264	26,544,650	0.5208	13,824,763
		March	113	25,445,386	1,099,264	26,544,650	0.5178	13,744,472
		April	114	25,445,386	1,099,264	26,544,650	0.5148	13,664,648
		May	115	25,445,386	1,099,264	26,544,650	0.5118	13,585,286
		June	116	25,445,386	1,099,264	26,544,650	0.5088	13,506,386
		July	117	25,445,386	1,099,264	26,544,650	0.5059	13,427,944
		August	118	25,445,386	1,099,264	26,544,650	0.5029	13,349,958
		September	119	25,445,386	1,099,264	26,544,650	0.5000	13,272,424
		October	120	25,445,386	1,099,264	26,544,650	0.4971	13,195,341
11		November	121	25,445,386	1,099,264	26,544,650	0.4942	13,118,705
		December	122	25,445,386	1,099,264	26,544,650	0.4913	13,042,515
	2032	January	123	25,908,078	1,156,933	27,065,010	0.4885	13,220,957
		February	124	25,908,078	1,156,933	27,065,010	0.4857	13,144,173
		March	125	25,908,078	1,156,933	27,065,010	0.4828	13,067,835
		April	126	25,908,078	1,156,933	27,065,010	0.4800	12,991,940

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		May	127	25,908,078	1,156,933	27,065,010	0.4772	12,916,485
		June	128	25,908,078	1,156,933	27,065,010	0.4745	12,841,469
		July	129	25,908,078	1,156,933	27,065,010	0.4717	12,766,889
		August	130	25,908,078	1,156,933	27,065,010	0.4690	12,692,742
		September	131	25,908,078	1,156,933	27,065,010	0.4662	12,619,025
		October	132	25,908,078	1,156,933	27,065,010	0.4635	12,545,737
12		November	133	25,908,078	1,156,933	27,065,010	0.4608	12,472,874
		December	134	25,908,078	1,156,933	27,065,010	0.4582	12,400,434
	2033	January	135	26,383,078	1,128,833	27,511,910	0.4555	12,531,983
		February	136	26,383,078	1,128,833	27,511,910	0.4529	12,459,201
		March	137	26,383,078	1,128,833	27,511,910	0.4502	12,386,840
		April	138	26,383,078	1,128,833	27,511,910	0.4476	12,314,900
		May	139	26,383,078	1,128,833	27,511,910	0.4450	12,243,378
		June	140	26,383,078	1,128,833	27,511,910	0.4424	12,172,271
		July	141	26,383,078	1,128,833	27,511,910	0.4399	12,101,578
		August	142	26,383,078	1,128,833	27,511,910	0.4373	12,031,294
		September	143	26,383,078	1,128,833	27,511,910	0.4348	11,961,419
		October	144	26,383,078	1,128,833	27,511,910	0.4322	11,891,950
13		November	145	26,383,078	1,128,833	27,511,910	0.4297	11,822,885
		December	146	26,383,078	1,128,833	27,511,910	0.4272	11,754,220
	2034	January	147	26,867,423	1,143,603	28,011,027	0.4248	11,897,959
		February	148	26,867,423	1,143,603	28,011,027	0.4223	11,828,858
		March	149	26,867,423	1,143,603	28,011,027	0.4198	11,760,159
		April	150	26,867,423	1,143,603	28,011,027	0.4174	11,691,858
		May	151	26,867,423	1,143,603	28,011,027	0.4150	11,623,955
		June	152	26,867,423	1,143,603	28,011,027	0.4126	11,556,445
		July	153	26,867,423	1,143,603	28,011,027	0.4102	11,489,328
		August	154	26,867,423	1,143,603	28,011,027	0.4078	11,422,601
		September	155	26,867,423	1,143,603	28,011,027	0.4054	11,356,261
		October	156	26,867,423	1,143,603	28,011,027	0.4031	11,290,306
14		November	157	26,867,423	1,143,603	28,011,027	0.4007	11,224,735
		December	158	26,867,423	1,143,603	28,011,027	0.3984	11,159,544

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2035	January	159	27,362,476	1,158,350	28,520,826	0.3961	11,296,656
		February	160	27,362,476	1,158,350	28,520,826	0.3938	11,231,047
		March	161	27,362,476	1,158,350	28,520,826	0.3915	11,165,820
		April	162	27,362,476	1,158,350	28,520,826	0.3892	11,100,971
		May	163	27,362,476	1,158,350	28,520,826	0.3870	11,036,499
		June	164	27,362,476	1,158,350	28,520,826	0.3847	10,972,402
		July	165	27,362,476	1,158,350	28,520,826	0.3825	10,908,677
		August	166	27,362,476	1,158,350	28,520,826	0.3803	10,845,322
		September	167	27,362,476	1,158,350	28,520,826	0.3781	10,782,334
		October	168	27,362,476	1,158,350	28,520,826	0.3759	10,719,713
15		November	169	27,362,476	1,158,350	28,520,826	0.3737	10,657,455
		December	170	27,362,476	1,158,350	28,520,826	0.3715	10,595,559
	2036	January	171	27,250,687	1,148,300	28,398,987	0.3693	10,489,022
		February	172	27,250,687	1,148,300	28,398,987	0.3672	10,428,104
		March	173	27,250,687	1,148,300	28,398,987	0.3651	10,367,540
		April	174	27,250,687	1,148,300	28,398,987	0.3629	10,307,328
		May	175	27,250,687	1,148,300	28,398,987	0.3608	10,247,465
		June	176	27,250,687	1,148,300	28,398,987	0.3587	10,187,950
		July	177	27,250,687	1,148,300	28,398,987	0.3567	10,128,781
		August	178	27,250,687	1,148,300	28,398,987	0.3546	10,069,955
		September	179	27,250,687	1,148,300	28,398,987	0.3525	10,011,471
		October	180	27,250,687	1,148,300	28,398,987	0.3505	9,953,327
16		November	181	27,250,687	1,148,300	28,398,987	0.3484	9,895,520
		December	182	27,250,687	1,148,300	28,398,987	0.3464	9,838,049
	2037	January	183	27,139,084	1,138,005	28,277,088	0.3444	9,738,929
		February	184	27,139,084	1,138,005	28,277,088	0.3424	9,682,367
		March	185	27,139,084	1,138,005	28,277,088	0.3404	9,626,134
		April	186	27,139,084	1,138,005	28,277,088	0.3384	9,570,228
		May	187	27,139,084	1,138,005	28,277,088	0.3365	9,514,646
		June	188	27,139,084	1,138,005	28,277,088	0.3345	9,459,387
		July	189	27,139,084	1,138,005	28,277,088	0.3326	9,404,449
		August	190	27,139,084	1,138,005	28,277,088	0.3307	9,349,831

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		September	191	27,139,084	1,138,005	28,277,088	0.3287	9,295,529
		October	192	27,139,084	1,138,005	28,277,088	0.3268	9,241,543
17		November	193	27,139,084	1,138,005	28,277,088	0.3249	9,187,870
		December	194	27,139,084	1,138,005	28,277,088	0.3230	9,134,509
	2038	January	195	27,027,658	1,127,466	28,155,124	0.3212	9,042,288
		February	196	27,027,658	1,127,466	28,155,124	0.3193	8,989,772
		March	197	27,027,658	1,127,466	28,155,124	0.3174	8,937,562
		April	198	27,027,658	1,127,466	28,155,124	0.3156	8,885,654
		May	199	27,027,658	1,127,466	28,155,124	0.3138	8,834,048
		June	200	27,027,658	1,127,466	28,155,124	0.3119	8,782,742
		July	201	27,027,658	1,127,466	28,155,124	0.3101	8,731,734
		August	202	27,027,658	1,127,466	28,155,124	0.3083	8,681,022
		September	203	27,027,658	1,127,466	28,155,124	0.3065	8,630,605
18		October	204	27,027,658	1,127,466	28,155,124	0.3048	8,580,480
		November	205	27,027,658	1,127,466	28,155,124	0.3030	8,530,647
		December	206	27,027,658	1,127,466	28,155,124	0.3012	8,481,103
	2039	January	207	26,916,405	1,116,684	28,033,089	0.2995	8,395,300
		February	208	26,916,405	1,116,684	28,033,089	0.2977	8,346,542
		March	209	26,916,405	1,116,684	28,033,089	0.2960	8,298,067
		April	210	26,916,405	1,116,684	28,033,089	0.2943	8,249,873
		May	211	26,916,405	1,116,684	28,033,089	0.2926	8,201,960
		June	212	26,916,405	1,116,684	28,033,089	0.2909	8,154,325
		July	213	26,916,405	1,116,684	28,033,089	0.2892	8,106,966
		August	214	26,916,405	1,116,684	28,033,089	0.2875	8,059,883
		September	215	26,916,405	1,116,684	28,033,089	0.2858	8,013,073
					Present Worth of the Unexpired Contract Rent =			**Php3,101,864,496**

Based the foregoing, the ***lease fee interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** is estimated **Php3,101,864,000** for the subject property with remaining sublease life of 18 years based on discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Rental Income on Year 1			
November to December 2021			
	Fixed Lease	Php	42,817,390
	Variable Lease	Php	1,925,256
January to October 2022			
	Fixed Lease	Php	221,806,450
	Variable Lease	Php	11,858,496
		Net Income - Php	**278,407,592**
		Capitalized @5.63%	**Php4,945,072,682**
		Leased Fee Estate (solar power plant)	**Php4,945,073,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Armenia
Tarlac City, Tarlac

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until:
PRC Registration Number:
IPREA Membership No.
PTR No.

City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-002DR**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE SOLAR TARLAC 1, INC (formerly NV VOGT Philippines Solar Energy Three, Inc.) (Lessee),** for the purpose of expressing an opinion on the ***lease fee estate*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the Leased Fee Estate of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** located **within Barangay Armenia, Tarlac City, Tarlac.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Sales or listings and offerings of comparable land; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property (proposed solar power plant) appraised as of ***31 October 2021*** is reasonably represented in the amount of

Methodology	***Leased Fee Estate (Php)***
By Discounted Cash Flow	***687,161,000***
By Direct Capitalization Method	***899,472,000***

We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number:
Valid Until:
IPREA Membership No.
PTR No.

City of Bacoor

RDM; lpg

CAI File No. 02-2021-0140-002DR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-002DR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Armenia, Tarlac City, Tarlac. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is located **on the northeast side of an existing road, within Barangay Armenia, Tarlac City, Tarlac.**

The land in its entirety is just opposite to Philmico Farm 2, approximately 510 meters east from Cojuangco Road; 1.0 kilometer southeast from Anfen Inc. Poultry Dressing Plant; 1.15 kilometers south from Philmico Farm 9 & 10; 1.23 kilometers east from Cojuangco Road; and about 8.22 kilometers northeast from the corner of O Donnell and Cojuangco Roads.

The existing road is 8 meters wide and macadam.

The orientation of the site, as inspected, appears to conform with the lot plan as plotted based on the technical description appearing in the titles.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is for mixed residential, agro-industrial (poultry and piggery) and agricultural use.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 20 meters and partly lighted with streetlamps.

Some of the important improvements in the vicinity are:

Anfen Inc. Poultry Dressing Plant
Pilmico Animal Nutrition Corporation GrowFin Farm 9 and 10
Pilmico Animal Nutrition Corporation Layer Farm
Pilmico Animal Nutrition Corporation Breeder 2 and Rearing Farms
Pilmico Animal Nutrition Corporation Offsite Nursery 2
San Jose Swine

Robinsons Place Luisita and Puregold Supermarket serve the commercial and marketing needs of the residents in the area. These are accessible from Cojuangco Road by public transportation. Other community centers like the post office, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities can be made available at the site.

Public transportation connecting to various sections of Tarlac City, Tarlac and its nearby towns is available along Cojuangco Road which is approximately 510 meters from the property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. LAND DATA

The land consists of eleven (11) contiguous lots, containing an aggregate total area of 138,164 square meters, technically identified as follows:

Lot Nos.	Survey Nos.	TCT Nos.	Area (sq.m.)
F	Psd-03-143449 (AR)	043-2016009321	21,500
G	Psd-03-143449 (AR)	043-2016009322	13,723
H	Psd-03-143449 (AR)	043-2016009323	3,298
I	Psd-03-143449 (AR)	043-2016009324	13,560
J	Psd-03-143449 (AR)	043-2021003834	2,866
K	Psd-03-143449 (AR)	043-2016009326	24,846
L	Psd-03-143449 (AR)	043-2016009327	17,738
M	Psd-03-143449 (AR)	043-2016009328	17,738
N	Psd-03-143449 (AR)	043-2016009330	11,864
O	Psd-03-143449 (AR)	043-2016009329	5,154
P	Psd-03-143449 (AR)	043-2016009331	5,877
		Total -	**138,164 sq.m.**

All certificates of title except TCT No. 043-2021003834 were issued by the Registry of Deeds for the Province of Tarlac in favor of the **NV VOGT PHILIPPINES SOLAR ENERGY THREE, INC.**

TCT No. 043-2021003834 was issued by the Registry of Deeds for the Province of Tarlac in favor of the **CITICORE RENEWABLE ENERGY CORPORATION.**

Attached is a plan of the property as plotted based on the technical descriptions provided to us by the client. As shown, the land has an irregular in shape with a frontage of 345.12 meters on the existing road.

The terrain of the land is flat. Its elevation is slightly below the grade of the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Based on the Deed of Assignment furnished us by the client made and executed by and between **NV VOGT PHILIPPINES SOLAR ENERGY THREE, INC. (Transferor)** and **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Transferee)** and the Deed of Assignment made and executed by and between **CITICORE RENEWABLE ENERGY CORPORATION (Transferor)** and **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Transferee),** the transferors is the absolute owner of the parcels of land and agree to assign the property to the transferee.

Government Assessment

BIR Zonal Value of Real Property within Barangay Armenia, Tarlac City, Tarlac as per Department Order No. 015-2020, effective as of 04 July 2020:

Street/Subdivision Name	Vicinity	Classification	2nd Revision Zonal Value (Php/sq.m.)
All Lots		Residential	608.00
		Riceland Irrigated	82.00
		Riceland Unirrigated	55.00
		Pasture Land	33.00
	Agro-Livestock	Other Agricultural Land	225.00
		Other Agricultural Land	34.00

VI. LEASE CONTRACT

Based on the documents furnished to us by the client, a Contract of Lease was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE SOLAR TARLAC 1, INC (formerly NV VOGT Philippines Solar Energy Three, Inc.) (Lessee)**

Silent features of the Lease Contract are as follows

1. The land has an area of 13.8164 hectares or 138,164 square meters.

2. The agreement shall be for a period of twenty five (25) years commencing on 01 November 2021 up to 31 October 2046, renewal option subject to terms and conditions as may be agreed upon by both parties.

3. Lease rates (fixed and variable lease) were based on the lease contracts provided by the client.

4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plant,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals.

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

NPV = [¦FVt / (1 + i)t] - I0

The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining life of contract of lease is 25 years; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Market Value of the Land

The value of the land was estimated by using the ***Sales Comparison Approach***. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

Land Value

For purposes of comparison, the market data on the next page are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of *800,000 square meters*, located *along a road, within Barangay Armenia, Tarlac City, Tarlac* is being offered for sale by *Ms. Glenndie Rivera (Contact No. 0908-8961940)* at an asking price of **Php350 per square meter.**

2. Currently, a property having an area of *100,000 square meters*, located *along a Barangay Road (near Philimico Farm 2), within Barangay Aramenia, Tarlac City, Tarlac* is being offered for sale through *My Saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927, 0917-3053595, 0998-5486952, 0917-5832561 and 046-4163209)* at an asking price of **Php500 per square meter.**

3. Currently, a property having an area of *190,000 square meters*, located *along Conjuangco Road, Barangay Armenia, Tarlac City, Tarlac* is offered for sale through *My saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927; 0917-305-3595; 0998-548-6952; 0917-583-2561 and 046-416-3209)* at an asking price of **Php450 per square meter.**

Comparative Analysis = Area = 138,164 sq.m.

Factors affecting Value	**Comparables**		
	1 **800,000 sq.m.** **@Php350/sq.m.**	**2** **100,000 sq.m,** **@Php500/sq.m.**	**3** **190,000 sq.m.** **@Php450/sq.m.**
External Factor	-10%	-10%	-10%
Net Price (Php/sq.m.)	315	450	405
Internal Factor			
Location (influent road frontage)	0%	0%	-5%
Size	+15%	+5%	+5%
Use	+10%	+10%	+10%
Time Element	0%	0%	0%
Algebraic Sum of Internal Factor	+25%	+15%	+10%
Computed Value (Php/sq.m.)	394	518	446

Market Value = (Php394/sq.m. + Php518/sq.m. + Php446/sq.m.)/3 = Php452/sq.m.
Say – Php450 per square meter

Explanatory Notes:
1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size and the time element involved, the ***market value*** of the appraised land are estimated at **Php450 per square meter** or a total value of **Php62,173,800** for the entire **138,164-square meter** subject land total area.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
Unexpired (30 June 2021 to 31 October 2046)								
1		November	1	4,097,517	55,193	4,152,711	0.9942	4,128,593
		December	2	4,097,517	55,193	4,152,711	0.9884	4,104,615
	2022	January	3	4,202,271	31,201	4,233,473	0.9827	4,160,139
		February	4	4,202,271	31,201	4,233,473	0.9770	4,135,978
		March	5	4,202,271	31,201	4,233,473	0.9713	4,111,957
		April	6	4,202,271	31,201	4,233,473	0.9657	4,088,076
		May	7	4,202,271	31,201	4,233,473	0.9600	4,064,333
		June	8	4,202,271	31,201	4,233,473	0.9545	4,040,728
		July	9	4,202,271	31,201	4,233,473	0.9489	4,017,261
		August	10	4,202,271	31,201	4,233,473	0.9434	3,993,929
		October	11	4,202,271	31,201	4,233,473	0.9379	3,970,734
		September	12	4,202,271	31,201	4,233,473	0.9325	3,947,672
2		November	13	4,202,271	31,201	4,233,473	0.9271	3,924,745
		December	14	4,202,271	31,201	4,233,473	0.9217	3,901,951
	2023	January	15	4,686,530	30,981	4,717,510	0.9163	4,322,832
		February	16	4,686,530	30,981	4,717,510	0.9110	4,297,726
		March	17	4,686,530	30,981	4,717,510	0.9057	4,272,765
		April	18	4,686,530	30,981	4,717,510	0.9005	4,247,950
		May	19	4,686,530	30,981	4,717,510	0.8952	4,223,279
		June	20	4,686,530	30,981	4,717,510	0.8900	4,198,751
		July	21	4,686,530	30,981	4,717,510	0.8849	4,174,366
		August	22	4,686,530	30,981	4,717,510	0.8797	4,150,122
		September	23	4,686,530	30,981	4,717,510	0.8746	4,126,019
		October	24	4,686,530	30,981	4,717,510	0.8695	4,102,056

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
3		November	25	4,686,530	30,981	4,717,510	0.8645	4,078,232
		December	26	4,686,530	30,981	4,717,510	0.8595	4,054,547
	2024	January	27	4,686,177	33,391	4,719,568	0.8545	4,032,757
		February	28	4,686,177	33,391	4,719,568	0.8495	4,009,336
		March	29	4,686,177	33,391	4,719,568	0.8446	3,986,050
		April	30	4,686,177	33,391	4,719,568	0.8397	3,962,900
		May	31	4,686,177	33,391	4,719,568	0.8348	3,939,885
		June	32	4,686,177	33,391	4,719,568	0.8299	3,917,003
		July	33	4,686,177	33,391	4,719,568	0.8251	3,894,254
		August	34	4,686,177	33,391	4,719,568	0.8203	3,871,637
		September	35	4,686,177	33,391	4,719,568	0.8156	3,849,151
		October	36	4,686,177	33,391	4,719,568	0.8108	3,826,796
4		November	37	4,686,177	33,391	4,719,568	0.8061	3,804,571
		December	38	4,686,177	33,391	4,719,568	0.8014	3,782,475
	2025	January	39	4,703,687	30,494	4,734,181	0.7968	3,772,151
		February	40	4,703,687	30,494	4,734,181	0.7922	3,750,243
		March	41	4,703,687	30,494	4,734,181	0.7876	3,728,462
		April	42	4,703,687	30,494	4,734,181	0.7830	3,706,808
		May	43	4,703,687	30,494	4,734,181	0.7784	3,685,280
		June	44	4,703,687	30,494	4,734,181	0.7739	3,663,877
		July	45	4,703,687	30,494	4,734,181	0.7694	3,642,598
		August	46	4,703,687	30,494	4,734,181	0.7650	3,621,442
		September	47	4,703,687	30,494	4,734,181	0.7605	3,600,410
		October	48	4,703,687	30,494	4,734,181	0.7561	3,579,499
5		November	49	4,703,687	30,494	4,734,181	0.7517	3,558,710
		December	50	4,703,687	30,494	4,734,181	0.7473	3,538,042

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2026	January	51	4,721,216	30,229	4,751,444	0.7430	3,530,321
		February	52	4,721,216	30,229	4,751,444	0.7387	3,509,818
		March	53	4,721,216	30,229	4,751,444	0.7344	3,489,433
		April	54	4,721,216	30,229	4,751,444	0.7301	3,469,167
		May	55	4,721,216	30,229	4,751,444	0.7259	3,449,019
		June	56	4,721,216	30,229	4,751,444	0.7217	3,428,988
		July	57	4,721,216	30,229	4,751,444	0.7175	3,409,073
		August	58	4,721,216	30,229	4,751,444	0.7133	3,389,274
		September	59	4,721,216	30,229	4,751,444	0.7092	3,369,590
		October	60	4,721,216	30,229	4,751,444	0.7051	3,350,020
6		November	61	4,721,216	30,229	4,751,444	0.7010	3,330,564
		December	62	4,721,216	30,229	4,751,444	0.6969	3,311,221
	2027	January	63	4,738,766	29,948	4,768,714	0.6928	3,303,956
		February	64	4,738,766	29,948	4,768,714	0.6888	3,284,767
		March	65	4,738,766	29,948	4,768,714	0.6848	3,265,690
		April	66	4,738,766	29,948	4,768,714	0.6808	3,246,723
		May	67	4,738,766	29,948	4,768,714	0.6769	3,227,867
		June	68	4,738,766	29,948	4,768,714	0.6730	3,209,120
		July	69	4,738,766	29,948	4,768,714	0.6690	3,190,483
		August	70	4,738,766	29,948	4,768,714	0.6652	3,171,953
		September	71	4,738,766	29,948	4,768,714	0.6613	3,153,531
		October	72	4,738,766	29,948	4,768,714	0.6575	3,135,216
7		November	73	4,738,766	29,948	4,768,714	0.6536	3,117,007
		December	74	4,738,766	29,948	4,768,714	0.6498	3,098,905
	2028	January	75	4,756,340	32,255	4,788,595	0.6461	3,093,751
		February	76	4,756,340	32,255	4,788,595	0.6423	3,075,783

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		March	77	4,756,340	32,255	4,788,595	0.6386	3,057,920
		April	78	4,756,340	32,255	4,788,595	0.6349	3,040,160
		May	79	4,756,340	32,255	4,788,595	0.6312	3,022,504
		June	80	4,756,340	32,255	4,788,595	0.6275	3,004,949
		July	81	4,756,340	32,255	4,788,595	0.6239	2,987,497
		August	82	4,756,340	32,255	4,788,595	0.6203	2,970,147
		September	83	4,756,340	32,255	4,788,595	0.6167	2,952,897
		October	84	4,756,340	32,255	4,788,595	0.6131	2,935,747
8		November	85	4,756,340	32,255	4,788,595	0.6095	2,918,697
		December	86	4,756,340	32,255	4,788,595	0.6060	2,901,746
	2029	January	87	4,773,939	29,342	4,803,281	0.6025	2,893,741
		February	88	4,773,939	29,342	4,803,281	0.5990	2,876,935
		March	89	4,773,939	29,342	4,803,281	0.5955	2,860,226
		April	90	4,773,939	29,342	4,803,281	0.5920	2,843,615
		May	91	4,773,939	29,342	4,803,281	0.5886	2,827,099
		June	92	4,773,939	29,342	4,803,281	0.5852	2,810,680
		July	93	4,773,939	29,342	4,803,281	0.5818	2,794,357
		August	94	4,773,939	29,342	4,803,281	0.5784	2,778,128
		September	95	4,773,939	29,342	4,803,281	0.5750	2,761,993
		October	96	4,773,939	29,342	4,803,281	0.5717	2,745,952
9		November	97	4,773,939	29,342	4,803,281	0.5684	2,730,004
		December	98	4,773,939	29,342	4,803,281	0.5651	2,714,149
	2030	January	99	4,791,565	29,018	4,820,582	0.5618	2,708,105
		February	100	4,791,565	29,018	4,820,582	0.5585	2,692,377
		March	101	4,791,565	29,018	4,820,582	0.5553	2,676,740
		April	102	4,791,565	29,018	4,820,582	0.5520	2,661,194

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		May	103	4,791,565	29,018	4,820,582	0.5488	2,645,739
		June	104	4,791,565	29,018	4,820,582	0.5457	2,630,373
		July	105	4,791,565	29,018	4,820,582	0.5425	2,615,096
		August	106	4,791,565	29,018	4,820,582	0.5393	2,599,908
		September	107	4,791,565	29,018	4,820,582	0.5362	2,584,809
		October	108	4,791,565	29,018	4,820,582	0.5331	2,569,797
10		November	109	4,791,565	29,018	4,820,582	0.5300	2,554,872
		December	110	4,791,565	29,018	4,820,582	0.5269	2,540,034
	2031	January	111	4,809,219	28,678	4,837,897	0.5239	2,534,352
		February	112	4,809,219	28,678	4,837,897	0.5208	2,519,633
		March	113	4,809,219	28,678	4,837,897	0.5178	2,505,000
		April	114	4,809,219	28,678	4,837,897	0.5148	2,490,451
		May	115	4,809,219	28,678	4,837,897	0.5118	2,475,987
		June	116	4,809,219	28,678	4,837,897	0.5088	2,461,607
		July	117	4,809,219	28,678	4,837,897	0.5059	2,447,311
		August	118	4,809,219	28,678	4,837,897	0.5029	2,433,098
		September	119	4,809,219	28,678	4,837,897	0.5000	2,418,967
		October	120	4,809,219	28,678	4,837,897	0.4971	2,404,918
11		November	121	4,809,219	28,678	4,837,897	0.4942	2,390,951
		December	122	4,809,219	28,678	4,837,897	0.4913	2,377,065
	2032	January	123	4,826,905	30,882	4,857,787	0.4885	2,372,975
		February	124	4,826,905	30,882	4,857,787	0.4857	2,359,193
		March	125	4,826,905	30,882	4,857,787	0.4828	2,345,492
		April	126	4,826,905	30,882	4,857,787	0.4800	2,331,870
		May	127	4,826,905	30,882	4,857,787	0.4772	2,318,327
		June	128	4,826,905	30,882	4,857,787	0.4745	2,304,862

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		July	129	4,826,905	30,882	4,857,787	0.4717	2,291,476
		August	130	4,826,905	30,882	4,857,787	0.4690	2,278,168
		September	131	4,826,905	30,882	4,857,787	0.4662	2,264,937
		October	132	4,826,905	30,882	4,857,787	0.4635	2,251,783
12		November	133	4,826,905	30,882	4,857,787	0.4608	2,238,705
		December	134	4,826,905	30,882	4,857,787	0.4582	2,225,703
	2033	January	135	4,844,623	27,955	4,872,578	0.4555	2,219,514
		February	136	4,844,623	27,955	4,872,578	0.4529	2,206,624
		March	137	4,844,623	27,955	4,872,578	0.4502	2,193,808
		April	138	4,844,623	27,955	4,872,578	0.4476	2,181,067
		May	139	4,844,623	27,955	4,872,578	0.4450	2,168,400
		June	140	4,844,623	27,955	4,872,578	0.4424	2,155,806
		July	141	4,844,623	27,955	4,872,578	0.4399	2,143,286
		August	142	4,844,623	27,955	4,872,578	0.4373	2,130,838
		September	143	4,844,623	27,955	4,872,578	0.4348	2,118,463
		October	144	4,844,623	27,955	4,872,578	0.4322	2,106,159
13		November	145	4,844,623	27,955	4,872,578	0.4297	2,093,927
		December	146	4,844,623	27,955	4,872,578	0.4272	2,081,766
	2034	January	147	4,862,376	27,572	4,889,948	0.4248	2,077,053
		February	148	4,862,376	27,572	4,889,948	0.4223	2,064,990
		March	149	4,862,376	27,572	4,889,948	0.4198	2,052,997
		April	150	4,862,376	27,572	4,889,948	0.4174	2,041,074
		May	151	4,862,376	27,572	4,889,948	0.4150	2,029,220
		June	152	4,862,376	27,572	4,889,948	0.4126	2,017,435
		July	153	4,862,376	27,572	4,889,948	0.4102	2,005,718

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		August	154	4,862,376	27,572	4,889,948	0.4078	1,994,069
		September	155	4,862,376	27,572	4,889,948	0.4054	1,982,488
		October	156	4,862,376	27,572	4,889,948	0.4031	1,970,974
14		November	157	4,862,376	27,572	4,889,948	0.4007	1,959,527
		December	158	4,862,376	27,572	4,889,948	0.3984	1,948,147
	2035	January	159	4,880,166	27,174	4,907,340	0.3961	1,943,721
		February	160	4,880,166	27,174	4,907,340	0.3938	1,932,432
		March	161	4,880,166	27,174	4,907,340	0.3915	1,921,209
		April	162	4,880,166	27,174	4,907,340	0.3892	1,910,051
		May	163	4,880,166	27,174	4,907,340	0.3870	1,898,958
		June	164	4,880,166	27,174	4,907,340	0.3847	1,887,929
		July	165	4,880,166	27,174	4,907,340	0.3825	1,876,965
		August	166	4,880,166	27,174	4,907,340	0.3803	1,866,064
		September	167	4,880,166	27,174	4,907,340	0.3781	1,855,226
		October	168	4,880,166	27,174	4,907,340	0.3759	1,844,451
15		November	169	4,880,166	27,174	4,907,340	0.3737	1,833,739
		December	170	4,880,166	27,174	4,907,340	0.3715	1,823,089
	2036	January	171	4,897,994	26,762	4,924,757	0.3693	1,818,934
		February	172	4,897,994	26,762	4,924,757	0.3672	1,808,370
		March	173	4,897,994	26,762	4,924,757	0.3651	1,797,867
		April	174	4,897,994	26,762	4,924,757	0.3629	1,787,426
		May	175	4,897,994	26,762	4,924,757	0.3608	1,777,045
		June	176	4,897,994	26,762	4,924,757	0.3587	1,766,724
		July	177	4,897,994	26,762	4,924,757	0.3567	1,756,463
		August	178	4,897,994	26,762	4,924,757	0.3546	1,746,262
		September	179	4,897,994	26,762	4,924,757	0.3525	1,736,120

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		October	180	4,897,994	26,762	4,924,757	0.3505	1,726,037
16		November	181	4,897,994	26,762	4,924,757	0.3484	1,716,013
		December	182	4,897,994	26,762	4,924,757	0.3464	1,706,047
	2037	January	183	4,915,864	26,336	4,942,199	0.3444	1,702,146
		February	184	4,915,864	26,336	4,942,199	0.3424	1,692,260
		March	185	4,915,864	26,336	4,942,199	0.3404	1,682,432
		April	186	4,915,864	26,336	4,942,199	0.3384	1,672,661
		May	187	4,915,864	26,336	4,942,199	0.3365	1,662,946
		June	188	4,915,864	26,336	4,942,199	0.3345	1,653,288
		July	189	4,915,864	26,336	4,942,199	0.3326	1,643,686
		August	190	4,915,864	26,336	4,942,199	0.3307	1,634,140
		September	191	4,915,864	26,336	4,942,199	0.3287	1,624,650
		October	192	4,915,864	26,336	4,942,199	0.3268	1,615,214
17		November	193	4,915,864	26,336	4,942,199	0.3249	1,605,833
		December	194	4,915,864	26,336	4,942,199	0.3230	1,596,507
	2038	January	195	4,933,775	25,895	4,959,671	0.3212	1,592,846
		February	196	4,933,775	25,895	4,959,671	0.3193	1,583,595
		March	197	4,933,775	25,895	4,959,671	0.3174	1,574,398
		April	198	4,933,775	25,895	4,959,671	0.3156	1,565,254
		May	199	4,933,775	25,895	4,959,671	0.3138	1,556,163
		June	200	4,933,775	25,895	4,959,671	0.3119	1,547,125
		July	201	4,933,775	25,895	4,959,671	0.3101	1,538,140
		August	202	4,933,775	25,895	4,959,671	0.3083	1,529,207
		September	203	4,933,775	25,895	4,959,671	0.3065	1,520,326
		October	204	4,933,775	25,895	4,959,671	0.3048	1,511,496
18		November	205	4,933,775	25,895	4,959,671	0.3030	1,502,718

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		December	206	4,933,775	25,895	4,959,671	0.3012	1,493,990
	2039	January	207	4,951,732	25,440	4,977,173	0.2995	1,490,555
		February	208	4,951,732	25,440	4,977,173	0.2977	1,481,898
		March	209	4,951,732	25,440	4,977,173	0.2960	1,473,291
		April	210	4,951,732	25,440	4,977,173	0.2943	1,464,735
		May	211	4,951,732	25,440	4,977,173	0.2926	1,456,228
		June	212	4,951,732	25,440	4,977,173	0.2909	1,447,771
		July	213	4,951,732	25,440	4,977,173	0.2892	1,439,362
		August	214	4,951,732	25,440	4,977,173	0.2875	1,431,003
		September	215	4,951,732	25,440	4,977,173	0.2858	1,422,692
		October	216	4,951,732	25,440	4,977,173	0.2842	1,414,429
19		November	217	4,951,732	25,440	4,977,173	0.2825	1,406,214
		December	218	4,951,732	25,440	4,977,173	0.2809	1,398,048
	2040	January	219	4,969,736	24,972	4,994,707	0.2793	1,394,825
		February	220	4,969,736	24,972	4,994,707	0.2776	1,386,724
		March	221	4,969,736	24,972	4,994,707	0.2760	1,378,670
		April	222	4,969,736	24,972	4,994,707	0.2744	1,370,663
		May	223	4,969,736	24,972	4,994,707	0.2728	1,362,703
		June	224	4,969,736	24,972	4,994,707	0.2712	1,354,788
		July	225	4,969,736	24,972	4,994,707	0.2697	1,346,920
		August	226	4,969,736	24,972	4,994,707	0.2681	1,339,097
		September	227	4,969,736	24,972	4,994,707	0.2665	1,331,320
		October	228	4,969,736	24,972	4,994,707	0.2650	1,323,588
20		November	229	4,969,736	24,972	4,994,707	0.2635	1,315,901
		December	230	4,969,736	24,972	4,994,707	0.2619	1,308,259

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2041	January	231	4,987,788	24,489	5,012,277	0.2604	1,305,236
		February	232	4,987,788	24,489	5,012,277	0.2589	1,297,655
		March	233	4,987,788	24,489	5,012,277	0.2574	1,290,119
		April	234	4,987,788	24,489	5,012,277	0.2559	1,282,626
		May	235	4,987,788	24,489	5,012,277	0.2544	1,275,177
		June	236	4,987,788	24,489	5,012,277	0.2529	1,267,771
		July	237	4,987,788	24,489	5,012,277	0.2515	1,260,408
		August	238	4,987,788	24,489	5,012,277	0.2500	1,253,088
		September	239	4,987,788	24,489	5,012,277	0.2486	1,245,810
		October	240	4,987,788	24,489	5,012,277	0.2471	1,238,575
21		November	241	4,987,788	24,489	5,012,277	0.2457	1,231,382
		December	242	4,987,788	24,489	5,012,277	0.2442	1,224,230
	2042	January	243	5,017,397	23,991	5,041,388	0.2428	1,224,189
		February	244	5,017,397	23,991	5,041,388	0.2414	1,217,079
		March	245	5,017,397	23,991	5,041,388	0.2400	1,210,011
		April	246	5,017,397	23,991	5,041,388	0.2386	1,202,983
		May	247	5,017,397	23,991	5,041,388	0.2372	1,195,997
		June	248	5,017,397	23,991	5,041,388	0.2359	1,189,050
		July	249	5,017,397	23,991	5,041,388	0.2345	1,182,145
		August	250	5,017,397	23,991	5,041,388	0.2331	1,175,279
		September	251	5,017,397	23,991	5,041,388	0.2318	1,168,453
		October	252	5,017,397	23,991	5,041,388	0.2304	1,161,667
22		November	253	5,017,397	23,991	5,041,388	0.2291	1,154,921
		December	254	5,017,397	23,991	5,041,388	0.2278	1,148,213
	2043	January	255	5,033,218	23,480	5,056,698	0.2264	1,145,011
		February	256	5,033,218	23,480	5,056,698	0.2251	1,138,361

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		March	257	5,033,218	23,480	5,056,698	0.2238	1,131,750
		April	258	5,033,218	23,480	5,056,698	0.2225	1,125,177
		May	259	5,033,218	23,480	5,056,698	0.2212	1,118,642
		June	260	5,033,218	23,480	5,056,698	0.2199	1,112,145
		July	261	5,033,218	23,480	5,056,698	0.2187	1,105,686
		August	262	5,033,218	23,480	5,056,698	0.2174	1,099,265
		September	263	5,033,218	23,480	5,056,698	0.2161	1,092,880
		October	264	5,033,218	23,480	5,056,698	0.2149	1,086,533
23		November	265	5,033,218	23,480	5,056,698	0.2136	1,080,223
		December	266	5,033,218	23,480	5,056,698	0.2124	1,073,949
	2044	January	267	5,049,094	22,955	5,072,049	0.2111	1,070,953
		February	268	5,049,094	22,955	5,072,049	0.2099	1,064,733
		March	269	5,049,094	22,955	5,072,049	0.2087	1,058,550
		April	270	5,049,094	22,955	5,072,049	0.2075	1,052,402
		May	271	5,049,094	22,955	5,072,049	0.2063	1,046,290
		June	272	5,049,094	22,955	5,072,049	0.2051	1,040,213
		July	273	5,049,094	22,955	5,072,049	0.2039	1,034,172
		August	274	5,049,094	22,955	5,072,049	0.2027	1,028,166
		September	275	5,049,094	22,955	5,072,049	0.2015	1,022,194
		October	276	5,049,094	22,955	5,072,049	0.2004	1,016,257
24		November	277	5,049,094	22,955	5,072,049	0.1992	1,010,355
		December	278	5,049,094	22,955	5,072,049	0.1980	1,004,487
	2045	January	279	5,065,027	22,417	5,087,444	0.1969	1,001,685
		February	280	5,065,027	22,417	5,087,444	0.1957	995,867
		March	281	5,065,027	22,417	5,087,444	0.1946	990,083
		April	282	5,065,027	22,417	5,087,444	0.1935	984,333

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		May	283	5,065,027	22,417	5,087,444	0.1924	978,616
		June	284	5,065,027	22,417	5,087,444	0.1912	972,933
		July	285	5,065,027	22,417	5,087,444	0.1901	967,282
		August	286	5,065,027	22,417	5,087,444	0.1890	961,664
		September	287	5,065,027	22,417	5,087,444	0.1879	956,079
		October	288	5,065,027	22,417	5,087,444	0.1868	950,527
25		November	289	5,065,027	22,417	5,087,444	0.1858	945,006
		December	290	5,065,027	22,417	5,087,444	0.1847	939,518
		January	291	5,081,021	21,864	5,102,885	0.1836	936,896
		February	292	5,081,021	21,864	5,102,885	0.1825	931,455
		March	293	5,081,021	21,864	5,102,885	0.1815	926,045
		April	294	5,081,021	21,864	5,102,885	0.1804	920,667
		May	295	5,081,021	21,864	5,102,885	0.1794	915,320
		June	296	5,081,021	21,864	5,102,885	0.1783	910,004
		July	297	5,081,021	21,864	5,102,885	0.1773	904,719
		August	298	5,081,021	21,864	5,102,885	0.1763	899,465
		September	299	5,081,021	21,864	5,102,885	0.1752	894,241
		October	300	5,081,021	21,864	5,102,885	0.1742	889,047
					Present Worth of the Unexpired Contract Rent =			**Php676,579,061**

Indicated Value on the Leased Fee Estate is computed as follows:

Lessor's Interest:

Present Worth of the Unexpired Contract Rent	Php676,579,061
Plus: Reversionary Value of the Land	
Market Value of the Land x Present Worth Factor	
138,164 sq.m. x Php450/sq.m. x 0.1702	Php10,581,981
Leased Fee Estate -	***Php687,161,041***
Say -	***Php687,161,000***

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Land Area	138,164 sq.m.		
Rental Income on Year 1			
November to December 2021			
	Fixed Lease	Php	8,195,035
	Variable Lease	Php	110,387
January to October 2022			
	Fixed Lease	Php	42,022,714
	Variable Lease	Php	312,111
		Net Income - Php	**50,640,247**
		Capitalized @5.63%	**Php899,471,528**
		Leased Fee Estate (land and solar power plant)	**Php899,472,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

HEADLEASEHOLD INTEREST APPRAISAL

Property exhibited to us by the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Talavera
Toledo City, Cebu

22 November 2021

CITICORE ENEGERY REIT CORPORATION (CREIT)
11th Floor Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the headleasehold interest of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until:
PRC Registration Number:
IPREA Membership No.
PTR No.

City of Pasig

22 November 2021

CITICORE ENEGERY REIT CORPORATION (CREIT)
11th Floor Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-004B**
Headleasehold Interest Appraisal of Property

Gentlemen :

As requested, we appraised a certain property exhibited to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** for the purpose of expressing an opinion on the ***headleasehold interest*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** on the **land,** the **First Toledo Solar Energy Corporation*,*** located **within Barangay Talavera, Toledo City, Cebu.**

Terms used herein are as follows:

Headleasehold Interest is the leasehold interest that exist in a lease to a single entity that is intended to the holder of subsequent lease to sublessee that will be the tenants in possession of the leased premises (Phlippine Valuation Standards, 1st Edition).

Head lessor is referred to the holder of the head lease or master lease;

Sublessee is referred to the person to whom the sublease is given;

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

We personally inspected the property, investigated local market condition and gave consideration to the --

Provision on the land lease and sublease agreement;

Extent, character and utility of the property; and

Highest and best use of the property.

Based on the foregoing and as supported by the accompanying narrative report, we are of the opinion that the ***headleasehold interest*** on the property based on 19.09-year lease and sub-lease lives appraised as of ***31 October 2021*** is reasonably represented in the amount of:

Methodology	***Headleasehold Interest (Php)***
By Discounted Cash Flow	***3,776,850,000***
By Direct Capitalization	***5,906,509,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported headleasehold interest.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate
PRC Registration Number:
Valid Until:
IPREA Membership No.
PTR No.

City of Malolos

JELM/AVS:roa

CAI File No. 02-2021-0140-004B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clears under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-004B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Talavera, Toledo City, Cebu. The appraisal was made for the purpose of expressing an opinion on the ***headleasehold interest*** on the property as of ***31 October 2021.***

Headleasehold Interest is defined as the leasehold interest that exists in a lease to a single entity that is intended to be the holder of subsequent lease to sublessees that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is **the land** located **on the east end of an existing road within Barangay Talavera, Toledo City, Cebu.**

The property is located approximately 70 meters east from the intersection of the National Highway and the existing road; 400 meters northeast from Talavera Elementary School; 3.6 kilometers northeast from Gaisano Grand Mall – Toledo; 6.1 kilometers northeast from Toledo City Port; and about 5.7 kilometers northeast from Toledo City Hall.

The existing road is 4.0 meters wide, concrete-paved.

The orientation of the site, as inspected, appears to conform to the lot plan as plotted based on the technical description appearing in the title furnished us by the client.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed residential and agricultural use.

Generally, the roads in the neighborhood are designed to accommodate light to moderate vehicular and pedestrian traffic loads. Major thoroughfares are asphalt-paved with widths ranging from 10 to 20 meters and lighted with streetlamps.

A few of the important improvements in the vicinity are:

Talavera Elementary School
NGCP Calong-calong Substation

Toledo City Proper serves the shopping and marketing needs of the residents in the area. This is accessible from the National Highway by public transportation. Other community centers like the post office, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available at the site.

Public transportation connecting to various sections of Toledo City is available along the National Highway which is about 70 meters from the subject property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. CONTRACT OF LEASE

Sublease Contract

Based on the Sublease Agreement made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Sublessor) and CITICORE SOLAR CEBU, INC. (Sublessee).**

Salient features of the Contract of Lease are as follows:

1. The land has an area of 730,000-square meter (73 hectares), a portion of Plan II-12172 containing an area of 1,137,941 square meters, more or less, covered by Transfer Certificate of Title No. T- 4031 issued on 15 June 2007 by the Registry of Deeds for Toledo City in favor of **GINO A. BALTAO;**

2. The agreement shall be for a period of 19.42 years commence on 01 January 2022 to 31 May 2041;

3. Lease payment and terms of payment based on contract are shown on the next page; and

Projected Variable Lease

Year	Month	Fixed Output	Fixed Lease	Variable Output (Projected)*	Variable Lease (Projected)*	Total Lease
2022	Jan	81.72	338.50	0.31	0.75	339.26
2023		81.39	365.63	0.30	0.79	366.41
2024		81.07	366.08	0.51	1.35	367.44
2025		80.74	367.90	0.28	0.74	368.64
2026		80.42	369.72	0.26	0.71	370.43
2027		80.10	371.55	0.25	0.67	372.23
2028		79.78	373.39	0.45	1.23	374.62
2029		79.46	375.23	0.21	0.59	375.82
2030		79.14	377.08	0.20	0.54	377.62
2031		78.83	378.93	0.18	0.49	379.43
2032		78.51	380.79	0.37	1.05	381.84
2033		78.20	382.66	0.13	0.38	383.04
2034		77.88	384.54	0.11	0.32	384.85
2035		77.57	386.42	0.09	0.25	386.67
2036		77.26	388.31	0.06	0.17	388.48
2037		76.95	390.21	0.03	0.09	390.30
2038		76.64	392.11	0.00	0.01	392.12
2039		76.34	394.02			394.02
2040		76.03	395.95			395.95
2041	May	31.55	165.78			165.78

**For purposes of showing variable lease computation, figures above reflect only 50% of the projected variable output in excess of the yearly fixed projected output of the lessee although 100% will accrue to lessor.*

4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

<u>Lease Contract</u>

The Contract of Lease was made and entered by and between **LEAVENWORTH REALTY DEVELOPMENT, INC., (Lessor) and CITICORE SOLAR CEBU, INC. (CSCI) (Lessee).** However, based on Deed of Assignment the lessee transfer, assigns and conveys the assignment of the Lease of Contract in favor of the **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.**

Salient features of the Contract of Lease are as follows:

1. The land has an area of 730,000-square meter (73 hectares), a portion of Plan II-12172 containing an area of 1,137,941 square meters, more or less, covered by Transfer Certificate of Title No. T-4031 issued on 15 June 2007 by the Registry of Deeds for Toledo City in favor of **GINO A. BALTAO;**

2. The agreement shall be for a period of twenty five (25) years commence on 31 May 2016 to 30 May 2041, renewal option subject to terms and conditions as may be agreed upon by both parties;

3. The lease payment shall be Php6,000,000 per annum inclusive of value added tax ("VAT") increase by 12% every 5 years unless adjustments are mutually agreed by both parties;

4. The lessee shall put up a non-interest bearing security deposit in favor of the lessor in the amount of Php6,000,000;

5. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that an **industrial utility,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VII. VALUATION

When a tenant or lessee subleases to a third party, a further interest is created in the property. The person to whom the sublease is given is known as the sublessee and the original lessee now becomes the Head lessee. The leasehold interest that exists in a lease to a single entity that is intended to the holder of subsequent lease to sublessees that will be the tenants in possession of the lease premises is termed as the ***Headleasehold Interest or the headlessee's Interest.***

The Headlessee's Interest shall be computed as the present value of the difference between the unexpired contract rent between the headlessee and sublessee, and contract rent paid to the landowner.

In estimating the headleasehold interest, we utilized Income Approach. This is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the land. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received.

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated headleasehold interest.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining lease lives between the lessor and the lessee is 19.59 years 31 October 2021 to 31 May 2041, while the lease life between sublessor and sublessee is 19.42 years from 31 October 2021 to 31 May 1941; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Based on the foregoing, the computation of the headleasehold interest is shown as under:

A. Present Worth of the Unexpired Contract Rentals Between EPRRI and CSCI

Year	"n"	Fixed Lease	Variable Lease	Total Annual Lease	Present Worth Factor	Present Worth of the Unexpired Contract Rent
						Yearly
a	b	c	d	e = c x d	f	g = e x f
		Php	Php	Php		Php
Date of Valuation - 31 October 2021						
	0.17					
2022	1.17	338,504,047.09	752,427.69	339,256,474.78	0.92379	313,401,910.11
2023	2.17	365,626,040.95	787,066.43	366,413,107.37	0.86327	316,315,250.39
2024	3.17	366,081,804.13	1,354,063.10	367,435,867.23	0.80672	296,419,188.24
2025	4.17	367,900,562.12	735,844.83	368,636,406.95	0.75388	277,906,449.84
2026	5.17	369,724,709.72	705,721.71	370,430,431.43	0.70449	260,965,258.71
2027	6.17	371,554,449.25	671,609.76	372,226,059.01	0.65834	245,052,110.92
2028	7.17	373,389,985.22	1,233,175.24	374,623,160.46	0.61522	230,473,996.72
2029	8.17	375,231,524.36	591,135.61	375,822,659.98	0.57491	216,065,739.17
2030	9.17	377,079,275.69	544,628.45	377,623,904.13	0.53725	202,879,450.33
2031	10.17	378,933,450.51	493,842.43	379,427,292.93	0.50206	190,494,650.76
2032	11.17	380,794,262.48	1,046,210.97	381,840,473.45	0.46917	179,147,937.81
2033	12.17	382,661,927.67	379,129.44	383,041,057.11	0.43844	167,938,711.48
2034	13.17	384,536,664.54	315,046.79	384,851,711.34	0.40971	157,679,250.69
2035	14.17	386,418,694.06	246,373.84	386,665,067.90	0.38287	148,044,303.16
2036	15.17	388,308,239.70	173,029.06	388,481,268.76	0.35779	138,996,057.06
2037	16.17	390,205,527.49	94,929.37	390,300,456.86	0.33436	130,498,972.68
2038	17.17	392,110,786.06	11,990.11	392,122,776.17	0.31245	122,519,647.28
2039	18.17	394,024,246.71	-	394,024,246.71	0.29198	115,048,842.20
2040	19.17	395,946,143.41	-	395,946,143.41	0.27286	108,036,637.34
2041	20.17	165,781,963.70	-	165,781,963.70	0.25498	42,271,519.23
					Total -	**PHP 3,860,155,884**

B. Present Worth of the Unexpired Contract Rent Between EPRRI and LRDI

No. of Year	Year	Month	"n"	Monthly Lease	Present Worth Factor	Present Worth of the Unexpired Annual Rentals
				(Php/mo.)		(Php)
a	b	c	d	f	g	h
Expired Land Lease (31 May 2016 to 31 October 2021)						
1	2016			500,000		
2	2017			500,000		
3	2018			500,000		
4	2019			500,000		
5	2020			500,000		
6	2021			560,000		
7	2022			560,000		
Unexpired Land Lease (01 November 2021 to 30 May 2041)						
7		November	1	560,000.00	0.99419	556,747.67
		December	2	560,000.00	0.98842	553,514.22
	2022	January	3	560,000.00	0.98268	550,299.55
		February	4	560,000.00	0.97697	547,103.56
		March	5	560,000.00	0.97130	543,926.12
		April	6	560,000.00	0.96566	540,767.14
		May	7	560,000.00	0.96005	537,626.51
9		June	8	560,000.00	0.95447	534,504.11
		July	9	560,000.00	0.94893	531,399.85
		August	10	560,000.00	0.94342	528,313.62
		September	11	560,000.00	0.93794	525,245.31
		October	12	560,000.00	0.93249	522,194.82
		November	13	560,000.00	0.92708	519,162.05
		December	14	560,000.00	0.92169	516,146.89
	2023	January	15	560,000.00	0.91634	513,149.25
		February	16	560,000.00	0.91102	510,169.01
		March	17	560,000.00	0.90573	507,206.08
		April	18	560,000.00	0.90046	504,260.36
		May	19	560,000.00	0.89524	501,331.75
10		June	20	560,000.00	0.89004	498,420.14
		July	21	560,000.00	0.88487	495,525.45
		August	22	560,000.00	0.87973	492,647.56
		September	23	560,000.00	0.87462	489,786.39
		October	24	560,000.00	0.86954	486,941.84
		November	25	560,000.00	0.86449	484,113.81
		December	26	560,000.00	0.85947	481,302.20
	2024	January	27	560,000.00	0.85448	478,506.93
		February	28	560,000.00	0.84951	475,727.88
		March	29	560,000.00	0.84458	472,964.98
		April	30	560,000.00	0.83968	470,218.12
		May	31	560,000.00	0.83480	467,487.22
11		June	32	560,000.00	0.82995	464,772.17
		July	33	560,000.00	0.82513	462,072.90
		August	34	560,000.00	0.82034	459,389.30
		September	35	560,000.00	0.81557	456,721.28
		October	36	560,000.00	0.81084	454,068.77
		November	37	560,000.00	0.80613	451,431.65
		December	38	560,000.00	0.80145	448,809.86
	2025	January	39	560,000.00	0.79679	446,203.28
		February	40	560,000.00	0.79216	443,611.85
		March	41	560,000.00	0.78756	441,035.47
		April	42	560,000.00	0.78299	438,474.05
		May	43	560,000.00	0.77844	435,927.51
12		June	44	560,000.00	0.77392	433,395.75
		July	45	560,000.00	0.76943	430,878.70

		August	46	560,000.00	0.76496	428,376.27
		September	47	560,000.00	0.76051	425,888.37
		October	48	560,000.00	0.75610	423,414.93
		November	49	560,000.00	0.75171	420,955.84
		December	50	560,000.00	0.74734	418,511.04
	2026	January	51	560,000.00	0.74300	416,080.44
		February	52	560,000.00	0.73869	413,663.95
		March	53	560,000.00	0.73440	411,261.50
		April	54	560,000.00	0.73013	408,873.00
		May	55	560,000.00	0.72589	406,498.37
13		June	56	627,200.00	0.72167	452,634.04
		July	57	627,200.00	0.71748	450,005.26
		August	58	627,200.00	0.71332	447,391.74
		September	59	627,200.00	0.70917	444,793.41
		October	60	627,200.00	0.70505	442,210.16
		November	61	627,200.00	0.70096	439,641.92
		December	62	627,200.00	0.69689	437,088.60
	2027	January	63	627,200.00	0.69284	434,550.10
		February	64	627,200.00	0.68882	432,026.35
		March	65	627,200.00	0.68482	429,517.25
		April	66	627,200.00	0.68084	427,022.72
		May	67	627,200.00	0.67689	424,542.69
14		June	68	627,200.00	0.67295	422,077.05
		July	69	627,200.00	0.66905	419,625.74
		August	70	627,200.00	0.66516	417,188.66
		September	71	627,200.00	0.66130	414,765.74
		October	72	627,200.00	0.65746	412,356.89
		November	73	627,200.00	0.65364	409,962.03
		December	74	627,200.00	0.64984	407,581.07
	2028	January	75	627,200.00	0.64607	405,213.95
		February	76	627,200.00	0.64232	402,860.57
		March	77	627,200.00	0.63859	400,520.86
		April	78	627,200.00	0.63488	398,194.74
		May	79	627,200.00	0.63119	395,882.13
15		June	80	627,200.00	0.62752	393,582.95
		July	81	627,200.00	0.62388	391,297.12
		August	82	627,200.00	0.62026	389,024.57
		September	83	627,200.00	0.61665	386,765.22
		October	84	627,200.00	0.61307	384,518.99
		November	85	627,200.00	0.60951	382,285.80
		December	86	627,200.00	0.60597	380,065.58
	2029	January	87	627,200.00	0.60245	377,858.26
		February	88	627,200.00	0.59895	375,663.76
		March	89	627,200.00	0.59548	373,482.00
		April	90	627,200.00	0.59202	371,312.91
		May	91	627,200.00	0.58858	369,156.43
16		June	92	627,200.00	0.58516	367,012.46
		July	93	627,200.00	0.58176	364,880.95
		August	94	627,200.00	0.57838	362,761.81
		September	95	627,200.00	0.57502	360,654.99
		October	96	627,200.00	0.57168	358,560.40
		November	97	627,200.00	0.56836	356,477.97
		December	98	627,200.00	0.56506	354,407.64
	2030	January	99	627,200.00	0.56178	352,349.33
		February	100	627,200.00	0.55852	350,302.98
		March	101	627,200.00	0.55528	348,268.51
		April	102	627,200.00	0.55205	346,245.86
		May	103	627,200.00	0.54884	344,234.95
17		June	104	627,200.00	0.54566	342,235.73
		July	105	627,200.00	0.54249	340,248.11
		August	106	627,200.00	0.53934	338,272.04
		September	107	627,200.00	0.53620	336,307.44

		October	108	627,200.00	0.53309	334,354.26
		November	109	627,200.00	0.52999	332,412.41
		December	110	627,200.00	0.52692	330,481.85
	2031	January	111	627,200.00	0.52386	328,562.50
		February	112	627,200.00	0.52081	326,654.29
		March	113	627,200.00	0.51779	324,757.17
		April	114	627,200.00	0.51478	322,871.06
		May	115	627,200.00	0.51179	320,995.91
18		June	116	702,464.00	0.50882	357,427.45
		July	117	702,464.00	0.50586	355,351.60
		August	118	702,464.00	0.50293	353,287.81
		September	119	702,464.00	0.50001	351,236.01
		October	120	702,464.00	0.49710	349,196.12
		November	121	702,464.00	0.49421	347,168.08
		December	122	702,464.00	0.49134	345,151.82
	2032	January	123	702,464.00	0.48849	343,147.27
		February	124	702,464.00	0.48565	341,154.36
		March	125	702,464.00	0.48283	339,173.02
		April	126	702,464.00	0.48003	337,203.19
		May	127	702,464.00	0.47724	335,244.81
19		June	128	702,464.00	0.47447	333,297.79
		July	129	702,464.00	0.47171	331,362.08
		August	130	702,464.00	0.46897	329,437.62
		September	131	702,464.00	0.46625	327,524.33
		October	132	702,464.00	0.46354	325,622.16
		November	133	702,464.00	0.46085	323,731.03
		December	134	702,464.00	0.45817	321,850.88
	2033	January	135	702,464.00	0.45551	319,981.65
		February	136	702,464.00	0.45287	318,123.28
		March	137	702,464.00	0.45024	316,275.71
		April	138	702,464.00	0.44762	314,438.86
		May	139	702,464.00	0.44502	312,612.68
20		June	140	702,464.00	0.44244	310,797.11
		July	141	702,464.00	0.43987	308,992.08
		August	142	702,464.00	0.43731	307,197.53
		September	143	702,464.00	0.43477	305,413.41
		October	144	702,464.00	0.43225	303,639.65
		November	145	702,464.00	0.42974	301,876.19
		December	146	702,464.00	0.42724	300,122.97
	2034	January	147	702,464.00	0.42476	298,379.93
		February	148	702,464.00	0.42229	296,647.02
		March	149	702,464.00	0.41984	294,924.17
		April	150	702,464.00	0.41740	293,211.33
		May	151	702,464.00	0.41498	291,508.43
21		June	152	702,464.00	0.41257	289,815.43
		July	153	702,464.00	0.41017	288,132.26
		August	154	702,464.00	0.40779	286,458.86
		September	155	702,464.00	0.40542	284,795.18
		October	156	702,464.00	0.40307	283,141.16
		November	157	702,464.00	0.40073	281,496.75
		December	158	702,464.00	0.39840	279,861.89
	2035	January	159	702,464.00	0.39609	278,236.53
		February	160	702,464.00	0.39379	276,620.60
		March	161	702,464.00	0.39150	275,014.06
		April	162	702,464.00	0.38923	273,416.85
		May	163	702,464.00	0.38696	271,828.92
22		June	164	702,464.00	0.38472	270,250.21
		July	165	702,464.00	0.38248	268,680.67
		August	166	702,464.00	0.38026	267,120.24
		September	167	702,464.00	0.37805	265,568.87
		October	168	702,464.00	0.37586	264,026.52
		November	169	702,464.00	0.37367	262,493.12

		December	170	702,464.00	0.37150	260,968.63
	2036	January	171	702,464.00	0.36935	259,452.99
		February	172	702,464.00	0.36720	257,946.16
		March	173	702,464.00	0.36507	256,448.07
		April	174	702,464.00	0.36295	254,958.69
		May	175	702,464.00	0.36084	253,477.95
23		June	176	786,759.68	0.35875	282,246.52
		July	177	786,759.68	0.35666	280,607.30
		August	178	786,759.68	0.35459	278,977.61
		September	179	786,759.68	0.35253	277,357.38
		October	180	786,759.68	0.35048	275,746.56
		November	181	786,759.68	0.34845	274,145.10
		December	182	786,759.68	0.34642	272,552.93
	2037	January	183	786,759.68	0.34441	270,970.02
		February	184	786,759.68	0.34241	269,396.29
		March	185	786,759.68	0.34042	267,831.71
		April	186	786,759.68	0.33845	266,276.21
		May	187	786,759.68	0.33648	264,729.75
24		June	188	786,759.68	0.33453	263,192.27
		July	189	786,759.68	0.33258	261,663.72
		August	190	786,759.68	0.33065	260,144.04
		September	191	786,759.68	0.32873	258,633.19
		October	192	786,759.68	0.32682	257,131.12
		November	193	786,759.68	0.32492	255,637.77
		December	194	786,759.68	0.32304	254,153.09
	2038	January	195	786,759.68	0.32116	252,677.04
		February	196	786,759.68	0.31930	251,209.55
		March	197	786,759.68	0.31744	249,750.59
		April	198	786,759.68	0.31560	248,300.11
		May	199	786,759.68	0.31377	246,858.04
25		June	200	786,759.68	0.31194	245,424.36
		July	201	786,759.68	0.31013	243,999.00
		August	202	786,759.68	0.30833	242,581.91
		September	203	786,759.68	0.30654	241,173.06
		October	204	786,759.68	0.30476	239,772.39
		November	205	786,759.68	0.30299	238,379.85
		December	206	786,759.68	0.30123	236,995.41
	2039	January	207	786,759.68	0.29948	235,619.00
		February	208	786,759.68	0.29774	234,250.59
		March	209	786,759.68	0.29601	232,890.12
		April	210	786,759.68	0.29429	231,537.55
		May	211	786,759.68	0.29258	230,192.84
26		June	212	786,759.68	0.29088	228,855.94
		July	213	786,759.68	0.28919	227,526.81
		August	214	786,759.68	0.28752	226,205.39
		September	215	786,759.68	0.28585	224,891.65
		October	216	786,759.68	0.28419	223,585.54
		November	217	786,759.68	0.28253	222,287.01
		December	218	786,759.68	0.28089	220,996.03
	2040	January	219	786,759.68	0.27926	219,712.54
		February	220	786,759.68	0.27764	218,436.50
		March	221	786,759.68	0.27603	217,167.88
		April	222	786,759.68	0.27443	215,906.63
		May	223	786,759.68	0.27283	214,652.70
27		June	224	786,759.68	0.27125	213,406.05
		July	225	786,759.68	0.26967	212,166.64
		August	226	786,759.68	0.26811	210,934.44
		September	227	786,759.68	0.26655	209,709.38
		October	228	786,759.68	0.26500	208,491.45
		November	229	786,759.68	0.26346	207,280.58
		December	230	786,759.68	0.26193	206,076.75
	2041	January	231	786,759.68	0.26041	204,879.91

		February	232	786,759.68	0.25890	203,690.02
		March	233	786,759.68	0.25739	202,507.04
		April	234	786,759.68	0.25590	201,330.93
		May	235	786,759.68	0.25441	200,161.66
					Php	**81,749,788.07**
Plus:						
Security Deposit =	PHP 6,000,000	x		0.25934	**= Php**	**1,556,029.83**
					Sub-lease Interest = Php	**83,305,817.90**

Headleasehold Interest of EPRRI	=	A. Present Worth of the unexpired rent between EPRRI and CSCI		
		less: B. Present Worth of the unexpired rent between EPRRI and LRDI		
	=		PHP 3,860,155,884	
		Less -	PHP 83,305,818	
Healeasehold Value	**=**		**PHP 3,776,850,066**	
	=		**PHP 3,776,850,000**	

Based the foregoing, the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** is estimated **Php3,776,850,000** for the **730,000-square meter** with lease and sublease lives of 19.59 and 19.42 years, respectively based on discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client;

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines; and

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented on the next page:

INCOME APPROACH TO VALUE						
DIRECT CAPITALIZATION METHOD						
First Toledo Solar Energy Corporation						
Land Area:			730,000	-sq.m.		
Status:			vacant (under 19-year lease)			
Gross Revenue (Rental Income on Year 1)						
2022						
	Fixed Lease					338,504,047.09
	Variable Lease				Php	752,428
				Gross Revenue -	**Php**	**339,256,475**
Less:	Lease on Land	=	Php 560,000	x 12 - mo.	Php	6,720,000
				Net Income -	**Php**	**332,536,475**
	Capitalized	**@**	**5.63%**		**Php**	**5,906,509,321**
	Leased Fee Estate (land and solar power plant), say -				**Php**	**5,906,509,000**

Based the foregoing, the ***headleasehold interest*** of the **CITCORE ENERGY REIT CORPORATION** is estimated **Php5,906,509,000** for the **730,000-square meter** with lease and sublease lives of 19 years based on direct capitalization method.

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

HEADLEASEHOLD INTEREST APPRAISAL

Headleasehold Interest of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Rizal (formerly Barangay Imbang)
Silay City, Negros Occidental

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the headleasehold interest of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until:
PRC Registration Number:
IPREA Membership No.
PTR No.

City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-006B**
Headleasehold Interest Appraisal of Property

Gentlemen :

As requested, we appraised of certain property exhibited to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** for the purpose of expressing an opinion on the ***headleasehold interest*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** of the ***Silay Power Plant, Inc.,*** located **within Barangay Rizal (formerly Barangay Imbang), Silay City, Negros Occidental.**

Terms used herein are as follows:

Headleasehold Interest is the leasehold interest that exist in a lease to a single entity that is intended to the holder of subsequent lease to sublessee that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

Head lessor is referred to the holder of the head lease or master lease;

Sublessee is referred to the person to whom the sublease is given;

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

We personally inspected the property, investigated local market condition and gave consideration to the –

Provision on the land lease and sublease agreement;

Extent, character and utility of the property; and

Highest and best use of the property.

Based on the foregoing and as supported by the accompanying narrative report, we are of the opinion that the ***headleasehold interest*** on the property based on 19-year lease and sub-lease lives appraised as of ***31 October 2021*** is reasonably represented in the amount of:

Methodology	***Headleasehold Interest (Php)***
By Discounted Cash Flow	***2,884,597,000***
By Direct Capitalization	***4,242,433,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported headleasehold value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate
PRC Registration Number:
Valid Until:
IPREA Membership No.
PTR No.

City of Malolos

PCB/AVS:roa

CAI File No. 02-2021-0140-006B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or cost/values invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-006B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Rizal (formerly Barangay Imbang), Silay City, Negros Occidental. The appraisal was made for the purpose of expressing an opinion on the ***headleasehold interest*** of the property as of ***31 October 2021.***

Headleasehold Interest is defined as the leasehold interest that exists in a lease to a single entity that is intended to be the holder of subsequent lease to sublessees that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***land,*** located **within Barangay Rizal (formerly Barangay Imbang), SIlay City, Negros Occidental.**

For purposes of definitive valuation, the property is segregated into four (4) areas of reference, the particulars are as follows:

Area 1 is located on the southwest side of Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road), approximately 150 meters southeast from Hda. Maquina Chapel; southeast 500 meters from the main subdivision entrance of the Mallery Homes; 1.30 kilometers southeast from the intersection of Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road) and Bacolod North Road (National Highway); and about 3.90 kilometers northeast from Silay City Hall.

Area 2 is located on the northeast side of Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road), across Area 1.

Area 3 is located on the south side of access road and northeast side of Imbang River.

Area 4 is located on the northeast side of Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road) and west side of the access road.
Distances of Areas 1 to 3 from different landmarks can be referred from Area 1 using the attached plan.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically industrial, residential and agricultural.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are concreted, with widths ranging from 10 to 20 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Ceneco Hda. Maquina Substation
Hda. Maquina Chapel
La Alegria Subdivision
Dona Montserrat Lopez High School
Tersesita Jalandoni Memorial Provincial Hospital

Savemore Supermarket-Silay and Prince Hypermart-Silay serve as the commercial and shopping centers of the residents in the area. These are accessible along Bacolod North Road (National Highway) by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities are available at the subject subdivision.

Public transportation connecting to various sections of Silay City and its nearby towns is available along Bacolod North Road (National Highway) which is approximately 1.30 kilometers from Areas 1 and 2. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. LAND DATA

Area 1

The land consists of two (2) adjoining lots, containing an aggregate total area of 290,582 square meters, more or less, technically identified as under.

Lot/Plan Nos.	TCT Nos.	Area (sq.m.)
909-D-1, Psd-06-070520	T-24488	109,340
909-C-4, Psd-06-068235	T-23187	181,244
	Total -	**290,584 sq.m.**

The subject certificates of title were both issued by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however, only an area **225,736 square meters** is subject for valuation.

The land, in its entirety, is bounded by the following properties:

Northeast	-	Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road)
Southeast	-	Lot 392, Silay Cadastre
Southwest	-	Matagoy Creek
West	-	Lot 909-C-3

Attached is a plan of the property as plotted based on the technical description appearing in the titles furnished by the client showing the area subject of this appraisal. As shown, the land has an irregular shape with frontages of approximately 547.38 meters on the Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road).

The terrain of land is flat. Its elevation is at grade with the fronting road.

Area 2

The is technically identified as Lot No. 390-C-1, Psd-06-041894, containing and area of 203,420 square meters, covered by Transfer Certificate of Title No. T-14639 issued on 25 August 1998 by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however only **46,130 square meters** subject for valuation and traversed on the portion of Lot 909-C-4

The land as a whole is bounded by the following properties:

Northeast	-	Road and Beyond Area 4
Southwest	-	Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road)
North	-	Road and Beyond Area 3

Attached is a plan of the property as plotted based on the technical description appearing in the title furnished by the client showing the area subject of this appraisal. As shown, the land has an irregular shape, with frontages of approximately 560.04 meters on the Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road).

The terrain of land is flat. Its elevation is at grade with the fronting road.

Area 3

The is technically identified as Lot No. 390-C-1, Psd-06-041894, containing and area of 203,420 square meters, covered by Transfer Certificate of Title No. T-14639 issued on 25 August 1998 by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however only **112,002 square meters** subject for valuation.

The land is bounded by the following properties:

Northeast	-	Imbang River
Southeast	-	Lot 390-C-2
Southwest	-	Road and Beyond Area 2
Southwest	-	Lot 282, Silay Cadastre

Attached is a plan of the property as plotted based on the technical description appearing in the title and relocation plan furnished by the client. As shown, the land has an irregular shape.

The terrain of land is flat. Its elevation is at grade with the fronting road.

Area 4

The is technically identified as Lot No. 390-C-5, Psd-06-041894, containing and area of 188,244 square meters, covered by Transfer Certificate of Title No. T-14641 issued on 05 August 1998 by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however only **47,513 square meters** subject for valuation.

The land is bounded by the following properties:

Northeast	-	Lot 390-B
Southwest	-	Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road)
West	-	Road and Beyond Areas 2 and 3

Attached is a plan of the property as plotted based on the technical description appearing in the title furnished by the client showing the area subject of this appraisal. As shown, the land has an irregular shape, with frontages on the Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road).

The terrain of land is flat. Its elevation is at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the titles supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Rizal, Silay City, Negros Occidental as per Department Order No. 41-17, effective 08 July 2017:

Street Names	Classification	1st Revision Zonal Value (Php/sq.m.)
Bacolod-Silay Airport and Surrounding Lots	Commercial	5,000
All Other Streets	Residential	1,300

VI. LEASE AGREEMENTS

BETWEEN EPRRI AND CLI

The land Lease Agreement was executed at Silay City, Negros Occidental by and between:

ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC., a corporation duly organized and existing under Philippine laws with principal office at the 11th Floor Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, duly represented herein by its President, Mr. Oliver Y. Tan **(hereinafter referred to as "EPRRI");** and

CLAUDIO LOPEZ, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at 10th Lacson Street Capitol Subd., Bacolod City, Negros Occidental, represented herein by its Corporate Secretary / Treasurer, Maria Lourdes J. Valderrama (**hereinafter, "CLI")**;

RECITALS:

A. **CLI** is the registered owner of several parcels of land having a total aggregate area of Six Hundred Six Thousand Four Hundred Two square meters (606,402 sqm.), more or less, located in Silay City, Province of Negros Occidental (copies of Transfer Certificates of Title numbers 14641, 23187, 24488, and 14639 are attached and made integral parts of this Amended Agreement as Annex "A");

B. **EPRRI** desires to lease Four Hundred Thirty-One Thousand Four Hundred Eight square meters (431,408 sqm.) of CLI's property, located at Barangay Rizal, Silay City, Negros Occidental more particularly described in Annex "B", and which is currently being occupied by Citicore Solar Negros Occidental, Inc. ("CSNO") [formerly, Silay Solar Power, Inc.] (the "Premises"), with the intention of subleasing the Premises to CSNO, which shall continue to own, operate, and maintain the 25 MW solar power plant (the "Generating Facility") within the Premises;

C. **EPRRI and CSNO** are affiliate corporations of Citicore Power Inc.;

D. **EPRRI** has offered to lease and CLI is willing to lease the Premises to EPRRI, and CLI further consents to the subleasing of the Premises by EPRRI to CSNO, which shall continue to hold all claims of ownership over the Generating Facility and all improvements made or placed on the Premises.

Salient features of the Lease Agreement are as follows:

1. Total land area is 43.1408 hectares;

2. On the Effective Date and until 31 October 2021, CLI acknowledges that rental payment therefor had been made at the rate of Eighty Nine Thousand Six Hundred Pesos (PhP 89,600.00) per annum per hectare, inclusive of value added tax, if any, payable annually in advance ("Rent");

3. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 to 31 October 2040;

4. The rent shall be increased at the rate of two percent (2%) per annum commencing on 01 November 2021 computed as shown below (Schedule of Rental Payment);

	CONTRACT AMOUNT	CONTRACT START DATE	CONTRACT END DATE
1	3,834,322.47	1-Nov-21	31-Oct-22
2	3,911,008.92	1-Nov-22	31-Oct-23
3	3,989,229.10	1-Nov-23	31-Oct-24
4	4,069,013.68	1-Nov-24	31-Oct-25
5	4,150,393.96	1-Nov-25	31-Oct-26
6	4,233,401.84	1-Nov-26	31-Oct-27
7	4,318,069.87	1-Nov-27	31-Oct-28
8	4,404,431.27	1-Nov-28	31-Oct-29
9	4,492,519.90	1-Nov-29	31-Oct-30
10	4,582,370.30	1-Nov-30	31-Oct-31
11	4,674,017.70	1-Nov-31	31-Oct-32
12	4,767,498.05	1-Nov-32	31-Oct-33
13	4,862,848.02	1-Nov-33	31-Oct-34
14	4,960,104.98	1-Nov-34	31-Oct-35
15	5,059,307.08	1-Nov-35	31-Oct-36
16	5,160,493.22	1-Nov-36	31-Oct-37
17	5,263,703.08	1-Nov-37	31-Oct-38
18	5,368,977.14	1-Nov-38	31-Oct-39
19	5,476,356.69	1-Nov-39	31-Oct-40

5. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

BETWEEN EPRRI AND CSNO

Lease Agreement between the **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Headlessee); and CITICORE SOLAR NEGROS OCCIDENTAL, INC. ("CSNO")** [formerly, Silay Solar Power, Inc.] **(Sublessee).**

Assumptions:

1. The land has a total area of 43.1381 hectares

2. The agreement shall be for a period of nineteen (19) years commence on 01 January 2022 to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.

3. The lease payment shall be as follows:

Year	Fixed Output	Fixed Lease	Variable Output	Variable Lease	Total Lease
		Php000,000			Php000,000
2022	36.27	241.74	0.53	2.93	244.68
2023	36.13	278.75	0.52	3.23	281.98
2024	35.98	278.90	0.61	3.67	282.58
2025	35.84	280.10	0.51	3.20	283.30
2026	35.70	281.31	0.50	3.18	284.49
2027	35.55	282.51	0.49	3.17	285.68
2028	35.41	283.72	0.58	3.62	287.34
2029	35.27	284.93	0.47	3.12	288.05
2030	35.13	286.14	0.46	3.09	289.24
2031	34.99	287.36	0.45	3.06	290.42
2032	34.85	288.58	0.54	3.51	292.08
2033	34.71	289.80	0.43	2.99	292.79
2034	34.57	291.03	0.42	2.95	293.98
2035	34.43	292.26	0.41	2.90	295.16
2036	34.29	293.49	0.39	2.86	296.35
2037	34.16	294.72	0.38	2.80	297.53
2038	34.02	295.96	0.37	2.75	298.71
2039	33.88	297.21	0.35	2.69	299.90
2040	28.12	248.71	0.28	2.19	250.90

4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that an **industrial utility** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

When a tenant or lessee subleases to a third party, a further interest is created in the property. The person to whom the sublease is given is known as the sublessee and the original lessee now becomes the Head lessee. The leasehold interest that exists in a lease to a single entity that is intended to the holder of subsequent lease to sublessees that will be the tenants in possession of the lease premises is termed as the ***Headleasehold Interest or the headlessee's Interest.***

The Headlessee's Interest shall be computed as the present value of the difference between the unexpired contract rent between the headlessee and sublessee, and contract rent paid to the landowner.

In estimating the headleasehold interest, we utilized Income Approach. This is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the land. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received.

3. Estimation of an appropriate discount rate; and

4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The lives of the leases at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are both 19 years which would start on 01 November 2021 and end on 31 October 2040; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Based on the foregoing, the computation of the headleasehold interest is shown on the next page:

Present Worth of the Unexpired Contract Rent Between C. EPRRI and CSNO

Year	"n"	Fixed Lease	Variable Lease	Total Lease	Present Worth Factor	Present Worth of the Unexpired Contract Rent	
						Yearly	Total
a	*b*	*c*	*d*	*e = c + d*	*f*	*g = e x f*	*h*
				Php		Php	Php
Date of Valuation : 31 October 2021							
2021	0						
2022	1	241,740,881.42	2,934,962.92	244,675,844.34	0.93449	228,647,644.46	
2023	2	278,753,682.54	3,229,206.77	281,982,889.31	0.87328	246,248,746.28	
2024	3	278,901,498.28	3,674,951.43	282,576,449.71	0.81607	230,601,895.18	
2025	4	280,102,516.91	3,197,722.67	283,300,239.58	0.76261	216,047,619.56	
2026	5	281,305,755.02	3,182,939.76	284,488,694.78	0.71265	202,741,750.75	
2027	6	282,511,338.13	3,165,081.09	285,676,419.22	0.66597	190,251,552.43	
2028	7	283,719,392.98	3,615,633.21	287,335,026.19	0.62234	178,820,795.02	
2029	8	284,930,047.52	3,119,920.23	288,049,967.75	0.58157	167,522,412.42	
2030	9	286,143,430.94	3,092,507.53	289,235,938.48	0.54348	157,192,918.72	
2031	10	287,359,673.73	3,061,798.00	290,421,471.73	0.50787	147,497,643.32	
2032	11	288,578,907.63	3,505,385.15	292,084,292.78	0.47460	138,624,565.59	
2033	12	289,801,265.71	2,990,256.30	292,791,522.02	0.44351	129,857,228.18	
2034	13	291,026,882.40	2,949,305.38	293,976,187.78	0.41446	121,841,551.63	
2035	14	292,255,893.45	2,904,820.05	295,160,713.50	0.38731	114,318,746.74	
2036	15	293,488,436.03	2,856,738.10	296,345,174.13	0.36194	107,258,667.78	
2037	16	294,724,648.71	2,804,996.11	297,529,644.82	0.33823	100,632,999.80	
2038	17	295,964,671.49	2,749,529.44	298,714,200.92	0.31607	94,415,148.50	
2039	18	297,208,645.84	2,690,272.16	299,898,918.00	0.29537	88,580,136.63	
2040	19	248,713,928.93	2,189,297.56	250,903,226.49	0.27602	69,253,755.45	**2,930,355,778.45**

Less:

Present Worth of the Unexpired Contract Rent Between EPRRI and CLI

Year	"n"	Total Lease	Present Worth Factor			Present Worth of the Unexpired Contract Rent	
						Yearly	**Total**
a	*b*	*c*	*d*			*e = c x d*	*f*
		Php				Php	Php
Date of Valuation : 31 October 2021							
2021	0						
2022	1	3,834,322.47	0.93449			3,583,144.07	
2023	2	3,911,008.92	0.87328			3,415,388.24	
2024	3	3,989,229.10	0.81607			3,255,486.40	
2025	4	4,069,013.68	0.76261			3,103,070.86	
2026	5	4,150,393.95	0.71265			2,957,791.12	
2027	6	4,233,401.83	0.66597			2,819,313.10	
2028	7	4,318,069.87	0.62234			2,687,318.34	
2029	8	4,404,431.27	0.58157			2,561,503.33	
2030	9	4,492,519.89	0.54348			2,441,578.73	
2031	10	4,582,370.29	0.50787			2,327,268.76	
2032	11	4,674,017.70	0.47460			2,218,310.57	
2033	12	4,767,498.05	0.44351			2,114,453.58	
2034	13	4,862,848.01	0.41446			2,015,458.98	
2035	14	4,960,104.97	0.38731			1,921,099.11	
2036	15	5,059,307.07	0.36194			1,831,156.99	
2037	16	5,160,493.21	0.33823			1,745,425.78	
2038	17	5,263,703.08	0.31607			1,663,708.34	
2039	18	5,368,977.14	0.29537			1,585,816.75	
2040	19	5,476,356.68	0.27602			1,511,571.90	**45,758,864.95**
		Headleasehold Value (Total Present Worth of the Annual Rental Gain) - Php					**2,884,596,913.50**
						Say - Php	**2,884,597,000**

Based the foregoing, the ***headleasehold interest*** of the **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. as sub-lessor** of the appraised property is estimated **Php2,884,597,000** for the **431,408-square meter** with lease and sublease lives of 19 years by using discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client;

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines; and

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as follows:

INCOME APPROACH TO VALUE							
DIRECT CAPITALIZATION METHOD							
			Silay Property				
Land Area:				431,381	-sq.m.		
Status:				vacant (under 19-year lease)			
Gross Revenue (Rental Income on Year 1)							
	2022						
		Fixed Lease				Php	241,740,881
		Variable Lease				Php	942,422
					Gross Revenue -	**Php**	**242,683,304**
	Less:	Lease on Land	=				3,834,322
					Net Income -	**Php**	**238,848,981**
		Capitalized	**@**	**5.63%**		**Php**	**4,242,433,062**
					Leased Fee Estate (land), say -	**Php**	**4,242,433,000**

Based the foregoing, the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION** is estimated **Php4,242,433,000** for the **431,381-square meter** solar power plant with lease and sublease lives of 19 years based on direct capitalization method.

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

HEADLEASEHOLD INTEREST APPRAISAL

Property exhibited to us by the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Dalayap
Tarlac City, Tarlac

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT)** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the headleasehold interest of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until:
PRC Registration Number:
IPREA Membership No.
PTR No.

City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-002B**
Headleasehold Interest Appraisal of Property

Gentlemen :

As requested, we appraised a certain property exhibited to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** for the purpose of expressing an opinion on the **headleasehold interest** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** known as ***CITICORE SOLAR TARLAC 2, INC.,*** located **within Barangay Dalayap, Tarlac City, Tarlac.**

Terms used herein are as follows:

Headleasehold Interest is the leasehold interest that exist in a lease to a single entity that is intended to the holder of subsequent lease to sublessee that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

Head lessor is referred to the holder of the head lease or master lease;

Sublessee is referred to the person to whom the sublease is given;

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

We personally inspected the property, investigated local market condition and gave consideration to the –

Provision on the land lease and sublease agreement;

Extent, character and utility of the property; and

Highest and best use of the property.

Based on the foregoing and as supported by the accompanying narrative report, we are of the opinion that the ***headleasehold interest*** on the property based on 19-year lease and sub-lease lives appraised as ***31 October 2021*** is reasonably represented in the amount of:

Methodology	***Headleasehold Interest (Php)***
By Discounted Cash Flow	***470,258,000***
By Direct Capitalization Method	***721,126,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported headleasehold interest.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number:
Valid Until:
IPREA Membership No.
PTR No.

City of Bacoor

RDM:agd

CAI File No. 02-2021-0140-002B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 02-2021-0140-002B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located Barangay Dalayap, Tarlac City. The appraisal was made for the purpose of expressing an opinion on the ***headleasehold interest*** of the property as of ***31 October 2021.***

Headleasehold Interest is defined as the leasehold interest that exists in a lease to a single entity that is intended to be the holder of subsequent lease to sublessees that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1^{st} Edition).

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the site of Dalayap Solar Field, located **on the southeast end of an existing road, within Barangay Dalayap, Tarlac City, Tarlac.**

The land in its entirety is located approximately 90 meters southeast from the Barangay Road; 600 meters northeast from Dalayap United Methodist Church; 1.42 kileters northeast from Dalayap Elementary School; and about 2.58 kilometers northeast from MacArthur Highway.

The Existing Road is 8 meters wide and macadam.

The configuration of the site, as inspected, appears to conform with the lot plan as plotted based on the technical description appearing in the titles.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically residential, agro-industrial (Poultry and Piggery) and agricultural.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 20 meters and partly lighted with streetlamps.

Some of the important improvements in the vicinity are:

Dalayap United Methodist Church
Dalayap Elementary School
Victory Layer Farm
Dalayap Seventh Day Adventist Church
Luzonville Subdivision
Alvindia-Aguso National High School
Alvindia-Aguso Central Elementary School
Honda Cars Tarlac, Inc.
National Food Authority
Fiesta Communities Aguso

Palm Plaza Mall Tarlac, Metro Town Mall, Magic Star Mall and SM City Tarlac serve as the commercial and shopping center of the residents in the area. These are accessible from MacArthur Highway Road by public transportation. Other community centers like the post office, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities can be made available at the site.

Public transportation connecting to various sections of Tarlac City, Tarlac and its nearby towns is available along MacArthur Highway which is approximately 2.58 kilometers from the property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. LAND DATA

Based on the documents provided by the client, the land consists of seven (7) contiguous lots having a total area of 105,386 square meters, more or less, technically identified as follows:

Lot Nos.	TCT Nos.	Area (sqm.)
10, Psd-03-016510	043-2016001081	12,856
11, Psd-03-016510	043-2016006133	24,447
9, Psd-03-016510	043-2016001080	20,352
3100	32162	23,726
3101	32162	352
3102	32163	1,009
3103	32163	22,644
		Total - 105,386 sq.m.

TCT Nos. 043-2016001081, 043-2016006133 and 043-2016001080 were issued by the Registry of Deeds for the Province of Tarlac in favor of **MA. PAULA CECILIA P. DAVID.**

TCT Nos. 32162 and 32163 were issued by the Registry of Deeds for the Province of Tarlac in favor of **FERNANDO B. MAMAWAL married to Nenette Basa, FETALIANO S. MAMAWAL, married to Lilia Frias and EUFRACIO B. MAMAWAL.**

Attached is a lot of plans of the property as plotted based on the technical description appearing on the title furnished us by the client.

The appraised property is portion of the listed lots covered by contract of Sublease between **BENIGNO S. DAVID AND VIVENCIO M. ROMERO JR (Sublessor) and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Sublessee)** and a contract of lease between **MA. PAULA CECILIA P. DAVID and JUAN FRANCISCO P. DAVID and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC (Lessee).** Subject land area is 10.3732 hectares or 103,732 square meters.

The terrain of the land is flat. Its elevation is uniform and at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the titles supposedly on file with the Registry of Deeds since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Dalayap, Tarlac City, Tarlac, as per Department Order No. 015-2020, effective as of 04 July 2020:

Street/Subdivision Name	Vicinity	Classification	3rd Revision Zonal Value (Php/sq.m.)
All Lots		Residential	811.00
		Irrigated Riceland	78.00
		Unirrigated Riceland	56.00
		Pasture Land	34.00
	Agro-Livestock	Other Agricultural Land	275.00
		Other Agricultural Land	34.00

VI. CONTRACT OF LEASE

<u>Contract of Lease</u>

Based on the document provided by the client, a Contract of Lease was made and entered by and between **MA. PAULA CECILIA P. DAVID and JUAN FRANCISCO P. DAVID (Lessor); and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessee).**

Salient features of the Contract of Lease are as follows:

1. The lessor is the true, lawful, absolute and registered owner of a parcel of land with an aggregate area of 5.6 hectares;

2. The lessor has an existing lease contract for the subject property with NV VOGT Philippines Solar Energy Four, Inc. ("SE4") (SE4 is now known as "Citicor Solar Tarlac 2, Inc.) and the lessee desires to least the property currently occupied by CST2, with the intension of subleasing the Property to CST2 which shall continue to own, operate and maintain the 7.5MW Solar PV Power Plant;

3. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 up to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.

4. Based on the documents provided, the monthly lease payment shall be Php205,333.34 with with escalation rate of 10% increase on the 10th and 15th year anniversaries.

5. An amount equivalent to three months rental fees shall be required from the lessee as security deposit.

6. An amount equivalent to three (3) months rental fee shall be required from the sublessee as Security Deposit. This shall be refunded to the sublessee without any interest 30 days after the termination of the contract lease.

Contract of Sublease

Based on the document provided by the client, a Contract of Lease was made and entered by and between **Benigno S. David and Vivensio M. Romero Jr. (Sublessor); and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Sublessee),**

Salient features of the Contract of Lease are as follows:

1. The sublessor is the true, lawful absolute holder and lessee of a parcel of land with an aggrate area of 4.7732 hectares;

2. The sublessor has an existing lease contract for the subject property with NV VOGT Philippines Solar Energy Four, Inc. ("SE4") (SE4 is now known as "Citicor Solar Tarlac 2, Inc.) and the sublessee desires to least the property currently occupied by CST2, with the intension of subleasing the Property to CST2 which shall continue to own, operate and maintain the 7.5MW Solar PV Power Plant;

3. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 up to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.

4. The monthly sublease payment shall be Php172,333.34 with with escalation rate of 10% increase on the 10th and 15th year anniversaries.

5. An amount equivalent to three months rental fees shall be required from the sublessee as security deposit.

6. An amount equivalent to three (3) months rental fee shall be required from the Lessee as Security Deposit. This shall be refunded to the lessee without any interest 30 days after the termination of the contract lease.

Sublease Agreement

Based on the document provided by the client, the Sublease agreement was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Head Lessee/Sublessor) and CITICORE SOLAR TARLAC 2, INC. (Sublessee).**

Salient features of the Contract of Lease are as follows:

1. Total land area is 10.3731 hectares or 103,731 square meters
2. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 up to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.
3. Lease rates (fixed and variable lease) were based on the lease contracts provided by the client; and
4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plant,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

When a tenant or lessee subleases to a third party, a further interest is created in the property. The person to whom the sublease is given is known as the sublessee and the original lessee now becomes the Head lessee. The leasehold interest that exists in a lease to a single entity that is intended to the holder of subsequent lease to sublessees that will be the tenants in possession of the lease premises is termed as the ***Headleasehold Interest or the headlessee's Interest.***

The Headlessee's Interest shall be computed as the present value of the difference between the unexpired contract rent between the headlessee and sublessee, and contract rent paid to the landowner.

In estimating the headleasehold interest, we utilized Income Approach. This is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future ebenefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received.

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated headleasehold interest.

General Assumptions and Considerations

1. Remaining lives of the lease at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are both 19 years;
2.
3. Real Estate Tax is for the account of the lessor;
4. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

5. The total monthly rental of the land is Php377.666.68 with escalation rate of 10% increase on the 10th and 15th year anniversaries.

6. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Based on the foregoing, the computation of the headleasehold interest is shown on the next page:

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
1		November	1	3,560,930	72,587	3,633,517	205,333.34	172,333.34	3,255,850.32	0.9942	3,236,941
		December	2	3,560,930	72,587	3,633,517	205,333.34	172,333.34	3,255,850.32	0.9884	3,218,142
	2022	January	3	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9827	3,317,108
		February	4	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9770	3,297,843
		March	5	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9713	3,278,690
		April	6	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9657	3,259,648
		May	7	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9600	3,240,717
		June	8	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9545	3,221,896
		July	9	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9489	3,203,184
		August	10	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9434	3,184,580
		September	11	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9379	3,166,085
		October	12	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9325	3,147,697
2		November	13	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9271	3,129,416
		December	14	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9217	3,111,242
	2023	January	15	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9163	3,440,913
		February	16	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9110	3,420,929
		March	17	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9057	3,401,062
		April	18	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9005	3,381,309
		May	19	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8952	3,361,671
		June	20	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8900	3,342,148
		July	21	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8849	3,322,737
		August	22	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8797	3,303,440

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		September	23	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8746	3,284,254
		October	24	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8695	3,265,180
3		November	25	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8645	3,246,217
		December	26	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8595	3,227,364
	2024	January	27	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8545	3,213,605
		February	28	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8495	3,194,941
		March	29	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8446	3,176,386
		April	30	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8397	3,157,938
		May	31	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8348	3,139,598
		June	32	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8300	3,121,364
		July	33	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8251	3,103,236
		August	34	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8203	3,085,213
		September	35	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8156	3,067,295
		October	36	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8108	3,049,481
4		November	37	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8061	3,031,770
		December	38	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8014	3,014,162
	2025	January	39	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7968	3,002,771
		February	40	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7922	2,985,331
		March	41	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7876	2,967,993
		April	42	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7830	2,950,756
		May	43	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7784	2,933,619
		June	44	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7739	2,916,581

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		July	45	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7694	2,899,642
		August	46	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7650	2,882,802
		September	47	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7605	2,866,059
		October	48	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7561	2,849,414
5		November	49	4,064,648	81,596	4,146,244	225,866.67	189,566.67	3,730,810.65	0.7517	2,804,476
		December	50	4,064,648	81,596	4,146,244	225,866.67	189,566.67	3,730,810.65	0.7473	2,788,188
	2026	January	51	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7430	2,782,886
		February	52	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7387	2,766,724
		March	53	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7344	2,750,655
		April	54	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7301	2,734,680
		May	55	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7259	2,718,798
		June	56	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7217	2,703,008
		July	57	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7175	2,687,310
		August	58	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7133	2,671,702
		September	59	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7092	2,656,186
		October	60	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7051	2,640,759
6		November	61	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7010	2,625,423
		December	62	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.6969	2,610,175
	2027	January	63	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6928	2,605,141
		February	64	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6888	2,590,011
		March	65	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6848	2,574,969
		April	66	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6808	2,560,015

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		May	67	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6769	2,545,147
		June	68	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6730	2,530,365
		July	69	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6690	2,515,669
		August	70	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6652	2,501,059
		September	71	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6613	2,486,534
		October	72	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6575	2,472,092
7		November	73	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6536	2,457,735
		December	74	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6498	2,443,461
	2028	January	75	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6461	2,443,286
		February	76	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6423	2,429,096
		March	77	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6386	2,414,989
		April	78	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6349	2,400,963
		May	79	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6312	2,387,019
		June	80	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6275	2,373,156
		July	81	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6239	2,359,373
		August	82	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6203	2,345,670
		September	83	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6167	2,332,047
		October	84	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6131	2,318,503
8		November	85	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6095	2,305,038
		December	86	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6060	2,291,651
	2029	January	87	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.6025	2,282,808
		February	88	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5990	2,269,550

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		March	89	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5955	2,256,369
		April	90	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5920	2,243,264
		May	91	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5886	2,230,236
		June	92	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5852	2,217,283
		July	93	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5818	2,204,406
		August	94	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5784	2,191,603
		September	95	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5750	2,178,875
		October	96	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5717	2,166,221
9		November	97	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5684	2,153,640
		December	98	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5651	2,141,132
	2030	January	99	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5618	2,136,838
		February	100	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5585	2,124,428
		March	101	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5553	2,112,090
		April	102	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5521	2,099,824
		May	103	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5488	2,087,628
		June	104	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5457	2,075,504
		July	105	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5425	2,063,450
		August	106	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5393	2,051,466
		September	107	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5362	2,039,552
		October	108	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5331	2,027,706
10		November	109	4,138,534	80,582	4,219,116	248,453.34	208,523.34	3,762,139.32	0.5300	1,993,912
		December	110	4,138,534	80,582	4,219,116	248,453.34	208,523.34	3,762,139.32	0.5269	1,982,332

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
	2031	January	111	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5239	1,978,390
		February	112	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5208	1,966,900
		March	113	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5178	1,955,477
		April	114	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5148	1,944,120
		May	115	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5118	1,932,829
		June	116	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5088	1,921,604
		July	117	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5059	1,910,443
		August	118	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5029	1,899,348
		September	119	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5000	1,888,317
		October	120	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.4971	1,877,350
11		November	121	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.4942	1,866,447
		December	122	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.4913	1,855,607
	2032	January	123	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4885	1,855,394
		February	124	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4857	1,844,618
		March	125	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4828	1,833,905
		April	126	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4800	1,823,254
		May	127	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4772	1,812,665
		June	128	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4745	1,802,138
		July	129	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4717	1,791,671
		August	130	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4690	1,781,266
		September	131	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4663	1,770,921
		October	132	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4635	1,760,636

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
12		November	133	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4609	1,750,410
		December	134	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4582	1,740,244
	2033	January	135	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4555	1,733,400
		February	136	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4529	1,723,333
		March	137	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4502	1,713,324
		April	138	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4476	1,703,373
		May	139	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4450	1,693,481
		June	140	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4424	1,683,645
		July	141	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4399	1,673,867
		August	142	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4373	1,664,146
		September	143	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4348	1,654,481
		October	144	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4322	1,644,872
13		November	145	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4297	1,635,319
		December	146	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4272	1,625,822
	2034	January	147	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4248	1,622,468
		February	148	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4223	1,613,045
		March	149	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4198	1,603,677
		April	150	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4174	1,594,363
		May	151	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4150	1,585,104
		June	152	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4126	1,575,898
		July	153	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4102	1,566,746
		August	154	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4078	1,557,646

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		September	155	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4054	1,548,600
		October	156	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4031	1,539,606
14		November	157	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4007	1,530,664
		December	158	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.3984	1,521,775
	2035	January	159	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3961	1,518,599
		February	160	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3938	1,509,780
		March	161	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3915	1,501,011
		April	162	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3892	1,492,294
		May	163	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3870	1,483,627
		June	164	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3847	1,475,011
		July	165	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3825	1,466,444
		August	166	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3803	1,457,927
		September	167	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3781	1,449,460
		October	168	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3759	1,441,042
15		November	169	4,212,644	78,342	4,290,986	273,298.68	229,375.68	3,788,311.65	0.3737	1,415,597
		December	170	4,212,644	78,342	4,290,986	273,298.68	229,375.68	3,788,311.65	0.3715	1,407,375
	2036	January	171	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3693	1,404,469
		February	172	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3672	1,396,312
		March	173	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3651	1,388,202
		April	174	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3629	1,380,140
		May	175	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3608	1,372,125
		June	176	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3587	1,364,156

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		July	177	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3567	1,356,233
		August	178	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3546	1,348,356
		September	179	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3525	1,340,525
		October	180	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3505	1,332,740
16		November	181	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3484	1,325,000
		December	182	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3464	1,317,304
	2037	January	183	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3444	1,314,553
		February	184	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3424	1,306,918
		March	185	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3404	1,299,328
		April	186	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3384	1,291,782
		May	187	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3365	1,284,280
		June	188	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3345	1,276,821
		July	189	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3326	1,269,405
		August	190	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3307	1,262,033
		September	191	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3287	1,254,703
		October	192	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3268	1,247,416
17		November	193	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3249	1,240,172
		December	194	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3230	1,232,969
	2038	January	195	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3212	1,230,365
		February	196	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3193	1,223,219
		March	197	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3174	1,216,115
		April	198	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3156	1,209,052

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		May	199	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3138	1,202,030
		June	200	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3119	1,195,049
		July	201	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3101	1,188,109
		August	202	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3083	1,181,208
		September	203	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3065	1,174,348
		October	204	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3048	1,167,528
18		November	205	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3030	1,160,747
		December	206	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3012	1,154,006
	2039	January	207	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2995	1,151,542
		February	208	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2977	1,144,854
		March	209	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2960	1,138,205
		April	210	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2943	1,131,595
		May	211	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2926	1,125,023
		June	212	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2909	1,118,489
		July	213	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2892	1,111,993
		August	214	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2875	1,105,535
		September	215	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2858	1,099,114
		October	216	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2842	1,092,731
19		November	217	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2825	1,086,384
		December	218	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2809	1,080,075
	2040	January	219	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2793	1,077,745
		February	220	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2776	1,071,485

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
		March	221	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2760	1,065,262
		April	222	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2744	1,059,076
		May	223	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2728	1,052,925
		June	224	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2712	1,046,810
		July	225	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2697	1,040,730
		August	226	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2681	1,034,686
		September	227	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2665	1,028,677
		October	228	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2650	1,022,702
						Present Worth of Rental Gain =				**Php**	**470,558,583**
						Less:	**Security Deposit**				
						Php	616,000	x	0.2650	= Php	163,240
						Php	517,000	x	0.2650	= Php	137,005
									Headleasehold Interest = Php		***470,258,338***
										Say = Php	***470,258,000***

Based the foregoing, the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** is estimated **Php470,258,000** for the **103,732-square meter** subject land area with remaining sublease life of 19 years based on discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE				
DIRECT CAPITALIZATION METHOD				
Land Area	103,732 sq.m.			
Rental Income on Year 1				
November to December 2021				
	Fixed Lease		Php	7,121860
	Variable Lease		Php	145,174
January to October 2022				
	Fixed Lease		Php	36,778,230
	Variable Lease		Php	1,086,108
			Gross Revenue - Php	**45,131,372**
Less:				
Lease on Land				
November to December 2021				755,333.36
January to October 2022				3,776,666.80
Total Lease on Land				4,532,000.16
			Net Income - Php	**40,599,371.84**
			Capitalized @5.63%	**Php721,125,610**
			Leased Fee Estate (land and solar power plant)	**Php721,126,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Pasong Bangkal
San Ildefonso, Bulacan

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until:
PRC Registration Number:
IPREA Membership No.
PTR No.

City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140B**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE SOLAR BULACAN, INC. (formerly Bulacan Solar Energy Corporation). (Lessee),** for the purpose of expressing an opinion on the ***leased fee estate*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***leased fee estate*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** located **within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Sales or listings and offerings of comparable land; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property appraised as of ***31 October 2021*** is reasonably represented in the amount of

Methodology	***Leased Fee Estate (Php)***
By Discounted Cash Flow	***2,484,073,000***
By Direct Capitalization Method	***3,270,329,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number:
Valid Until:
IPREA Membership No.
PTR No.

City of Bacoor

RDM: lpg

CAI File No. 02-2021-0140B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*****.**

CAI File No. 02-2021-0140B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is identified as the site of the Bulacan Solar Energy Plant, located **within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan.**

For purposes of definitive valuation, the property is segregated into two (2) sites, the particulars are as follows:

Site 1 consists of two (2) adjoining lots located on the east side of an existing road approximately 1.0 kilometer southeast from the corner of the Barangay and existing road; 3.0 kilometers southeast from Proverbs 17 Farms; 3.68 kilometers southeast from Casalat Barangay Hall; 5.7 kilometers southeast from Upig Hidden Resort; and about 6.3 kilometers southeast from Upig Elementary School.

Site 2 consists of five (5) parcels of lots located on the northwest side of an existing road. It is just opposite to Site 1. Distances and direction can be referred from Site 1.

The existing road is 8 meters wide, and macadam paved.

The configuration of the site, as inspected, appears to conform to the lot plan as plotted based on the technical description appearing in the titles.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically agricultural, residential and industrial.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are either concreted or asphalted, with widths ranging from 8 to 15 meters.

Some of the important improvements in the vicinity are:

Casalat Camping World
Casalat Elementary School
Proverbs 17 Farm
Casalat Barangay Hall
Upig Hidden Resort
Upig Elementary School

The various commercial establishments within San Ildefonso proper serve the immediate marketing needs of the residents in the area. It is accessible from the Barangay Road by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply through deepwell facilities are available at the vicinity of the sites.

Public transportation connecting to Barangay Pasong Bangkal and San Ildefonso town proper is available along the Barangay Road. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

Site 1 consists of two (2) adjoining lots, containing an aggregate total area of 44,099 square meters, technically identified under:

Lot Nos.	Survey Nos.	TCT Nos.	Area (sq.m.)
A	Psd-03-075374	039-2015011228	17,205
1600	Cad-320-D	039-2015011692	26,894
		Total -	**44,099 sq.m.**

The above certificates of title were both issued by the Registry of Deeds for the Province of Bulacan (Guiguinto) in favor of the **BULACAN SOLAR ENERGY CORPORATION.**

Attached is a plan of the property as plotted based on copy of plan provided to us by the client. As shown, the land has an irregular in shape with a frontage of 358.84 meters on the Existing Road.

The terrain of the land is flat. Its elevation is uniform and at grade with the fronting road.

Site 2 consists of five (5) contiguous lots containing an aggregate total area of 209,781 square meters, technically identified as follows:

Lot Nos.	Survey Nos.	TCT Nos.	Area (sq.m.)
1555	-	039-2015012119	88,883
1564-B	(LRC) Psd-E2015004498	039-2015012544	25,370
1567	Cad-320-D	039-2015011691	16,157
1571-A	(LRC) Psd-224522	039-2015012121	37,728
1571-B	(LRC) Psd-224522	039-2015012120	41,643
		Total -	**209,781 sq.m.**

The above certificates of title were all issued by the Registry of Deeds for the Province of Bulacan (Guiguinto) in favor of the **BULACAN SOLAR ENERGY CORPORATION.**

Attached is a plan of the property as plotted based on the technical description of the titles provided to us by the client. As shown, the land has an irregular in shape with frontages of 329.66 meters on the Existing Road.

The terrain of the land is flat. Its elevation is uniform and at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan as per Department Order No. 014-18, effective 09 May 2018:

Street Name	Classification	2nd Revision Zonal Value (Php/sq.m.)
Barangay Road	Industrial	900
	Residential	750
	Agricultural A50	130

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plant,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. MEMORANDUM OF AGREEMENT

Based on the documents furnished to us by the client, a Memorandum of Agreement was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (EPRRI) and CITICORE SOLAR BULACAN, INC (formerly BULACAN SOLAR ENERGY CORPORATION (CS BULACAN).**

Silent features of the Memorandum of Agreement are as follows

1. CS BULACAN is the registered owner of several parces of land with an aggregate land area of 253,880 square meters;

2. .CS BULACAN owns and operate a 15 MWp Solar Power Plant, including all structures, buildings, machineries and equipment appurtenant thereto;

3. EPRRI intends to buy the subject properties from CS BULACAN; CS BULACAN intends to retain ownership of and continue the operation and maintenance of the Solar Power Plant; and EPRRI intends to lease the subject properties to CS BULACAN;

4. The agreement shall be for a period of twenty five (25) years commencing on 01 January 2022 up to 31 December 2046, renewal option subject to terms and conditions as may be agreed upon by both parties.

5. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

IX. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity’s stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining life of contract of lease is 25 years; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Market Value of the Property

The value of the land was estimated by using the ***Sales Comparison Approach***. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

Land Value

For purposes of comparison, the following market data are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of *21,047 square meters*, located *along the Barangay Road, within Barangay Pala-Pala, San Ildefonso, Bulacan* is being offered for sale *as posted on the internet at www.olx.ph website* at an asking price of **Php900 per square meter.**

2. Currently, a property having an area of *20,000 square meters*, located *along the Barangay Road (near Eagle Cement), within Barangay Akle, San Ildefonso, Bulacan* is being offered for sale thru *My Saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927, 0917-3053595, 0998-5486952, 0917-5832561 and 046-4163209)* at an asking price of **Php900 per square meter.**

3. Currently, a property having an area of *71,000 square meters*, located *along DRT-Akle San Ildefonso Road, within Barangay Alagao, San Ildefonso, Bulacan* is offered for sale thru *My saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927, 0917-305-3595, 0998-548-6952; 0917-583-2561 and 046-416-3209)* at an asking price of **Php1,200 per square meter.**

4. Currently, a property having an area of *100,000 square meters*, located *along DRT-Akle San Ildefonso Road, within Barangay Alagao, San Ildefonso, Bulacan* is being offered for sale thru *My saving Grace Realty and Development Corporation (Contact Nos. 0998-8597927, 0917-3053595, 0998-548-6952, 0917-583-2561 and 046-416-3209)* at an asking price of **Php1,000 per square meter.**

Comparative Analysis - Area = 226,886 sq.m.

Factors Affecting Value	**Comparables**			
	1 **21,047 sq.m.** **Php900/sq.m.**	**2** **20,000 sq.m.** **Php900/sq.m.**	**3** **71,000 sq.m.** **Php1,100/sq.m.**	**4** **100,000 sq.m.** **Php1,000/sq.m.**
External Factor	-10%	-10%	-10%	-10%
Net Price (Php/sq.m.)	810	810	990	900
Internal Factor				
Location (influent road frontage)	-5%	-5%	-20%	-20%
Size	-10%	-10%	-8%	-5%
Use	10%	10%	10%	10%
Time Element	0%	0%	0%	0%
Algebraic Sum of Internal Factor	-5%	-5%	-18%	-15%
Computed Value (Php/sq.m.)	770	770	812	765

Market Value = (Php770/sq.m. + Php770/sq.m. + Php812/sq.m. + Php765/sq.m.)/4 = 779.00 per sq.m.
Say – Php800/sq. m.

Explanatory Notes:

1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size and the time element involved, the ***market value*** of the appraised land is estimated at **Php800 per square meter**, or a total value of say, **Php203,104,000** for the **253,880 -square meter** subject land.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Unexpired Period	Fixed Lease	Variable Lease	Annual Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
1	2022	0.5	176,564,861	7,554,644	184,119,505	0.9663	177,911,927
2	2023	1.5	174,700,620	7,513,711	182,214,331	0.9022	164,398,679
3	2024	2.5	177,876,945	7,918,487	185,795,432	0.8424	156,516,942
4	2025	3.5	181,297,299	7,727,247	189,024,546	0.7866	148,680,857
5	2026	4.5	184,784,272	7,838,084	192,622,356	0.7344	141,466,651
6	2027	5.5	188,339,650	7,949,172	196,288,822	0.6857	134,602,609
7	2028	6.5	191,965,269	8,382,554	200,347,822	0.6403	128,278,262
8	2029	7.5	195,663,019	8,171,856	203,834,875	0.5978	121,858,958
9	2030	8.5	199,434,845	8,283,316	207,718,161	0.5582	115,948,188
10	2031	9.5	203,282,748	8,394,759	211,677,506	0.5212	110,325,204
11	2032	10.5	207,208,786	8,850,308	216,059,094	0.4866	105,143,664
12	2033	11.5	211,215,079	8,617,268	219,832,347	0.4544	99,887,854
13	2034	12.5	215,303,807	8,728,160	224,031,967	0.4243	95,047,699
14	2035	13.5	219,477,212	8,838,685	228,315,897	0.3961	90,443,695
15	2036	14.5	218,806,020	8,759,854	227,565,874	0.3699	84,170,481
16	2037	15.5	218,135,524	8,679,049	226,814,573	0.3454	78,331,088
17	2038	16.5	217,465,662	8,596,279	226,061,941	0.3225	72,895,578
18	2039	17.5	216,796,371	8,511,552	225,307,923	0.3011	67,836,077
19	2040	18.5	216,127,587	8,424,876	224,552,463	0.2811	63,126,631
20	2041	19.5	215,459,248	8,336,258	223,795,506	0.2625	58,743,076
21	2042	20.5	208,772,134	8,245,706	217,017,841	0.2451	53,187,709
22	2043	21.5	207,706,567	8,153,229	215,859,796	0.2288	49,396,723
23	2044	22.5	206,641,248	8,058,833	214,700,080	0.2137	45,874,264
24	2045	23.5	205,576,108	7,962,526	213,538,634	0.1995	42,601,402
25	2046	24.5	204,511,082	7,864,316	212,375,398	0.1863	39,560,536
							Php2,446,234,754

Indicated Value on the Leased Fee Estate is computed as follows:

Leased Fee Estate:

Present Worth of the Unexpired Contract Rent	Php2,446,234,754
Plus: Reversionary Value of the Land	
Market Value of the Land x Present Worth Factor	
253,880 sq.m. x Php800/sq.m. x 0.1863	Php 37,838,275
Total -	***Php2,484,073,029***
Say -	***Php2,484,073,000***

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Land Area 253,880 sq.m.

Rental Income on Year 1		
Fixed Lease	Php	176,564,861
Variable Lease	Php	7,554,644
	Net Income - Php	**184,119,505**
	Capitalized @ 5.63%	**Php3,270,328,684**
	Leased Fee Estate (land and solar power plant)- say	**Php3,270,329,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Centrala, Surallah
South Cotabato

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until:
PRC Registration Number:
IPREA Membership No.
PTR No.

City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-001B**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and NV VOGT PHILIPPINES SOLAR ENERGY ONE INC. (Lessee),** for the purpose of expressing an opinion on the ***market value of the lessor's interest*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***leased fee estate*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **solar power plant**, located **within Barangay Centrala, Surallah, South Cotabato.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Sales or listings and offerings of comparable land; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property appraised as of ***31 October 2021*** is reasonably represented in the amount of

Methodology	***Leased Fee Estate (Php)***
By Discounted Cash Flow	***1,067,493,000***
By Direct Capitalization Method	***1,410,402,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number:
Valid Until:
IPREA Membership No.
PTR No.

City of Bacoor

RDM; lpg

CAI File No. 02-2021-0140-001B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-001B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Centrala, Surallah, South Cotabato. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us and further verified at the Tax Mapping Section of Surallah Municipal Assessors Office, the appraised property is the site of ***NV VOGT PHILIPPINE SOLAR ENERGY ONE, INC.,*** located **on the northeast corner of 14th Street and a road, within Barangay Centrala, Surallah, South Cotabato.**

The property is located approximately 360 meters northeast from Allah River; 1.4 kilometers northwest from the corner of the road and Emilys Resort Road; 2 kilometers southwest from the corner of 4th Street and 10th Street; 2.8 kilometers southwest from Surallah-Tiboli Road; and about 7 kilometers southeast from Surallah Proper.

14th Street is 6 meters wide, concrete paved, while the road is 2 meters wide, earth paved. Both have natural drainage.

The orientation of the site, as inspected, appears to conform to the lot plan as plotted based on the technical description appearing on the title furnished us by the client.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically light commercial, light industrial, institutional, residential and agricultural.

Generally, the roads in the neighborhood are designed to accommodate light to medium vehicular traffic loads. Major thoroughfares are concreted, with widths ranging from 8 to 20 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

DOLE Plantation
Surallah Ecological Park
Surallah Bio-Dynamic and Organic Farmers
Centrala National High School

Surallah town proper serves the shopping and marketing needs of the residents in the area. This is accessible from 14th Street by public and private transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities are available at the site.

Public transportation connecting to various sections of Surallah, South Cotabato and neighboring towns is available along Surallah-Tiboli Road which is approximately 2.8 kilometers from the property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

The land is technically identified as Lot 161, Pls-214-D-4, containing an area of 79,997 square meters, more or less, covered by Transfer Certificate of Title No. T-154321, issued on 25 October 2013 by the Registry of Deeds for Koronadal, South Cotabato in favor of the **NV VOGT PHILIPPINES SOLAR ENERGY ONE, INC.**

The land is bounded by the following properties:

Northeast	-	Lot 160
Southeast	-	Lot 162
Southwest	-	Public Land (now Road)
Northwest	-	14th Street

Attached is a plan of the property as plotted based on the technical description appearing on the title furnished us by the client. As shown, the land is rectangular in shape with frontages of 399.97 meters on 14th Street and 200 meters on the road.

The terrain of the land is flat. Its elevation is at grade of the fronting street/road.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Centrala, Surallah, South Cotabato as per Department Order No. 02-2019 effective 24 February 2019:

Street Name	Vicinity	Classification	3rd Revision Zonal Value (Php/sq.m.)
All lots	National Highway/ Provincial Road	Industrial	1,170
		Institutional	1,341

VI. ON IMPROVEMENTS

The land is improved with buildings and other land improvements. As per appraisal agreement, however, the said improvements shall not be considered in the valuation; hence, the land is appraised as if vacant.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plat,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. MEMORANDUM OF AGREEMENT

Based on the documents furnished to us by the client, a Memorandum of Agreement was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (EPRRI) and NV VOGT PHILIPPINES SOLAR ENERGY ONE, INC. (SE1).**

Silent features of the Memorandum of Agreement are as follows;

1. SE1 is the registered owner of several parcel of land with an aggregate area of 79,997.

2. SE1 owns and operate a 6.23 MWp DC Solar Power Plant including all structures, buildings, machineries, and equipment appurtenant thereto.

3. EPRRI intends to buy the subject premises from SE1; SE1 intends to retain ownership of and continue the operation and maintenance of the Solar Power Plant; and EPRRI intends to lease the subject property of SE1;

4. The agreement shall be for a period of twenty five (25) years commencing on 01 January 2022 up to 31 December 2046, renewal option subject to terms and conditions as may be agreed upon by both parties.

5. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

IX. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%
Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining life of contract of lease is 25 years; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Market Value of the Property

The value of the land was estimated by using the ***Sales Comparison Approach***. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

For purposes of comparison, the following market data are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of *20,000 square meters, more or less,* located *along Diversion Road, Barangay Centrala, Surallah, South Cotabato* is being offered for sale by *Mr. Lynyrd of Surallah Properties (Contact No. 0997-5642397)* at an asking price of **Php220 per square meter.**

2. Currently, a property having an area of *30,400 square meters,* located *400 meters from the Provincial Road, within Magan, Barangay Centrala Surallah, South Cotabato* is being offered for sale *Mr. Lynyrd of Surallah Properties (Contact No. 0997-5642397)* at an asking price of **Php170 per square meter.**

3. Currently, a property having an area of *40,000 square meters,* located *along National Highway corner Gomez Street, Poblacion, Surallah, South Cotabato* is being offered for sale by *Mr. Shad Barbaran (Contact No. 0908-8221699)* at an asking price of **Php3,500 per square meter.**

Comparative Analysis; Area = 79,997 square meters

	Comparables		
	1	**2**	**3**
	20,000 sq.m. @Php220/sq.m.	**30,400 sq.m. @ Php170/sq.m.**	**40,000 sq.m. @Php3,500/sq.m.**
External Factor	-10%	-10%	-10%
Net Price (Php/sq.m.)	198	153	3,150
Internal Factor			
Location	+10%	+10%	-20%
Size	+5%	+4%	+3%
Utility	+20%	+20%	0%
Time Element	0%	0%	0%
Algebraic Sum of Internal Factor	+35%	+34%	-17%
Computed Value (Php/sq.m.)	267	205	2,615

Market Value = (Php267/sq.m. + Php205/sq.m. + Php2,615/sq.m.) / 3 = Php1,029/sq.m.
Say – Php1,000 per square meter

Explanatory Notes:

1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size and the time element involved, the ***market value*** of the appraised land is estimated at **Php1,000 per square meter**, or a total value of say, **Php79,997,000** for the **79,997-square meter** subject land.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Unexpired Period	Fixed Lease	Variable Lease	Annual Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
1	2022	0.5	77,872,875	1,532,735	79,405,610	0.9663	76,728,454
2	2023	1.5	77,434,278	1,522,029	78,956,307	0.9022	71,236,508
3	2024	2.5	78,725,964	1,668,881	80,394,845	0.8424	67,725,859
4	2025	3.5	80,126,011	1,559,042	81,685,052	0.7866	64,250,934
5	2026	4.5	81,555,709	1,577,561	83,133,269	0.7344	61,055,141
6	2027	5.5	83,015,851	1,595,550	84,611,402	0.6857	58,021,212
7	2028	6.5	84,507,255	1,750,497	86,257,752	0.6403	55,228,923
8	2029	7.5	86,030,761	1,629,770	87,660,531	0.5978	52,406,247
9	2030	8.5	87,587,232	1,645,907	89,233,139	0.5582	49,809,900
10	2031	9.5	89,177,558	1,661,330	90,838,888	0.5212	47,344,751
11	2032	10.5	90,802,654	1,822,951	92,625,605	0.4866	45,075,610
12	2033	11.5	92,463,462	1,689,820	94,153,282	0.4544	42,781,553
13	2034	12.5	94,160,950	1,702,773	95,863,724	0.4243	40,671,099
14	2035	13.5	95,896,117	1,714,785	97,610,901	0.3961	38,666,999
15	2036	14.5	95,481,996	1,689,362	97,171,358	0.3699	35,941,065
16	2037	15.5	95,068,296	1,663,064	96,731,360	0.3454	33,406,463
17	2038	16.5	94,654,991	1,635,895	96,290,886	0.3225	31,049,808
18	2039	17.5	94,242,056	1,607,857	95,849,912	0.3011	28,858,648
19	2040	18.5	93,829,463	1,578,954	95,408,417	0.2811	26,821,402
20	2041	19.5	93,417,187	1,549,189	94,966,377	0.2625	24,927,297
21	2042	20.5	93,080,254	1,518,567	94,598,821	0.2451	23,184,705
22	2043	21.5	92,633,657	1,487,090	94,120,748	0.2288	21,538,316

Contract Period	Year	Unexpired Period	Fixed Lease	Variable Lease	Annual Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
23	2044	22.5	92,187,296	1,454,762	93,642,058	0.2137	20,008,192
24	2045	23.5	91,741,141	1,421,587	93,162,728	0.1995	18,586,158
25	2046	24.5	91,295,166	1,387,567	92,682,733	0.1863	17,264,611
							Php1,052,589,857

Indicated Value on the Lessor's Interest is computed as follows:

Lessor's Interest:

Present Worth of the Unexpired Contract Rent	Php1,052,589,857
Plus: Reversionary Value of the Land	
Market Value of the Land x Present Worth Factor	
79,997 sq.m. x Php1,000/sq.m. x 0.1863	Php14,903,441
Total –	***Php1,067,493,299***
Say –	***Php1,067,493,000***

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Land Area 253,880 sq.m.

Rental Income on Year 1		
Fixed Lease	Php	77,872,875
Variable Lease	Php	1,532,735
	Net Income - Php	**79,405,610**
	Capitalized @ 5.63%	**Php1,410,401,598**
	Leased Fee Estate (land and solar power plant)- say	**Php1,410,402,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

Annex 2

FROST & SULLIVAN

Independent Market Research (IMR) on the

Power Generation Industry in the Philippines with a Focus on Solar Power Generation

20 October 2021

FROST & SULLIVAN

FROST & SULLIVAN

The market research process for this study has been undertaken through secondary/desktop research as well as primary research, which involves discussing the status of the industry with leading participants and experts. The research methodology used is the Expert Opinion Consensus Methodology.

Quantitative market information is subject to fluctuations due to possible changes in the business and industry climate. Frost & Sullivan's estimates and assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

This study has been prepared for inclusion as part of the Transaction documents required to be submitted to the Philippine's Stock Exchange.

Save for the inclusion of this study in the Transaction documents issued by the Company and in such presentation materials prepared by or on behalf of the Company (reviewed by Frost & Sullivan), no part of it may be otherwise given, lent, resold, or disclosed to non-customers without our written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without our permission.

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the Power Generation Industry in the Philippines and spesifically on Solar Power Generation within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be liable for any loss suffered because of reliance on the information contained in this study. This study should also not be considered as a recommendation to buy or not to buy the shares/securities of any company or companies as mentioned in it or otherwise.

Authorised Signatory

Sanjay Singh

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78 Shenton Way #32-00

Singapore 079120

ABBREVIATIONS

General Definitions

AI	:	Artificial Intelligence
BESS	:	Battery energy project system
BOT	:	Build-Operate-Transfer
CAGR	:	Compound annual growth rate
CCGT	:	Combined Cycle Gas Turbines
COD	:	Cash-on-delivery
COVID-19	:	Coronavirus disease 2019
CSP	:	Competitive Selection Process
DU	:	Distribution Utilities
DSM	:	Demand-side management
GDP	:	Gross Domestic Product
GW	:	Gigawatt
GWh	:	Gigawatt Hour
ECA	:	Energy Conversion Agreement
EPC	:	Engineering, Procurement and Construction
EPNS	:	Energy Project of National Significance
EVOSS	:	Energy Virtual One-Stop Shop
FINL	:	Foreign investment negative list
FiT	:	Feed-in Tariff
IPP	:	Independent Power Producer
IPPA	:	Independent Power Producer Administrator
ITH	:	Income tax holiday
Kw	:	Kilowatt
LGU	:	Local and government unit
LNG	:	Liquefied Natural Gas
ML	:	Machine Learning
MoI	:	Memorandum of intent
MSME	:	Micro, Small and Medium Enterprises
MW	:	Megawatt
MWdc	:	Megawatt direct current
MWh	:	Megawatt Hour
MT	:	Metric Ton
MW	:	Megawatt
NEM	:	Net-metering
NOLCO	:	Net operating loss carry-over
ODA	:	Official Development Assistance
O&M	:	Operation and Maintenance
PPA	:	Purchasing Power Agreement
PPP	:	Public Private Partnership
PSA	:	Power Sales Agreement
PV	:	Photovoltaic
RCOA	:	Retail Competition Open Access

RE	:	Renewable energy
REM	:	Renewable energy market
ROR	:	Run-of-the-river
RPS	:	Renewable portfolio standard
TCF	:	Trillion Cubic Feet
USD	:	United States Dollar
VAT	:	Value-added tax
WESM	:	Wholesale electricity spot market
WPP	:	Wind power project

Definition of Companies, Authorities, Regulations/Policies and Organisations

ACEN	:	AC Energy Corporation
ADB	:	Asian Development Bank
AP	:	Aboitiz Power Corporation
ASEAN	:	Member Countries of Association of Southeast Asian Nations (ASEAN)
BFI	:	Buskowitz Finance, Inc
CITICORE	:	Citicore Power Inc.
CREATE	:	Corporate Recovery and Tax Incentives for Enterprises
CREC	:	Citicore Renewable Energy Corporation
CREIT	:	Citicore Energy REIT Corporation
CSBT	:	Citicore Solar Bataan, Inc
CSBL	:	Citicore Solar Bulacan, Inc
CSCB	:	Citicore Solar Cebu, Inc
CSNO	:	Citicore Solar Negros Occidental, Inc
CSSC	:	Citicore Solar South Cotabato, Inc
CST1	:	Citicore Solar Tarlac 1, Inc
CST2	:	Citicore Solar Tarlac 2, Inc
DBP	:	Development Bank of the Philippines
DENR	:	Department of Environmental & Natural Resources of Philippines
DOE	:	Department of Energy of Philippines
EAC	:	Electricity Authority of Cambodia
EDL	:	Electricity Generation Public Company Laos
EGAT	:	Electricity Generating Authority of Thailand
EICC	:	Energy Investment Coordinating Council
ELPI	:	Energy Logics Philippines
EMA	:	Energy Market Authority Singapore
EPIRA	:	Electric Power Industry Reform Act
ERC	:	Energy Regulatory Commission of Philippines
ET-Pilipinas		ET Energy Pilipinas Holding Corporation
ET-Vivant	:	ET-Vivant Solar Corporation
EVN	:	Vietnam Electricity
EWC	:	Energy World Corporation Limited Australlia
FDC	:	Filinvest Development Corporatoin
FDCUI	:	FDC Utlities

FREE	:	Filinvest ENGIE Renewable Energy Enterprise, Inc
GEOP	:	Green Energy Option Program
GIS	:	Grid impact studies
HEDP	:	Household Electrification Development Plan
IEEFA	:	Institute for Energy Economics and Financial Analysis
IEMOP	:	Independent Market Operator of Philippines
IMEM	:	Interim Mindanao Electricity Market
IMF	:	International Monetary Fund
JCEC	:	Joint Congressional Energy Commission
LLDA	:	Laguna Lake Development Authority
MERALCO	:	MERALCO PowerGen Corporation
Miescor	:	MERALCO Industry Engineering Services Corporation
NEA	:	National Electrification Administration of Philippines
NGCP	:	National Grid Corporation of Philippines
NPC	:	National Power Corporation of Philippines
NREB	:	National Renewable Energy Board
NREP	:	National Renewable Energy Plan
PDP	:	Philippine Development Plan
PEP	:	Philippine Energy Plan
PEMC	:	Philippine Electricity Market Corporation
PSALM	:	The Power Sector Assets and Liabilities Management of Philippines
RA	:	Republic Act
RETF	:	Renewable Energy Trust Fund
SEA	:	Southeast Asia
SEC	:	Securities and Exchange Commission of Philippines
SMC	:	SMC Global Power Holdings
Spectrum	:	MSpectrum, Inc
SPCLC	:	Solar Philippines Central Luzon Corporation
SPTC	:	Solar Philippines Tarlac Corporation
SPUG	:	Small Power Utilities Group
TBEA	:	TBEA International Engineering Co., Ltd
TDP	:	Transmission Development Plan
TRANSCO	:	National Transmission Company of Philippines
VREC	:	Vivant Renewables Energy Corporation

Currency Exchange Rates to USD1.00

PHP48.50 THB32.1

Source: BSP Reference Rate quoted on June 30, 2021

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EXECUTIVE SUMMARY

The Philippines is the 3rd-largest economy among the 10 member countries that make up the Association of Southeast Asian Nations ("**ASEAN**"), representing 11.8% of the region's total gross domestic product ("**GDP**") in 2020. Following the declaration of the Corona Virus Disease ("**COVID-19**") pandemic, the economy is slowly recovering and is expected to positively contribute to its growing GDP per capita. By 2025, the Philippines' GDP will reach PHP 24,575.0 billion (USD 506.7 billion), growing at a compound annual growth rate ("**CAGR"**) of 6% between 2015 and 2025, while GDP per capita is projected to reach PHP 226,156 (USD 4,663) (+4.4% CAGR) over the same period.

In response to the pandemic second wave, the Philippine government has swiftly blunted the COVID-19 impact that took hold the economy. It enacted several financial measures and stimulus packages, such as the "Bayanihan II Act" and Corporate Recovery and Tax Incentives for Enterprises ("**CREATE**") initiative. It also imposed strict health measures, mass testing, and mass vaccination. And, in doing so, hasten the economic recovery. Frost and Sullivan thinks that as the threat of the pandemic wanes, the economy is forecasted to improve from 2021 onwards with unemployment reduced and household financial improved.

Vietnam, Thailand, the Philippines, Malaysia, and Indonesia represent approximately 84% of ASEAN's total installed renewable energy ("**RE**") capacity among the member states. Vietnam leads substantially with a 34% share, followed by Thailand (17%), Indonesia (13%), Malaysia (10%), and the Philippines (10%). As a region, ASEAN established an ambitious target of integrating at least 23% RE by 2025 to support economic growth and sustainability.

In the Philippines, total RE installed capacity reached 7,663.8 megawatts ("**MW**") (inclusive of 11 MW of BESS) in 2020, with hydropower and geothermal energy as the most significant contributors at 49% and 25%, respectively. Total RE capacity is expected to grow at a CAGR of 27.1%, equal to 25,415 MW, by 2025.

The total installed capacity in the Philippines is expected to grow from 26,296.8 MW in 2020 to 67,122.9 MW in 2030 at a CAGR of 9.8%. Of the latter, 47.2% is expected to come from RE. The latest National Renewable Energy Plan ("**NREP**") released by the Department of Energy ("**DOE**") indicated that the RE target is to have at least 20,000 MW of generating capacity by 2040. Of the total RE that is expected to come online by 2030, solar will make up more than half at 13,138.9 MW (54.7%).

Guided by the plans and programs outlined in the NREP, the growth of RE is expected to be primarily driven by new solar power capacity. The uptake in solar power is aided by several factors, including fiscal and non-fiscal incentives promoted by the government. The declining cost of solar power and the moratorium on coal power plants, i.e., the transition to a low-carbon, clean energy future, are also expected to strengthen RE uptake. The trend is likely to continue and accelerate as the renewables' economy improves and the fundamentals strengthen. The transition will further catalyze and support the transformation in the Philippines' energy sector going forward. Based on the current list of committed and indicative projects, the 20,000 MW RE target by 2040 is likely to be achieved by 2030.

Within the value chain of the solar power market in the Philippines, existing local solar players are typically presenting within the downstream segment of the industry value chain, i.e., project development and system integration.

The utility scale solar segment within the downstream segment comprises mainly local players, such as AC Energy Corporation ("**ACEN**"), CITICORE, Energy Logics Philippines Inc ("**ELPI**"), PetroSolar Corporation, Solar Philippines, Jobin SQM Inc, Aboitiz Power Corporation ("**AP**"), and MERALCO PowerGen Corporation ("**MERALCO**"). Notably, Citicore Renewable Energy Corporation ("**CREC**"), the sponsor of Citicore Energy REIT Corporation ("**CREIT**"), is a wholly-owned subsidiary of CITICORE.

Among the downstream solar energy players in Philippines, CITICORE has one of the largest installed capacities in terms of attributable stake at 163 MW and stands out in terms of new project pipeline with 1,500 MW. It also has a strong local presence across the value chain by offering Engineering, Procurement and Construction ("**EPC**") and Operation and Maintenance ("**O&M**") capabilities through cooperation with its affiliate company, Megawide Construction Corporation.

Accelerating the pace of solar power adoption will positively impact the economy through job creation and will reduce the cost of power generation given its growing affordability. In addition, solar power plants are a well proven 'zero emission' technology that can help a country to reduce its carbon emission targets. CITICORE, as one of the prominent players in the renewable energy industry, stands to play an active role in Philippines' energy transition journey.

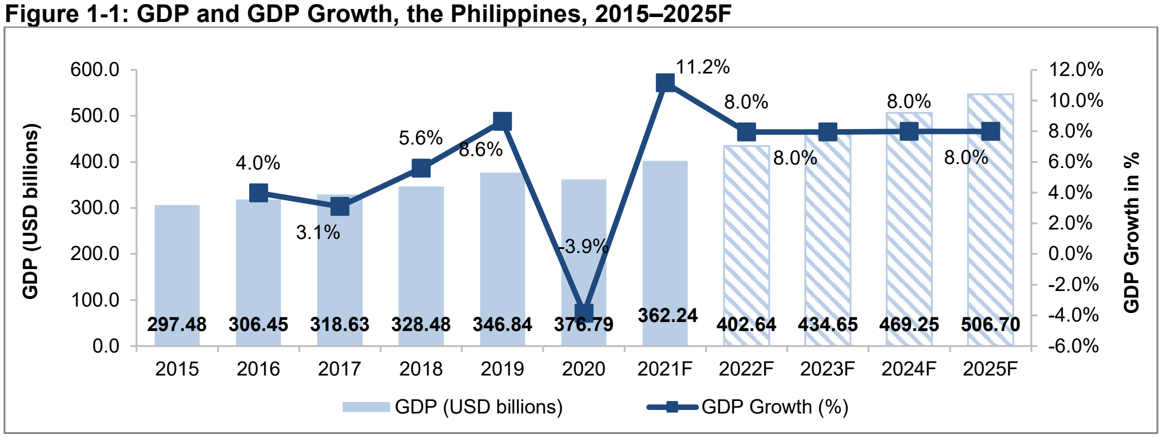
1. MACROECONOMIC OVERVIEW

1.1 SELECTED ECONOMIC INDICATORS

1.1.1 GDP and GDP Per Capita Trends

As the world slowly recovers from COVID-19, the Philippines' economic outlook is expected to be positive, contributing to a growing GDP and GDP per capita. In 2021, the Philippines' GDP is expected to reach PHP 17,568.64 billion (USD 362.24 billion) at current prices, growing at a CAGR of 6% between 2015 and 2025. This growth is expected to be driven by sustained public projects, especially under the government's "Build, Build, Build" initiative, a comprehensive infrastructure development program; private consumption and spending; and innovative projects, such as climate-friendly intra-city transit systems.

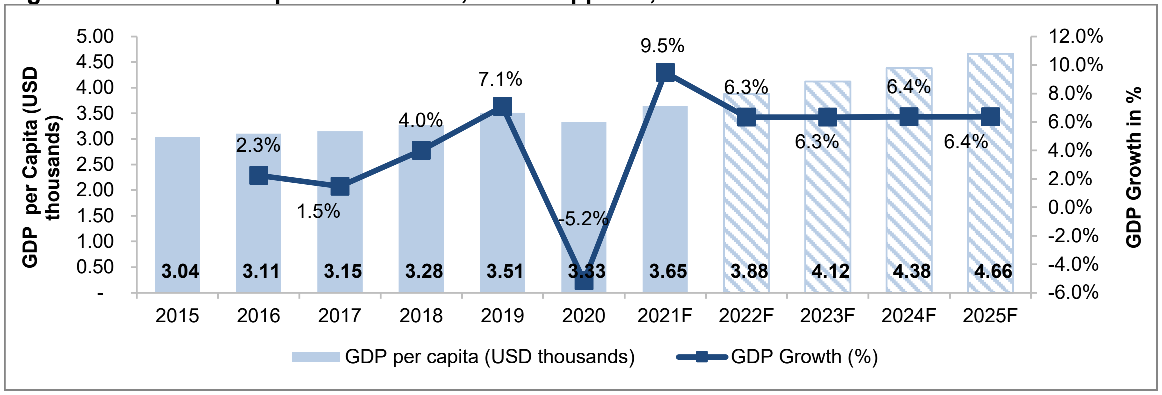
Figure 1-1: GDP and GDP Growth, the Philippines, 2015–2025F



*Source: International Monetary Fund ("**IMF**") World Economic Outlook; Frost & Sullivan*

The GDP per capita of the Philippines was PHP 161,505 (USD 3,330) in 2020. It is expected to reach PHP 266,156 (USD 4,663) by 2025, growing at a CAGR of 4.4% between 2015 and 2025. This growth is expected to be driven by higher spending likely to occur in the post-pandemic period.

Figure 1-2: GDP Per Capita and Growth, the Philippines, 2015–2025F



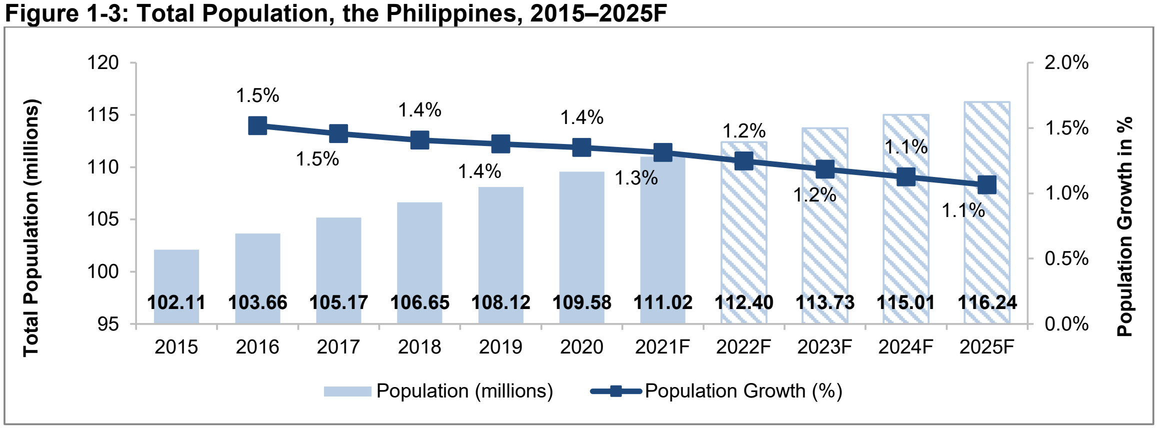
Source: IMF World Economic Outlook, Frost & Sullivan

1.2 POPULATION

1.2.1 Growth Trends

It is estimated that the country's population will grow to 111 million by the end of 2021. This growth is expected to continue until 2025 and then decline due to the increasing preference for smaller family sizes and various government health programs.

Figure 1-3: Total Population, the Philippines, 2015–2025F



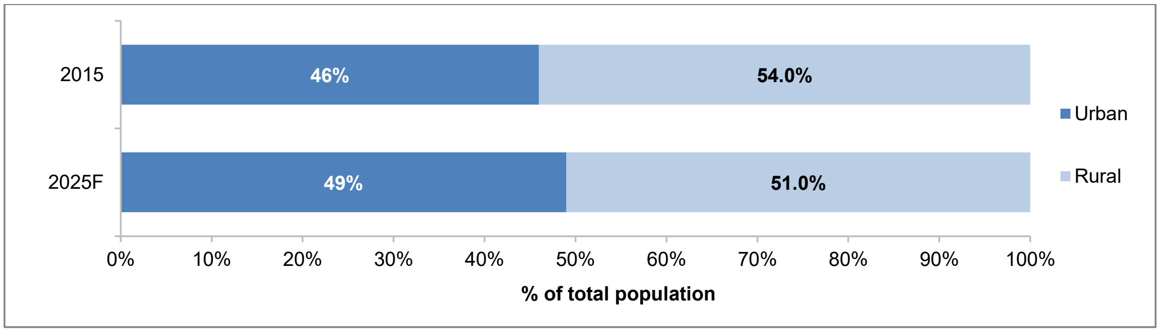
Source: World Bank, Philippine Statistics Authority; Frost & Sullivan

The working-age population is expected to grow by 1 million in 2021, reaching 71.83 million, or 64.7%, of Filipinos between 15 and 64 years old. This increase in the working-age population implies a demographic precondition for greater productivity, given its potential to support the dependent population. However, this creates a need for the country to create new jobs, a challenging proposition during the pandemic.

1.2.2 Urban–Rural Classification

The urban population is expected to grow from 46% of the total population (~47 million) in 2015 to 49% (~57 million) in 2025. Economic growth is increasingly around the central city hubs, such as Metro Manila and middleweight regions, including cross-border areas for trade-in logistics, such as Cebu; designated economic zones; and satellite regions within commutable distance from the mega cities.

Figure 1-4: Urban and Rural Population, the Philippines, 2015 and 2025F



Source: ASEAN Sustainable Urbanisation Strategy Report; Frost & Sullivan

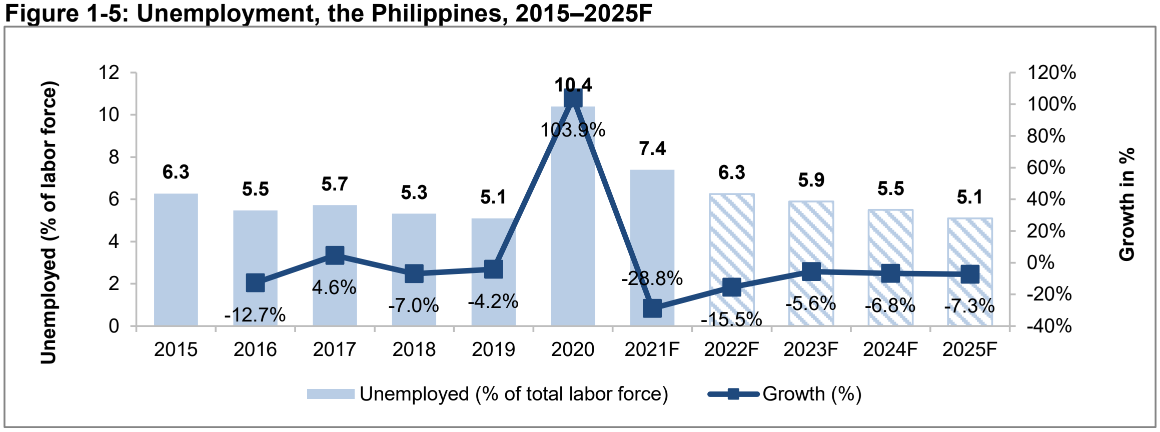
1.3 COVID-19 IMPLICATION

1.3.1 Impact on Businesses and Households

A strict lockdown, "Enhanced Community Quarantine," to control the spread of the virus was imposed starting in August 2021. Only essential businesses and services were allowed to open, and only 1 family member was permitted to step out to buy necessities. The lockdown negatively impacted retail sales for manufacturers, transportation, and services. In a recent study by the Asian Development Bank ("**ADB**"), approximately 70% of the Philippines' micro, small, and medium enterprises ("**MSME**") were also forced to temporarily close due to the pandemic. With almost 13% of MSMEs opting to work from home, the remote working setup was not considered a viable option, resulting in temporary layoffs.

Consequently, household income was negatively affected. The ADB reported that 85% of Philippine households experienced financial difficulty during the pandemic. It was also observed that lower-income households were more likely to face income decline than higher-income households. The disparity of the impact of the lockdown will likely result in broader income inequality post-pandemic. The unemployed population grew by approximately 104% in 2020, amounting to 10.4% of the labor force. Unemployment is expected to decrease gradually in 2021, as the threat of the pandemic decreases, and economic recovery begins.

Figure 1-5: Unemployment, the Philippines, 2015–2025F



Source: IMF World Economic Outlook; Frost & Sullivan

1.3.2 Government Response

To help alleviate the pandemic's adverse economic impact, the government enacted the Republic Act No.11469 or the "Bayanihan to Heal as One Act." The Act allowed the president to reallocate almost PHP 275 billion (USD 5.67 billion) for the pandemic response, from the estimated PHP 438 billion (USD 9.03 billion) 2020 national budget and mandated economic assistance for disadvantaged families and displaced workers.

As the pandemic persisted, Republic Act No. 11494 or the "Bayanihan II Act" was subsequently signed into law. The PHP 165.5 billion (USD 3.4 billion) package allocated PHP 39.5 billion (USD 814 million) for loans for small businesses; PHP 24 billion (USD 495 million) for the agriculture sector; and PHP 13 billion (USD 268 million) for the displaced workers. It extended grace periods and allowed zero-interest instalments for rental payments and utility bills incurred by residential occupants and small businesses. The net operating losses of the companies for 2020 and 2021 were also allowed to be carried over as a deduction from gross income for the next 5 consecutive taxable years. The percentage tax on shares of stock sold or exchanged through Initial Public Offering was also removed.

Other enacted reform measures include the CREATE initiative, which immediately reduced the corporate income tax rate from 30% to 25%, followed by a 1% annual decrease from 2023 to 2027. The Financial Institutions Strategic Transfer was also enacted to allow financial institutions to dispose of non-performing loans and assets to address liquidity concerns.

The Philippines' public health system struggled to cope with the continuous increase in cases, which was attributed to a shortage of health workers and poor health infrastructure. Mass testing and systematic tracking were challenging. As cases continue to rise, a "State of Calamity" declaration was extended until the end of 2021.

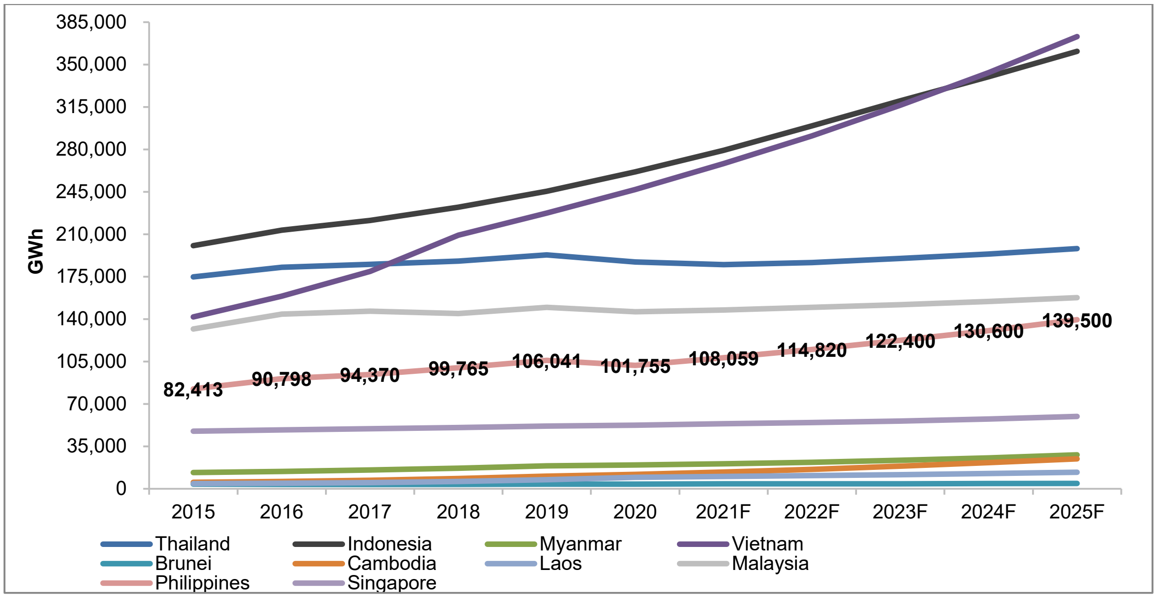
1.4 ELECTRICITY IN ASEAN

1.4.1 Demand and Consumption

ASEAN is a crucial participant in the global economy, with a cumulative GDP of over PHP 121 trillion (USD 2.5 trillion). The economic growth the region has experienced increased its energy demand by 70% compared to the energy demand in 2000. As of 2020, ASEAN accounts for 5% of the total global energy demand.

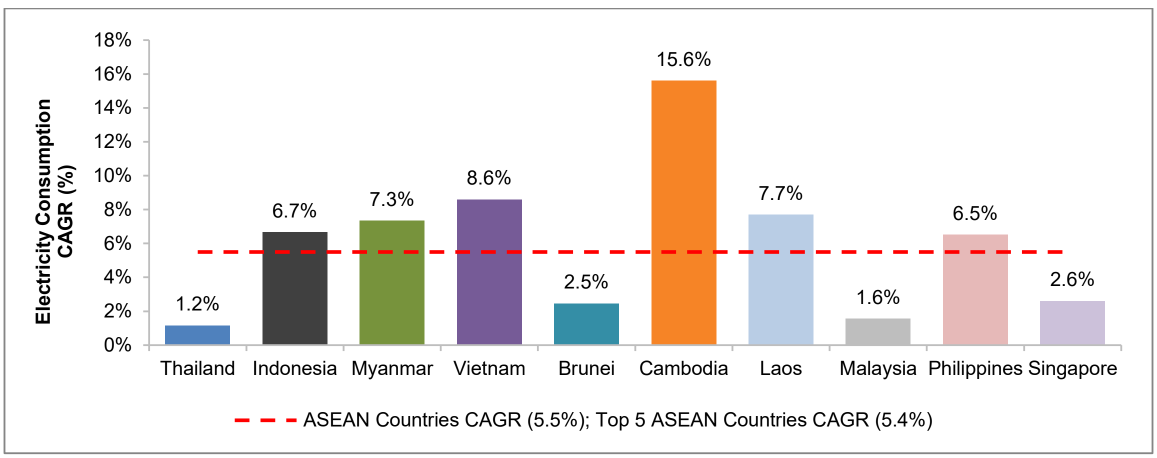
Overall, electricity consumption in ASEAN is expected to grow at a CAGR of 5.5% from 2020 to 2025, with Vietnam overtaking Indonesia as the top consumer. In the Philippines, electricity consumption is expected to grow at a CAGR of 6.5% from 2020 to 2025.

Figure 1-6: Electricity Consumption, ASEAN, 2015–2025F



*Source: Metropolitan Electricity Authority; Electricity Generating Authority of Thailand ("**EGAT**"); Provincial Electricity Authority; Ministry of Energy Thailand; National Electricity Supply Business Plan (RUPTL) 2019–2028; Economic Research Institute for ASEAN and East Asia; Ministry of Electricity and Energy Myanmar; Vietnam Electricity ("**EVN**"); Electricity Authority of Cambodia ("**EAC**"); Ministry of Energy and Mines Laos; Energy Commission Malaysia; DOE Philippines; Energy Market Authority ("**EMA**") Singapore; Frost & Sullivan*

Figure 1-7: Electricity Consumption CAGR, ASEAN Countries, 2020–2025F



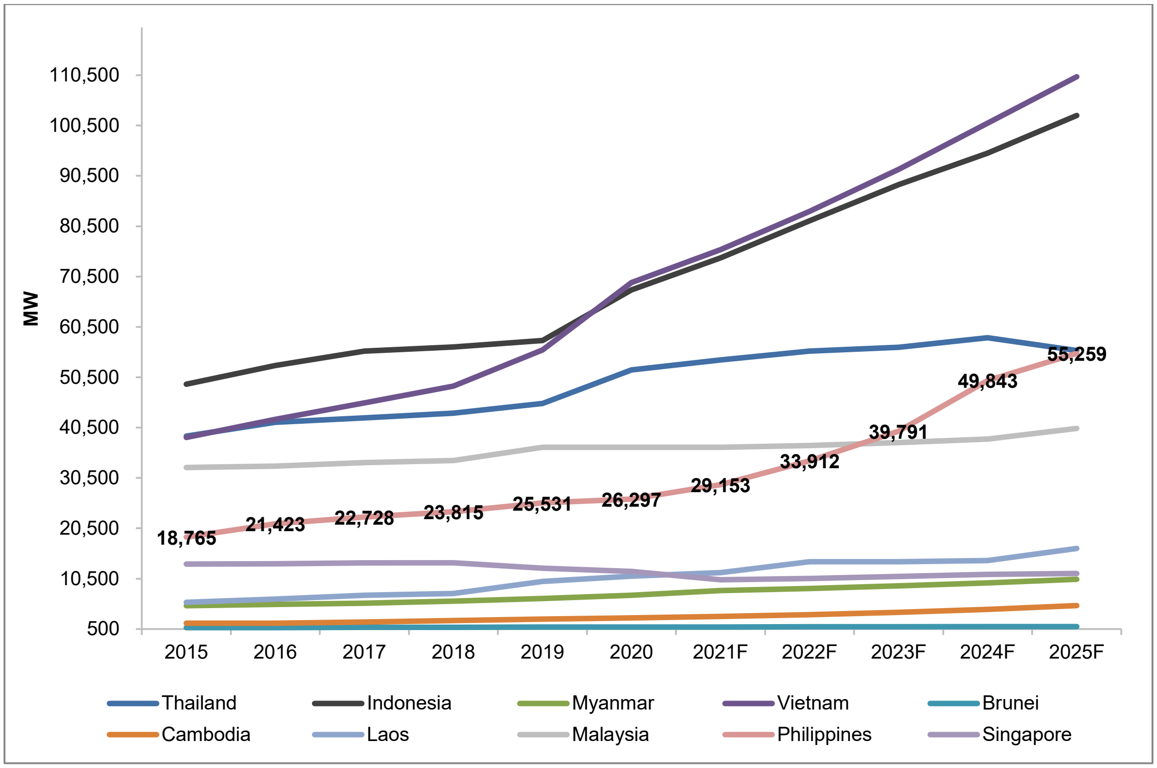
Source: Metropolitan Electricity Authority; EGAT; Provincial Electricity Authority; Ministry of Energy Thailand; National Electricity Supply Business Plan (RUPTL) 2019–2028; Economic Research Institute for ASEAN and East Asia; Ministry of Electricity and Energy Myanmar; EVN; EAC; Ministry of Energy and Mines Laos; Energy Commission Malaysia; DOE Philippines; EMA Singapore; Frost & Sullivan

1.5 INSTALLED CAPACITY IN ASEAN

1.5.1 Overall

Overall, installed capacity in ASEAN will grow at a CAGR of 7.4% from 2020 to 2025. In the Philippines, installed capacity is expected to grow from 26,297 MW in 2020 to 55,259 MW in 2025, recording a CAGR of 16% during the same period.

Figure 1-8: Total Installed Capacity, ASEAN, 2015–2025F



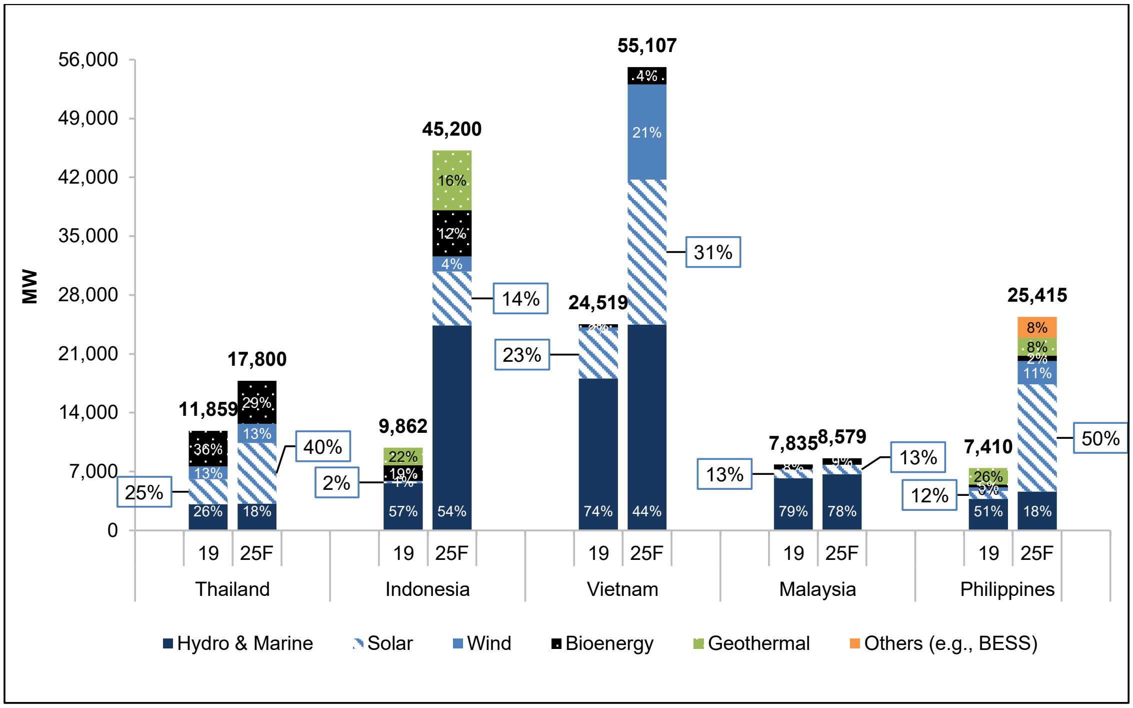
*Source: EGAT; RUPTL 2019–2038; Ministry of Electricity and Energy Myanmar; EVN; EAC; EDL Generation Public Company ("**EDL**") Laos ; Energy Commission Malaysia; DOE Philippines; CEIC Data; EMA Singapore; Frost & Sullivan*

1.5.2 Renewable Energy

Among the ASEAN member states, Vietnam, Thailand, the Philippines, Malaysia, and Indonesia represent a share of approximately 84% of ASEAN's total installed RE capacity. Vietnam leads substantially with a 34% share, followed by Thailand (17%), Indonesia (13%), Malaysia (10%), and the Philippines (10%). As a region, ASEAN established an ambitious target of integrating at least 23% RE by 2025 to support economic growth and sustainability.

In the Philippines, total RE installed capacity reached 7,663.8MW in 2020 (inclusive of 11MW of BESS) with hydropower and geothermal energy the most significant contributors at 49% and 25%, respectively. Total RE capacity is expected to grow at a CAGR of 22.8%, equal to 25,415 MW, by 2025.

Figure 1-9: RE Installed Capacity by Type, Key ASEAN Countries, 2019 and 2025F



Source: International Renewable Energy Agency; Energy Commission Malaysia; DOE; Philippine Energy Plan 2018–2040; Ministry of Energy and Mineral Resources Revised Kebijakan Energi Nasional 2025; National Power Development Plan (PDP) 2021–2030 (Draft PDP8); Frost & Sullivan

2. OVERVIEW OF THE POWER GENERATION INDUSTRY IN THE PHILIPPINES

2.1 INTRODUCTION

The Philippines consists of 3 main regions: Luzon, Visayas, and Mindanao. Separate transmission grids exist for each region, but the grid in Mindanao does not have an interconnection. A critical transmission project to link the power grids in Visayas and Mindanao is currently under construction.

The Philippines relies heavily on imported fuels for power generation. According to the DOE, the country's dependence on coal was met by total imports of 27.7 million metric tons ("**MT**") and local production amounting to 15.2 million MT in 2019, which totaled 33.1 million MT. Of the total coal demand, the power generation industry consumed 28.7 million MT, equivalent to 86.7% of the total consumption in 2019.[1]

In 1973, the Philippine National Oil Company was formed as the country's custodian of the national oil and gas reserves, which led to the development of indigenous gas reserves supplying gas to the combined cycled gas turbine ("**CCGT**") power plants, notably from the Malampaya gas field (expected depletion by 2027).[2]

As an alternative to fossil fuels being used in power generation, a 621 MW nuclear power plant was built at Bataan in 1984 but was never commissioned.[3]

The power sector went through a massive privatization exercise with the introduction of the Electric Power Industry Reform Act ("**EPIRA**") in 2001, which led to the liberalization of the market and growth of the RE sector. With the enforcement of the RE Act in 2008, the Philippines has since made significant progress in developing its indigenous RE resources. By the end of 2020, 29.1% of the 26.3 Gigawatt ("**GW**") national installed capacity consisted of RE, primarily in the form of hydropower, geothermal, and solar, which was equivalent to 7.7 GW,[4] surpassing the contribution of natural gas-based (13.1%) and oil-fired power plants (13%).

Generally, coal-fired and geothermal power plants have served as baseload generators, whereas natural gas-fired power plants served as both mid-merit and peaking plants. Additionally, oil-based and hydropower plants are classified as peaking plants. As the Malampaya gas field is expected to deplete soon, the San Gabriel and Avion plants were both built to achieve commercial operations by 2016, with the intention of switching to re-gasified imported liquefied natural gas ("**LNG**") once the infrastructure for it is readily available. Australia-based Energy World Corporation Limited ("**EWC**") is currently developing the country's first LNG import terminal in Pagbilao, which is due to be complete by 2022.[5] There was also a discussion on the trans-ASEAN gas pipeline, although the country has not moved toward developing cross-border pipelines with any of its neighboring countries to date.

Under EPIRA (Republic Act 9136), several permits and approvals are required prior to developing private power projects. These permits and approvals need to be acquired from government-owned entities, such as the DOE, Department of Environmental & Natural Resources ("**DENR**"), and Energy Regulatory Commission ("**ERC**"), and the Department of Agrarian Reform. Additionally, connection approval to the transmission grid is required from the National Grid Corporation of the Philippines ("**NGCP**"). Below are some of the required permits/approvals to be obtained from government-owned entities:

[1] DOE, "2019 Coal Statistics", (Accessed: July 2021)
[2] BusinessWorld, "Malampaya depletion is expected by 1st quarter of 2027", March 2021
[3] Reuters, "In power hungry Philippines, some advocate a nuclear revival," May 2018
[4] Statistics of total installed capacity available on the DOE
[5] EWC, "Investor Presentation", March 2021

Table 2-1: Necessary Approvals/Permits to be Obtained

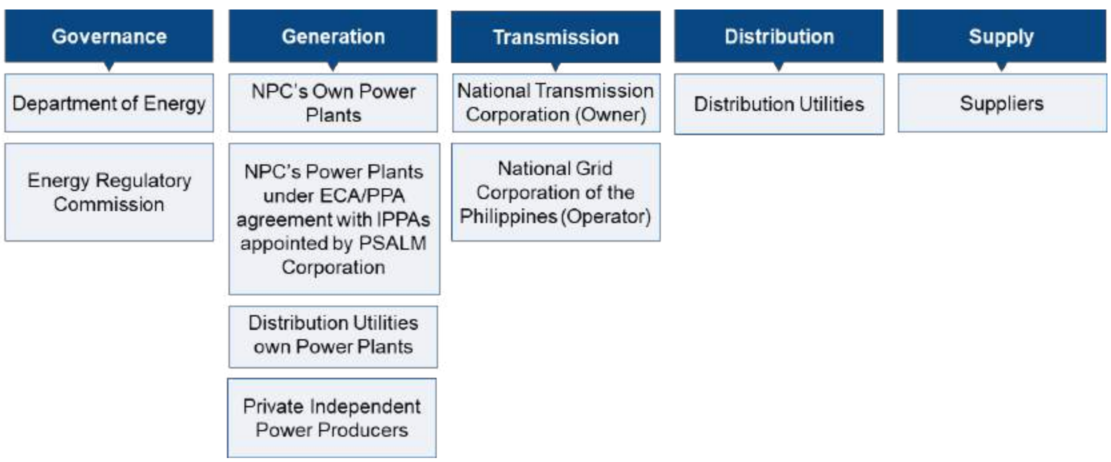
Government Agency	Required Approval/Permits
DOE	Certificate of Endorsement for Power Generation Project
DENR	Environmental Compliance Certificate, Wastewater Discharge Permit, Permit to Operate (Air Pollution Source and Control Installation), Special Land Use Permit, Forest Land Use Agreement
ERC	Certificate of Compliance, Power Sales Agreement ("**PSA**")
Department of Agrarian Reform	Land Use Conversion Permit

Source: DOE

***Note**: Non-exhaustive list. The full list may be referred to on the DOE website.*[6]

2.2 POWER MARKET STRUCTURE AND KEY INDUSTRY STAKEHOLDERS

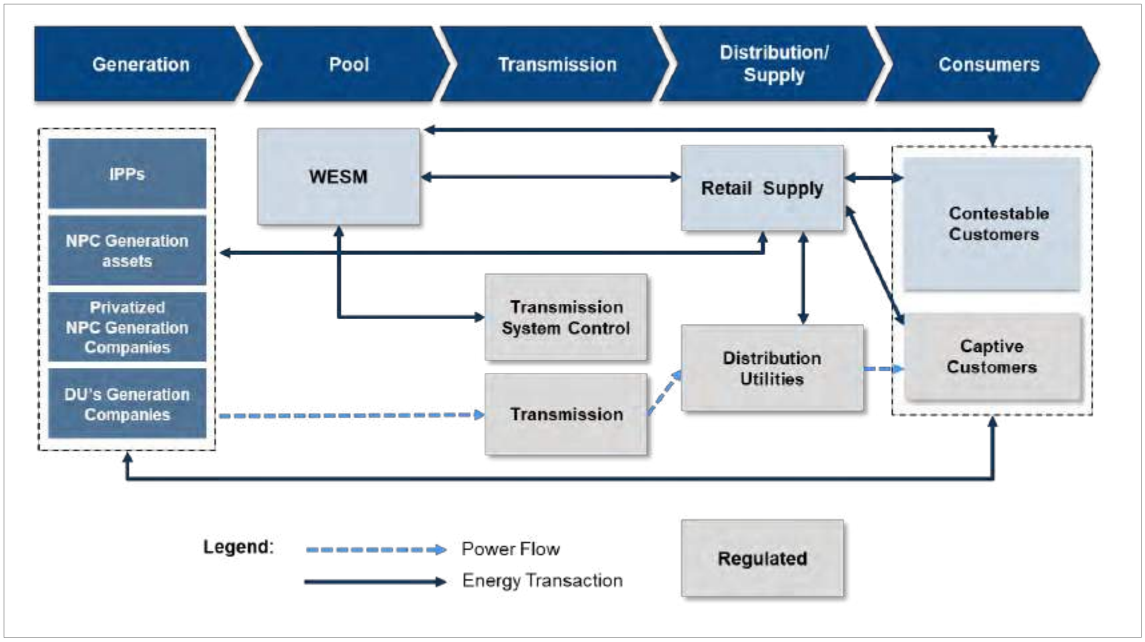
Figure 2-1: Electricity Industry Structure, the Philippines



Source: Frost & Sullivan

[6] Energy Investors' Guidebook, DOE (Accessed: July 2021)

Figure 2-2: Electricity Market Structure, the Philippines



Source: Frost & Sullivan

With the push for restructuring within the power sector, under the purview of EPIRA 2001, one objective was to promote the utilization of RE sources and enhance the competitive operations of the electricity market.[7] As a result, the Wholesale Electricity Spot Market ("**WESM**"), was established and started commercial operation in Luzon in June 2006, with the Visayas grid subsequently integrated into it in December 2010. Prior to the implementation of the Retail Competition Open Access ("**RCOA**") in December 2012, ERC had set aside 4 other pre-conditions that would have enabled the implementation of the RCOA: the approval of unbundled transmission and distribution wheeling charges, initial implementation of the cross-subsidy removal scheme, achieving at least 70% privatization of National Power Corporation's ("**NPC**") generation assets in Luzon and Visayas, and transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to independent power producer administrators ("**IPPA**").[8]

Table 2-2: Wholesale Membership, the Philippines, Q1 2021

Wholesale Membership (Q1 2021)	Registered
Generation companies	136
Private distribution utilities ("DU") and local government utilities	20
Electric cooperatives	71
Directly connected customers	48

Source: IEMOP Quarterly Report Q1 2021

[7] NPC, "Republic Act No. 9136", (Accessed: July 2021)
[8] DOE, "Schedule of Public Consultations on RCOA Rules", October 2012

The DOE and the Philippine Electricity Market Corporation ("**PEMC**") have been trying to pursue an operational WESM in Mindanao and as such had introduced the Interim Mindanao Electricity Market ("**IMEM**") in November 2013. The ambition of the IMEM was to ultimately transition Mindanao into the WESM; however, the program was suspended in the following year due to various factors, such as the lack of liquidity, payment issues, and grid interruptions.[9] The WESM in Mindanao was previously slated to be launched in June 2017 but was expected to commence in June 2021, ahead of the completion of the grid interconnection between Visayas and Mindanao.[10] However, as of July 2021, DOE reported that the commercial operation of the WESM in Mindanao has not yet been achieved[11].

Table 2-3: RCOA Membership, the Philippines, Q1 2021

Retail Membership	Registered
Retail electricity supplier	35
Local retail electricity supplier	14
Retail metering service provider	56
Contestable customer	1553
Supplier of last resort	25

Source: IEMOP Quarterly Report Q1 2021; Quarterly Retail Market Assessment Report (26 December 2020–25 March 2021)

2.3 EXISTING LAWS AND REGULATIONS

Table 2-4: Electricity Sector Legal Framework

EPIRA 2001 (Republic Act No. 9136)	The Renewable Energy Act of 2008 (Republic Act No.9513)
• Accelerates electrification • **Ensures quality, reliability, security, and affordability of electricity supply** • **Provides transparency and reasonable price of electricity** • **Diversifies ownership of generation, transmission, and distribution sectors** • **Protects public interests** • **Promotes utilization of indigenous and RE** • **Privatizes the NPC** • **Establishes independent regulator** • **Encourages energy efficiency and demand-side management ("DSM")**	• Accelerates the exploration and development of RE to achieve self-reliance and reduce dependency on fossil fuels • Increases the utilization of RE via structured supporting policies and promotion via providing fiscal and non-fiscal incentives • Encourages the development and utilization of RE resources to reduce harmful emissions • Establishes the necessary infrastructure and mechanism to carry out aforementioned policies

Source: Government of Philippines

Through the RE Act of 2008, NREP 2011–2030 was formulated as the policy framework for achieving the Philippines' RE targets. In detail, it outlined an additional capacity of RE of approximately 15.3 GW by 2030, which included the development of the first ocean energy facility in the Philippines, although the project has been delayed due to not having received feed-in tariff ("**FiT**") approval from ERC.[12] The DOE has established a revised RE roadmap, NREP 2017–2040, which was set out in the Philippine Energy Plan 2018–2040. The new plan hopes to include at least 20 GW of RE installed capacity by 2040.

[9] ADB, "Philippines: Energy Sector Assessment, Strategy and Roadmap", October 2018
[10] Philstar, "Launch of WESM in Mindanao to push through", March 2021
[11] BusinessWorld, "WESM central scheduling to continue in Mindanao – DoE", July 2021
[12] Offshore Energy, "Philippines' ERC denies feed-in-tariff for ocean energy", January 2021

Table 2-5: Foreign Investment for Infrastructure Sector Legal Framework

The Foreign Investments Act of 1991 (Republic Act No. 7042) (As amended by RA 8179)	The Build–Operate–Transfer (BOT) Law (Republic Act No.6957) (As amended by RA 7718)	The Government Procurement Reform Act of 2003 (Republic Act No. 9184)
• The Act attracts, promotes, and welcomes **productive investments from foreign sources.** • **Foreign investments will be encouraged in enterprises that significantly benefit Filipinos.** • **Foreign investments will be welcome as a supplement to domestic capital and technology in those enterprises serving the domestic market.**	• The law recognizes the indispensable role of the private sector as the main engine for national growth and development and provides the most appropriate incentives to mobilize private resources for the purpose of financing the construction, operation, and maintenance of infrastructure and development projects normally financed and undertaken by the government. • Such incentives, aside from legally required financial incentives, will include providing a climate of minimum government regulations and procedures.	• The Act promotes the ideals of good governance in all its branches, departments, agencies, subdivisions, and instrumentalities, including government-owned and/or controlled corporations and local government units ("**LGU**").

Source: Government of Philippines

Table 2-6: Electricity Generation Policy Framework

PDP 2017–2040	Philippines Energy Plan 2018–2040 Volume 2: Sectoral Plans and Roadmaps
• Provides the long-term outlook on the demand and supply requirements in the **3 major grids: Luzon, Visayas, and Mindanao.** • **The PDP also presents the holistic power sector roadmaps for short-, medium-, and long-term planning horizons.**	• The plan comprises 8 energy sector strategic directions: ensure energy security; expand energy access; promote a low carbon future; strengthen collaboration among all government agencies involved in energy; implement, monitor, and integrate sectoral and technological roadmaps and action plans; advocate the passage of the department's legislative agenda; strengthen consumer welfare and protection; and foster stronger international relations and partnerships.

Source: Government of Philippines

Table 2-7: Key Elements of the Electricity Sector Legal Framework (EPIRA 2001)

Section	Heading	Content	Remarks
6	Generation	Generation of electric power, an industry that affects public interest, will be competitive and open.	The generation sector is competitive and open for investment.
		Any law to the contrary notwithstanding, power generation will not be considered a public utility operation. For this purpose, any person or entity engaged, or that will engage, in power generation and supply of electricity will not be required to secure a national franchise.	The generation sector is not considered a public utility and not subjected to constitutional restrictions of public utilities.

		Upon implementation of retail competition and open access, the prices charged by a generation company for the supply of electricity will not be subject to regulation by ERC, except as otherwise provided in this Act.	Unregulated electricity prices ensure cost recovery and profit for the generation sector.
8	Creation of the National Transmission Company ("**TRANSCO**")	Except as provided herein, no person, company or entity other than TRANSCO will own any transmission facilities.	Transmission remains in the public sector.
9	Functions and responsibilities	Upon the effective implementation of this Act, TRANSCO will have the responsibility to provide open and non-discriminatory access to its transmission system to all electricity users.	Non-discriminatory access to the transmission grid is mandated by law.
		A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the Transmission Development Plan ("**TDP**"), provided that such facilities are required only for the purpose of connecting to the transmission system and are used solely by the generating facility, subject to prior authorization by ERC. In the event that such assets are required for competitive purposes, ownership of the same will be transferred to TRANSCO at a fair market price. Finally, in the case of disagreement on the fair market price, ERC will determine the fair market value of the asset.	Generation companies may develop their own evacuation lines and might even be required for timely cash on delivery ("**COD**") but are vulnerable to nationalization at the price set by ERC.
25	Retail rate	The retail rates charged by DUs for the supply of electricity in their captive market will be subject to regulation by ERC based on the principle of full recovery of prudent and reasonable economic costs incurred or other such principles that will promote efficiency as may be determined by ERC.	Full cost recovery of retail rates to the captive market is guaranteed. The distribution is likely to provide credit-worthy counterparties.
29	Supply sector	Any law to the contrary notwithstanding, supply of electricity to the contestable market will not be considered a public utility operation. For this purpose, any person or entity that will engage in the supply of electricity to the contestable market will not be required to secure a national franchise.	The supply sector is not considered a public utility and is not subjected to constitutional restrictions of public utilities.
		The prices to be charged by suppliers for the supply of electricity to the contestable market will not be subject to regulation by ERC.	Retail competition in effect and the market structure involve bilateral over the counter and wholesale pools. The off-takers have to be

			selected carefully on the basis of creditworthiness.
30	WESM	The DOE will establish a WESM, which will provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.	The WESM is already established and in operation. Revenue fluctuation is based on the market determined price for untied volumes.
45	Cross-ownership, market power abuse, and anti-competitive behavior	No generation company, distribution utility, or its respective subsidiary, affiliate, stockholder, or official of a generation company or distribution utility, or other entity engaged in generating and supplying electricity specified by ERC within the 4th civil degree of consanguinity or affinity, will be allowed to hold any interest, directly or indirectly, in TRANSCO or its concessionaire. Likewise, TRANSCO or its concessionaire or any of its stockholders or officials or any of their relatives within the 4th civil degree of consanguinity or affinity, will not hold any interest, whether directly or indirectly, in any generation company or distribution utility.	Distribution companies and generation companies cannot own TRANSCO and vice versa.
		To promote true market competition and prevent harmful monopoly and market power abuse, ERC safeguards, including that no company or related group can own, operate, or control more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity.	Ownership and operating rights in generation companies are limited to 30% generation capacity of the grid or 25% generation capacity of the whole country.
		To prevent market power abuse between associated firms engaged in generation and distribution, no distribution utility will be allowed to source from bilateral power supply contracts more than 50% of its total demand from an associated firm engaged in generation but such limitation; however, it will not prejudice contracts entered into prior to the effectivity of this Act.	For distribution companies, sourcing electricity via bilateral power supply contracts from generation companies is limited to 50% of total electricity demand of distribution companies.

Source: Government of Philippines; Frost & Sullivan

Table 2-8: Key Elements of the Electricity Sector Legal Framework (The Renewable Energy Act 2008)

Section	Heading	Content	Remarks
6	Renewable portfolio standard (“**RPS**”)	The content was covered in section 1.2 of this report.	-
7	FiT system	(a) The system comprises priority connections to the grid for electricity generated from emerging RE resources, such as wind, solar, ocean, run-of-river	There is priority connection to the grid for electricity generated from RE.

		(ROR) hydropower, and biomass power plants, within the Philippines.	
		(b) This also includes priority purchase and transmission of, and payment for, such electricity by the grid system operators.	There is priority dispatch for electricity generated from RE.
8	RE market ("**REM**")	The DOE will establish the REM and direct PEMC to implement changes to the WESM rules to incorporate the rules specific to the operation of the REM under the WESM.	This was planned for implementation in January 2019 but delayed further. Currently, REM is said to be implemented in June 2021.
9	Green Energy Option	End users may directly contract from RE facilities their energy requirements distributed through their respective DUs. Consistent herewith, TRANSCO or its successors-in-interest, DUs, PEMC, and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Green Energy Option.	End users are allowed to source for RE. TRANSCO, DUs, and PEMC are mandated to facilitate necessary connections. There is an option for direct sales to large-end consumers for RE.
15	Incentives for RE projects and activities	(a) Income tax holiday ("**ITH**")—For the first 7 years of commercial operations, the duly registered RE developer will be exempt from income taxes levied by the national government. Additional investments in the project will be entitled to additional income tax exemption on the income attributable to the investment, provided that the discovery and development of new RE resources will be treated as a new investment and will therefore be entitled to a fresh package of incentives and provided further that the entitlement period for additional investments will not be more than 3 times the period of the initial ITH.	RE developers are entitled to a 7-year ITH. Additional investments are entitled to additional tax holidays but are not to exceed 21 years.
		b) Duty-free importation of RE machinery, equipment and materials—Within the first 10 years upon the issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, will not be subject to tariff duties, provided that the said machinery, equipment, materials, and parts are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the	RE developers are entitled to import duty exemption on RE machinery, equipment, and materials. DOE endorsement is required.

	shipment will be directly delivered by customs authorities, and provided further that the endorsement of the DOE is obtained before the importation of such machinery, equipment, materials, and parts are made.	
	(d) Net operating loss carry-over ("**NOLCO**")—The NOLCO of the RE developer during the first 3 years from the start of commercial operation will now be carried over as a deduction from gross income for the next 7 consecutive taxable years immediately following the year of such loss, provided that operating loss resulting from the eligibility of incentives provided for in this Act will not be entitled to NOLCO.	RE developers are entitled to carry over net operating loss from the first 3 years to the next 7, including tax shielding and free cash flow enhancement.
	(f) Accelerated depreciation—If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on this, provided that the project or its expansions will no longer be eligible for an ITH.	RE projects that failed to receive an ITH can apply for accelerated depreciation, but those that received accelerated depreciation are not eligible for an ITH.
	(g) 0% value-added tax ("**VAT**") rate—The sale of fuel or power generated from renewable sources of energy, such as biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources, using technologies, such as fuel cells and hydrogen fuels, will be subject to 0% VAT, pursuant to the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337. All RE developers will be entitled to zero-rated VAT on its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities. This provision will also apply to the whole process of exploring and developing RE sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors.	Sales of electricity generated from RE are entitled to 0% VAT. Purchase of goods and services for the purpose of RE projects' exploration and development are entitled to 0% VAT, including contractors.
	(h) Cash incentive of RE developers for missionary electrification—An RE developer, established after the effectivity of this Act, will be entitled to a cash generation-based incentive per kWh rate generated, equivalent to 50% of the universal charge for power needed to service missionary areas where it operates the same, to be	RE developers are entitled to a cash incentive equal to 50% of universal charge for missionary electrification.

		chargeable against the universal charge for missionary electrification.	
		(i) Tax exemption of carbon credits—All proceeds from the sale of carbon emission credits will be exempt from any and all taxes.	Sales of carbon credits generated from operating RE projects are exempt from all taxes.
		(j) Tax credit on domestic capital equipment and services—A tax credit equivalent to 100% of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials, and parts had these items been imported will be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in this Act, provided that prior approval by the DOE was obtained by the local manufacturer and that the acquisition of such machinery, equipment, materials, and parts, will be made within the validity of the RE operating contract.	Purchases of capital equipment and services from domestic manufacturers for the purpose of RE projects exploration and development are entitled to 100% tax credit. Purchases must be made within the duration of the RE operating contract. Manufacturers need to be approved by the DOE.
19	Hybrid and cogeneration systems	The tax exemptions and/or incentives provided for in Section 15 of this Act will be availed of by registered RE developers of hybrid and cogeneration systems utilizing both RE sources and conventional energy, provided that the tax exemptions and incentives will apply only to the equipment, machinery, and/or devices utilizing RE resources.	Incentives in section 15 are only applicable to RE parts for hybrid and cogeneration systems.

Source: Government of Philippines; Frost & Sullivan

Table 2-9: Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Foreign Investment Act of 1991)

Section	Heading	Content
3	Definitions	g) The terms, “Foreign Investments Negative List” (“**FINL**” or “**Negative List**”), will refer to a list of areas of economic activity whose foreign ownership is limited to a maximum of 40% of the equity capital of the enterprises engaged therein.
8	List of Investment Areas Reserved to Philippines Nationals	List A will enumerate the areas of activities reserved to Philippine nationals by mandate of the Constitution and specific laws.

Source: Government of Philippines; Frost & Sullivan

Table 2-10: Key Elements of the Current FINL (Executive Order [EO] No. 65 Eleventh Regular FINL)

Section	Heading	Content	Remarks
List A	Up to 40% foreign equity	This refers to the operation of public utilities except power generation and the supply of electricity to the contestable market.	Complete (100%) foreign ownership is allowed for generation and supply companies (to the contestable market).

Source: Government of Philippines; Frost & Sullivan

Table 2-11: Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The BOT Law)

Section	Heading	Content	Remarks
1.3	Definition of terms	BOT—In case of an infrastructure or development facility whose operation requires a public utility franchise, the proponent must be Filipino or, if a corporation, must be duly registered with the Securities and Exchange Commission ("**SEC**") and owned up to at least 60% by Filipinos.	In the BOT scheme, for licensed businesses, foreign ownership is limited to 40% for project proponents of public utility projects.
		Private sector infrastructure or development projects—For the construction stage of these infrastructure projects, the project proponent may obtain financing from foreign and/or domestic sources and/or engage the services of a foreign and/or Filipino contractor, provided that in case an infrastructure or a development facility's operation requires a public utility franchise, the facility operator must be a Filipino, or if a corporation, must be duly registered with the SEC and owned at least 60% by Filipinos.	During construction, foreign financing sources and foreign contractors are allowed, but foreign ownership is limited to 40% for facility operators of public utility projects.
5.4	Pre-qualification requirements	For projects to be implemented under a contractual arrangement which requires a public utility franchise for its operation, and where the project proponent and facility operator are one and the same entity, the prospective project proponent must be Filipinos or, if corporations, must be duly registered with the SEC and owned up to at least 60% by Filipinos, or, if a consortium of local, foreign, or local and foreign firms, Filipinos must have at least 60% interest in said consortium.	If the project proponent and the facility operator is the same entity, foreign ownership is limited to 40% for facility operators of public utility projects.

		For projects to be implemented through a contractual arrangement requiring a public utility franchise for their operation but where the project proponent and facility operator could be 2 separate and independent entities, the facility operator must be a Filipino or, if a corporation, must be duly registered with the SEC and owned up to at least 60% by Filipinos.	If the project proponent and the facility operator are different entities, foreign ownership is limited to 40% for facility operators of public utility projects.
		For projects that do not require a public utility franchise for their operation, the prospective project proponent or the facility operator may be Filipino or foreign owned.	There is no limit on foreign ownership for non-public utility projects.

Source: Government of Philippines; Frost & Sullivan

Table 2-12: Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Government Procurement Reform Act of 2003)

Section	Heading	Content	Remarks
3	Governing principles on government procurement	Procurement of the national government, its departments, bureaus, offices, and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and LGUs, will, in all cases, be governed by principles, such as competitiveness by extending equal opportunities to enable private contracting parties who are eligible and qualified to participate in public bidding.	Private participation in government procurement is ensured via equal opportunity in public bidding.
4	Scope and application	This Act will apply to the procurement of infrastructure projects, goods, and consulting services, regardless of source of funds, whether local or foreign, by all branches and instrumentalities of government, its department, offices, and agencies, including government-owned and/or controlled corporations and LGUs, subject to the provisions of the Commonwealth Act No. 138.	This Act is applied to infrastructure projects and foreign funding.

Source: Government of Philippines; Frost & Sullivan

Table 2-13: Key Elements of the Electricity Generation Policy Framework (PDP 2017–2040)

Section	Heading	Content	Remarks
Generation	Power Sector Roadmap, Medium	The entry of new and emerging technologies for power generation (e.g.,	The DOE encourages the development of new and

	Term (2019–2022) to Long Term (2023–2040)	ocean, fuel cells, and nuclear) consistent with the power mix policy is pursued.	emerging power generation technologies.
		The plant performance assessment/benchmarking should be led in to review and develop policies to improve power generation.	The DOE encourages the deployment of state-of-the-art technologies to achieve high performance power generation.
		Compliance to international standards for constructing power plants and accreditation of contractors should be encouraged.	International standards and contractor's accreditation in power plants construction are adopted by the DOE.
		Power generation projects should be monitored periodically.	Power plant construction and operations will be monitored by the DOE.
		Technical support should be provided.	Technical assistance from the DOE is available.
		Investments in power generation should be promoted, including merchant power plants.	Merchant power plants (non-utility power generation) are included in investment promotion.

Source: Government of Philippines; Frost & Sullivan

Table 2-14: Key Elements of the Electricity Generation Policy Framework (Philippines Energy Plan 2018–2040)

Section	Heading	Content	Remarks
RE for a Clean Future	Roadmap of the Sector, Medium Term (2019–2022)	The development of off-grid areas should be intensified for wider populace access to energy.	The DOE encourages RE developments in off-grid areas.
	Roadmap of the Sector, Long Term (2023–2040)	Implementation of RE projects should be continued and accelerated.	-
		The administration processes of Renewable Energy Service Contract (RESC) applications should be streamlined.	RESC application will be simpler than in the past.
		Technical assistance should be provided to lower investment costs.	Technical assistance from the DOE is available and may help reduce investment costs.
		Local technology producers should be promoted and incentivized.	The purchase of local technologies is promoted.
		An initiative should be explored on the harmonization of LGUs and national government related programs and policy.	Resistance to RE project development from local governments is expected to be minimum.

		Transmission development plans should be harmonized with RE targets.	RE project development should have minimum or no transmission constraint.
		The conduct of information, education, and communication should be continued to attain social acceptability.	Resistance to RE project developments is expected to be minimal.
Harnessing Conventional Fuels	Upstream Oil and Gas, Roadmap of the Sector, Medium Term (2019–2022)	Three gas fields (Malampaya, San Martin, and Polyard A8 with 0.645 TCF) should be produced.	Domestic natural gas supply is in both medium- and long-term roadmaps. There is a small increase in confidence in gas supply continuity to natural gas power plants.
		Three service contracts (SCs) for gas should be administered.	
	Upstream Oil and Gas, Roadmap of the Sector, Long Term (2023–2040)	Seven gas fields (Malampaya, San Martin, Sampaguita, Polyard A8, Mangosteen, Progres, and Sta.Monica 1 with 4.04 TCF) should be produced.	
		Seven SCs for gas should be administered.	
Advocating Infrastructure Development in the Downstream Industry	Downstream Natural Gas Roadmap of the Sector, Medium Term (2019–2022)	The development of the upstream activities should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional projected LNG imports in Quezon and Batangas should be monitored.	
		New and emerging technologies in LNG storage and transport should be monitored.	
		The consumption of LNG in off-grid islands should be monitored.	
		The development and status of various natural gas projects (e.g., FSRU, FSU, LNG, CNG, and pipeline) should continue to be monitored.	
		New and existing natural gas power plants should be monitored.	
		The passage of the Natural Gas Bill should be advocated.	As the Natural Gas Bill will require off-takers, it will help support the development of LNG terminals and increase confidence in the gas supply's continuity to natural gas power plants.

	Downstream Natural Gas Roadmap of the Sector, Long Term (2023–2040)	The activities of the upstream developments, including drillings of Malampaya East, should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional LNG imports should be monitored.	
		The operations of the pipeline, LNG terminals, satellite terminals, and distribution lines should be monitored.	
		New and existing natural gas power plants should continue to be monitored.	
		The commissioning of additional natural gas-based power plants should be espoused.	The development of additional natural gas power plants is supported.

Source: Government of Philippines; Frost & Sullivan

2.4 VALUE CHAIN ANALYSIS

Table 2-15: Key Entities in the Electricity Sector

Entities	Acronyms	Brief Description
Department of Energy	DOE	The establishment of the DOE was mandated by RA 7638 (Department of Energy Act of 1992). The DOE is responsible for preparing, integrating, coordinating, supervising, and controlling all plans, programs, projects, and activities of the government related to energy exploration, development, utilization, distribution, and conservation.
Energy Regulatory Commission	ERC	ERC was created under section 38 of EPIRA as an independent, quasi-judicial regulatory body.
National Power Corporation	NPC	NPC was established in 1936 to construct, operate, and maintain facilities for the production of electricity. EPIRA mandated the privatization of NPC's generation and transmission assets save for those necessary for missionary electrification. This has effectively reduced NPC's participation in the generation business through its small power utilities groups (SPUGs) across the country.
Power Sector Assets and Liabilities Management Corporation	PSALM Corporation	PSALM Corporation is government owned and controlled and was created in 2001. It manages the orderly sale, disposition, and privatization of NPC generation assets, real estate, and other disposable assets, and IPP contracts with the objective of liquidating NPC debts and stranded contract costs.
National Transmission Corporation	TRANSCO	TRANSCO is a government agency created per EPIRA to own and operate a nationwide transmission system. In 2009, TRANSCO turned over the management and operation of its transmission system to NGCP via concession agreements but retain ownership of transmission assets.
National Grid Corporation of the Philippines	NGCP	NGCP is a private corporation in charge of operating, maintaining, and developing transmission systems under concession agreement from TRANSCO. The shareholders of NGCP consist of Monte Oro Grid Resources, Calaca high Power Corporation and State Grid Corporation of China.
Wholesale Electricity Spot Market	WESM	The wholesale market for electricity created per EPIRA is governed by PEMC and operated by IEMOP.

Independent Electricity Market Operator of the Philippines	IEMOP	IEMOP is a non-stock, non-profit corporation established in June 2018 to assume the market operator functions of PEMC for WESM.
Independent Power Producers	IPPs	IPPs are power generating entities not owned by NPC.
Independent Power Producer Administrators	IPPAs	IPPAs are qualified independent entities appointed by PSALM Corporation to administer, conserve, and manage the contracted energy output of NPC's power generation companies engaging in either an energy conversion agreement or power purchase agreement (PPA). IPPAs are essentially brokers in selling electricity from NPC's power generation companies to the market, assuming the market risk from NPC.
Distribution Utilities	DUs	DUs are any electric cooperative, private corporation, government-owned utility, or existing LGU that has an exclusive franchise to operate a distribution system.
Suppliers	-	Suppliers are any person or entity authorized by ERC to sell, broker, market, or aggregate electricity to the end users.
National Electrification Administration	NEA	NEA is a government owned and controlled corporation committed to the rural electrification program created by RA 6038 in 1969. Due to its limited role and coverage, NEA is not covered in this report.
Small Power Utilities Group	SPUG	SPUG is a subsidiary of NPC. SPUG is mandated by EPIRA to perform the missionary electrification function and will be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the main transmission system. Due to its limited role and coverage, SPUG is not covered in this report.

Source: Government of Philippines

2.5 KEY MARKET DRIVERS AND RESTRAINTS

Key Market Drivers

Increasing Rate of Urbanization

The total population of the Philippines as of 2020 stood at 109.6 million, having grown from 102.1 million in 2015 at a CAGR of 1.4%. Of the total 2020 population, the urbanization rate of the country stood at 47.4%.[13] The expansion of the total population and expected increase in urbanization rates are expected to drive the demand for more generation capacity across the 3 islands. The PEP 2018–2040 has set out the target for RE of at least 20 GW by the end of 2040 and various other initiatives, such as the utilization of imported LNG, to meet the forecast peak system demand by 2040. Increasingly due to urbanization, the Philippines government, through NEA, is striving to realize the country's target of 100% electrification by 2022.[14]

Strong Regulatory and Policy Framework

To encourage the growth of RE, the RE Act of 2008 set targets to propel the development of the country's potential in geothermal, hydropower, solar, wind, biomass, and ocean energy. The Act led to the development of the FiT program, which essentially provided a guaranteed payment to generators at the rate approved by ERC for producing power from eligible RE sources. As of May 2021, the highest uptake through the program was observed in the solar power segment, and the government has now allowed 100% foreign ownership for large-scale geothermal projects that have an initial investment of at least PHP 2,425 million (USD 50 million).[15]

Additionally, to reduce the country's reliance on coal as the primary source of electricity generation, the government has issued EO 30, which led to the formation of the Energy Investment Coordinating Council ("**EICC**") in June 2017. The EICC was created for the purpose of coordinating the nation's efforts in streamlining regulatory processes, requirements, and forms relating to the development of energy investments in the Philippines, which include projects that are classified as Energy Projects of National

[13] Data from the World Bank
[14] BusinessWorld, "DoE reaffirms 100% electrification goal", January 2019
[15] Think Geoenergy, "Philippines allows 100% foreign ownership in large-scale geothermal projects", October 2020

Significance ("**EPNS**").[16] The conditions for a project to be considered as an EPNS have been stipulated in the EO 30, and as of January 2021, the DOE has certified 149 energy projects of EPNS status totaling PhP 795.5 billion, including the Batangas Clean Energy LNG import terminal and Excelerate Energy's Luzon LNG.[17]

In 2019, the government completed the signing of the Republic Act 11234, also known as the Energy Virtual One-Stop Shop ("**EVOSS**") Act, with the expectation that it would lure more energy firms to invest in the country and thus reduce power rates. Overall, the newly enforced system is targeted to streamline the permitting process of power generation, transmission, and distribution projects. The streamlining process is expected to enable prospective developers to apply, monitor, and receive all the necessary permits and complete payment for charges and fees, all through an online centralized EVOSS platform, managed and maintained by the DOE.[18]

To promote fair competition among the generation companies across the 3 islands and ensure consumer protection, ERC had enacted the Resolution No. 26 Series of 2005, which effectively set out the market's limitation on installed capacity ownership. The said resolution enforces a market share limitation of a single generating entity to no more than 30% installed capacity across each grid and 25% installed capacity of the national grid (consisting of the total installed capacity from all 3 grids combined). ERC has been mandated to set numbers (in MW) by 15 March annually.[19]

Previously known as the Joint Congressional Power Commission, the power sector watchdog was renamed in 2019 to the Joint Congressional Energy Commission ("**JCEC**").[20] The newly rebranded energy commission was originally created to last for 10 years after the launch of EPIRA. However, JCEC's term was further extended beyond its supposed expiration on 26 June 2021.[21] Since EPIRA, JCEC provides oversight on activities of the government stakeholders in the energy sector, inclusive of PSALM, DOE, and NEA.[22] More importantly, JCEC has the statutory power to enforce amendments to EPIRA.

Liberalization of the Power Generation Industry

As the country looked into the unbundling of its previous vertically integrated structure, the power sector has progressively witnessed more significant competition across the value chain. With the enforcement of EPIRA 2001 being the foundation for the opening of the market, the government, through its stakeholders, such as DOE, ERC, IEMOP, PEMC, PSALM, and NPC, have worked collectively to realize the vision of a more competitive electricity market. A more competitive electricity market would thereby lead to a fair and non-discriminatory environment and thus attract more domestic and foreign investments into the power sector, particularly in RE. With respect to RE, some of the prominent policy mechanism that has been set out since the enactment of EPIRA in 2001 includes the net metering, RPS, the Green Energy Option Program ("**GEOP**"), Competitive Renewable Energy Zone, Renewable Energy Trust Fund ("**RETF**"), and REM. Specifically, on the RETF, the National Renewable Energy Board ("**NREB**") under the DOE is responsible for reviewing and updating the NREP to provide the necessary support for the development of RE across the Philippines.[23]

As of December 2020, private IPPs contributed to the majority of the gross power generation output across the 3 islands, although at various percentages. As Luzon has the highest number of residential, commercial, and industrial customers, the private IPPs, which are classified as non-NPC power plants, have contributed to 97.2% of the 72,386.3 GWh of gross power generation output. Comparatively, the private sector IPPs contributed to 76.1% of the 15,484.9 GWh of gross power generation output in Visayas, while Mindanao observed a marginal difference in terms of absolute contribution relative to Visayas, with 75.2% of the gross power generation output of 13,852.1 GWh coming from the non-NPC power plants.

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[16] DOE, "Executive Order No. 30", (Accessed: July 2021)
[17] BusinessWorld, "DoE endorses 149 energy projects of national significance worth P795 billion", January 2021
[18] Philippine News Agency, "EVOSS law to attract more energy investors, reduce power rates", March 2019
[19] BusinessMirror, "ERC hikes capacity limits for power generation firms", May 2020
[20] INQUIRER.net, "Joint Congressional Power Commission gets new name – Gatchalian", July 2019
[21] Philippine News Agency, "Law strengthening joint energy body signed", July 2021
[22] SMC, "Final Prospectus"
[23] Eco-Business, "Govt establishing renewable energy trust fund", January 2015

As EPIRA 2001 mandated the liberalization of the industry, this has also led to the privatization of transmission operations in the country. The transfer of management of the operation of the assets from TRANSCO to privately-owned NGCP via a 25-year concession agreement took place in 2007, with NGCP officially assuming the role of Philippines power transmission service provider in 2009. The shareholders of NGCP include a consortium of Monte Oro Grid Resources (30% ownership) and Calaca High Power Corporation (30% ownership), with the remaining stakes owned by the State Grid Corporation of China.[24] Through the NGCP, among the upcoming prominent projects that have yet to be realized is the Visayas–Mindanao grid interconnection, which has been delayed further than the expected completion date of December 2021. The absence of interconnection between the Mindanao grid with the other 2 grids, namely, Luzon and Visayas (with both having a commercially operating WESM), has been a major concern that has yet to be addressed prior to the integration of Mindanao into WESM.

In the power distribution and retail market, the various strategies from the government, including the Competitive Selection Process ("**CSP**") and RCOA, have increased competition across both segments. The CSP is a requirement imposed by ERC on the DUs to procure the least-cost power through their respective PSAs with any generation company in the market.[25] As for the retail market, the IEMOP is looking into reducing the threshold level in 3 phases, enabling the lowest level of consumer category, within the 10 kW to 99 kW consumer bracket, to participate in the WESM to procure electricity by January 2023.[26] Additionally, the DOE has introduced the GEOP, which is a voluntary policy mechanism that enables consumers having an electricity consumption of at least 100 kW to source their electricity from qualified retail energy suppliers that generate power from RE. Currently, there are 12 qualified firms generating RE that are listed in the GEOP initiative, including the 2 largest private IPPs in the country: AP and First Gen.

Easy Access to Capital

- Infrastructure projects in the Philippines are financed through 3 main sources: the government's budget, Official Development Assistance ("**ODA**"), and private sector participation. Out of these, the primary source remains to be the government's/public's budget.
- Government banking institutions, such as the Land Bank of the Philippines and the Development Bank of the Philippines ("**DBP**"), also extend loans to LGUs under various financing programs for infrastructure projects covering sectors, such as transport and logistics, power generation and distribution, water supply, social infrastructure, government offices, and tourism facilities. DBP has a dedicated "Financing Utilities for Sustainable Energy Development Program" to provide financing support for power generation and distribution projects.
- At the end of 2019, the total ODA received by the country amounted to PHP 1047.6 billion (USD 21.6 billion) with major sources including Japan (39.4%), ADB (26.4%), World Bank (19.9%), Korea (2.9%), and China (2.7%).[27]
- The government's public–private partnerships ("**PPP**") program is governed by the Philippine BOT Law, Republic Act No. 6957 as amended by RA 7718. The private sector can participate in infrastructure development through joint venture (JV) arrangements, too. However, private sector financing has not been as successful in the Philippines as ODA financing of infrastructure projects.
- Recently, the government has introduced the concept of "hybrid PPPs," where the cost of constructing the facility comes out cheaper by implementing the same through ODA, while its operation and maintenance is carried out efficiently through private sector financing.
- The Philippines' capital market is also a major source of financing for infrastructure projects. Previously in 2016, the Philippine stock exchange has issued new listing and disclosure rules applicable to engage in PPP projects.

[24] Manila Bulletin, "PPC approves shares acquisition in NGCP's major stakeholders", April 2020
[25] ERC, "Resolution No. 13, Series of 2015", (Accessed: July 2021)
[26] PEMC, "Retail Market Assessment Report 2020", March 2021
[27] National Economic Development Authority, "Official Development Assistance: Portfolio Review Report 2019", August 2020

Competitive Power Market for Foreign Investors

- Profit remittance abroad is generally not regulated. However, if the foreign exchange will be purchased from AABs or AAB-forex corps, the foreign investment must have been previously registered with the BSP.
- In the Philippines, profits can be remitted abroad through either:
  - Remittance of dividends by a Philippine subsidiary to its foreign parent company
  - Remittance of profits by a branch to its head office

Key Market Restraints

Tariff Mechanism Favors the Development of Conventional Power Plants

As of August 2020, the country registered the second highest average electricity prices (average of residential, commercial, and industrial rates combined) in Southeast Asia ("**SEA**"), with Cambodia having the highest cost of electricity.[28] The trend in prices can be explained, as the country imports a significant amount of coal to meet the local demand of the power generation industry. Presently, the generation cost (which is predominantly driven by fuel cost) of electricity, as detailed in the latest EPIRA Implementation report, is more than 50% of the electricity tariff across all 3 islands.

The Philippines still practices an automatic pass-through fuel cost mechanism, which is expected to impede the energy transition in the country, as generators are not incentivized to switch to RE.[29] Additionally, fossil fuel subsidies have not been entirely removed, and estimates from the Institute for Energy Economics and Financial Analysis ("**IEEFA"**) suggest that the Department of Finance could save over PHP 9,700 million (USD 200 million) per year on diesel subsidies by switching to RE.[30]

High Reliance on Fossil Fuels

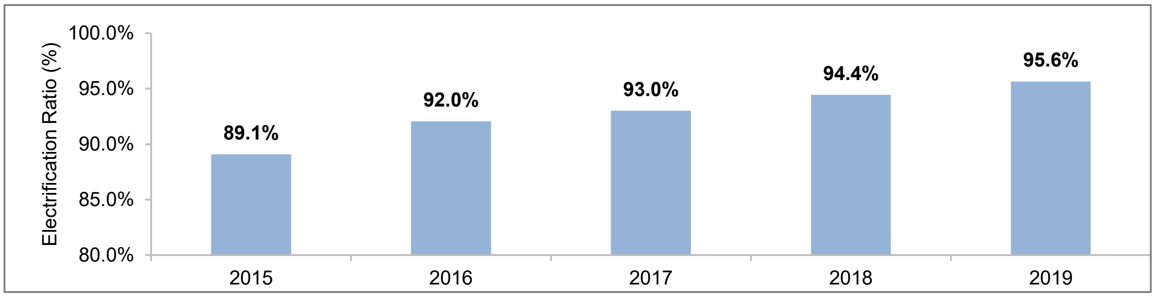
By 2030, the Philippines will still rely heavily on fossil fuels as the major source of power generation. Based on the list of committed private sector-initiated projects from the DOE, coal and natural gas will represent nearly 50% of the additional total installed capacity of 26.5 GW by then. As coal power plants serve as baseload generators, and the automatic cost pass-through policy is still in practice, it is not possible to entirely move away from coal. In addition, the country is currently looking into the development of a number of LNG import terminals to mitigate the expected depletion of its Malampaya gas field.

[28] Cost comparison on electricity rates in ASEAN countries as of August 2020 available in the Philippine Energy Development Plan 2018–2040
[29] ABS-CBN News, "Renewable player wants 'automatic pass through' removed in power supply deals", May 2019
[30] IEEFA, "The Philippine Energy Transition, Building a Robust Power Market", March 2019

2.6 INDUSTRY SIZE AND GROWTH

Electricity Access

Figure 2-3: Electricity Access in the Philippines, 2015–2019



Source: The World Bank

Note: *Data availability up to 2019 only.*

The percentage of the population that has access to electricity grew from 89.1% from 2015 to 95.6% in 2019. This means that a total population of 103.4 million had access to electricity, with the remaining population that are not electrified mainly residing in the rural parts of the Philippines, particularly Mindanao, where electrification rates on the island are relatively lower than Luzon and Visayas. Previously, the DOE had developed the Household Electrification Development Plan ("**HEDP"**) 2013–2017 to promote both grid and off-grid electrification programs, which included various stakeholders, such as the NEA and NPC, through its SPUG power plants.[31] Based on the Electric Power Industry Roadmap 2017–2040, the DOE has targeted to achieve an 100% electrification ratio through the HEDP across the country by 2022.

Table 2-16: Long-Term Load/Power Demand Forecast, the Philippines, 2019–2030

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

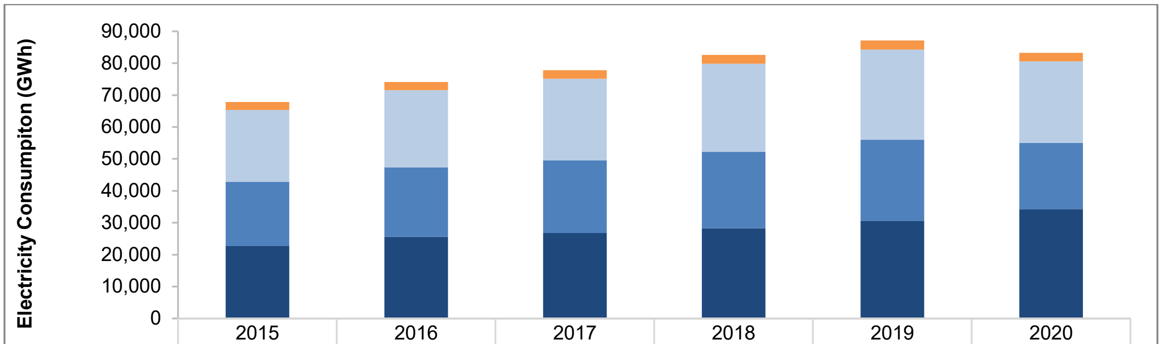
Source: Philippine Energy Plan 2018–2040

The peak demand for electricity is forecast to grow from 15,817 MW in 2019 to 31,851 MW in 2030 at a CAGR of 6.6%. In terms of comparison of the 3 grids, the peak demand is expected to grow from 11,476 MW in 2019 to 22,177 MW in 2030 at a CAGR of 6.2%, while peak demand in Visayas is expected to grow from 2,211 MW in 2019 to 4,801 MW in 2030 at a CAGR of 7.3%. Interestingly, the peak demand in Mindanao is expected to grow at the highest rate, from 2,130 MW in 2019 to 4,874 MW in 2030 at a CAGR of 7.8%. This could potentially be explained by the anticipated increase in electrification and urbanization rates, which would then significantly drive the demand for power consumption.

[31] DOE, "Total Electrification by 2020 and its Support Program", June 2018

Electricity Consumption

Figure 2-4: Total Electricity Consumption in Gigawatt Hour ("GWh") by Customer Segments, the Philippines, 2015–2020



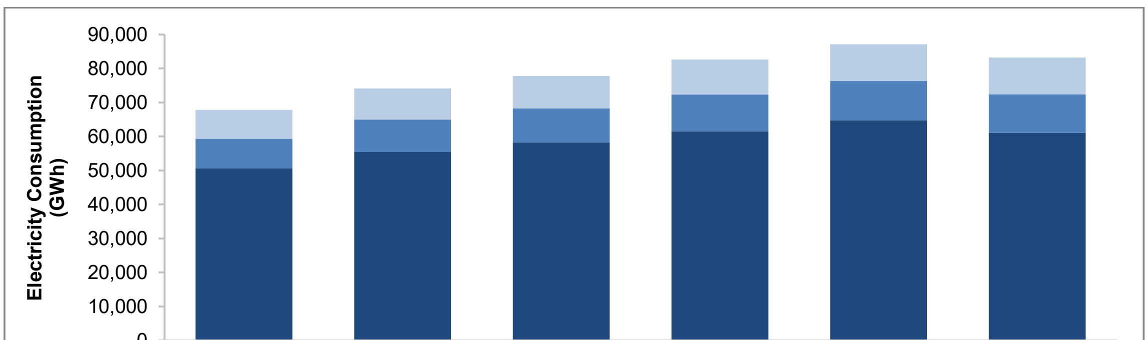
	2015	2016	2017	2018	2019	2020
Others	2,462.0	2,634.3	2,669.5	2,752.7	2,896.6	2,657.8
Industrial	22,513.9	24,116.8	25,573.3	27,587.3	28,194.0	25,566.3
Commercial	20,084.8	21,770.2	22,768.0	24,016.3	25,475.9	20,727.1
Residential	22,747.0	25,631.3	26,782.0	28,260.8	30,551.6	34,291.6

Source: DOE

***Note:** "Others" refers to public buildings and streetlights.*

The total electricity consumption in the Philippines grew from 65,345.7 GWh in 2015 to 80,585 GWh in 2020 at a CAGR of 4.3%. Of the total electricity consumption in 2020, residential customers comprised 42.6% of the total electricity consumption equivalent to 34,291.6 GWh, followed by the industrial customers at 31.7% (25,566.3 GWh) and commercial customers at 25.7% (20,727.1 GWh). The government through DOE has introduced DSM programs to encourage lower consumption of electricity, including the adoption of energy efficient appliances.

Figure 2-5: Total Electricity Consumption (GWh) by Region, the Philippines, 2015–2020

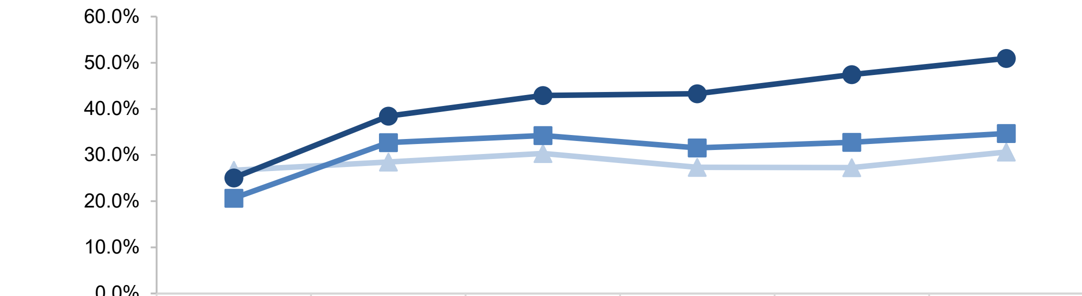


	2015	2016	2017	2018	2019	2020
Mindanao	8,453.2	9,140.5	9,496.6	10,244.4	10,787.2	10,790.5
Visayas	8,765.2	9,598.9	10,048.8	10,831.4	11,539.2	11,340.1
Luzon	50,589.3	55,413.1	58,247.4	61,541.3	64,791.6	61,112.1

Source: DOE

Reserve Margin

Figure 2-6: Reserve Margin by Grid, the Philippines, 2015–2020



	2015	2016	2017	2018	2019	2020
Luzon	26.7%	28.5%	30.3%	27.4%	27.3%	30.6%
Visayas	20.7%	32.7%	34.2%	31.6%	32.7%	34.7%
Mindanao	25.1%	38.4%	42.9%	43.3%	47.5%	50.9%

Source: DOE; Frost & Sullivan Analysis

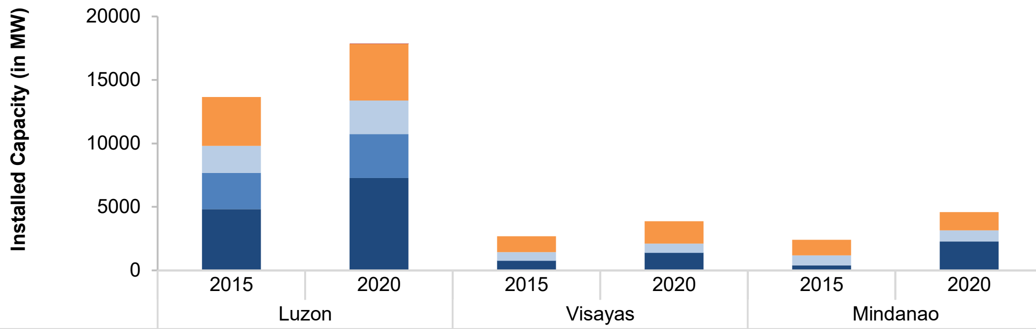
Note: *Reserve margin taken as the total dependable installed capacity minus the peak demand.*

From 2015 to 2020, the reserve margins across each grid have grown relatively steadily at various rates. The reserve margin in Luzon has grown from 26.7% in 2015 to 30.6% in 2020, while Visayas witnessed an increase from 20.7% in 2015 to 34.7% in 2020. Nonetheless, Mindanao saw the largest excess of dependable capacity, having grown from a reserve margin of 25.1% in 2015 to 50.9% in 2020. Previously, DOE had institutionalized a minimum of 25% reserve margin across grids to ensure the country's reliability in electricity supply.[32] Once the Visayas–Mindanao grid interconnection is complete, the excess power generated in the Mindanao grid could be utilized elsewhere.

[32] BusinessWorld, "DoE targets 25% of reserve power buffer", December 2017

Installed Capacity

Figure 2-7: Total Installed Capacity (in MW) by Region and Fuel Type, the Philippines, 2015 and 2020



	Luzon 2015	Luzon 2020	Visayas 2015	Visayas 2020	Mindanao 2015	Mindanao 2020
BESS	-	11	-	-	-	-
Renewble Energy	3,863	4466	1,242	1,757	1,225	1,430
Oil	2,133	2,642	670	705	807	889
Natural Gas	2,861	3,452	1	1	-	-
Coal	4,812	7,280	769	1,399	382	2,264

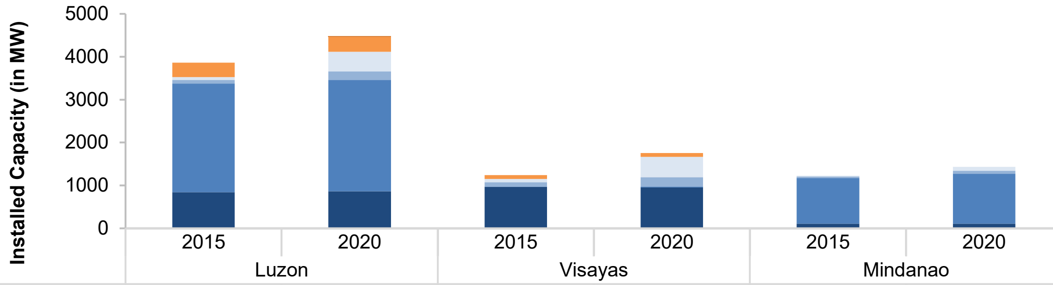
Source: DOE

Due to the distinctive resource development policies in the Philippines, the 3 island regions are characterized by different fuel mixes in power generation:

- **Luzon**—Natural gas sourced from the Malampaya gas field has been a prominent feature in the development of natural gas-based generating assets in Luzon, with 5 operational plants on the island to date. With the expected boom in LNG imports, the number of natural gas-based power plants will observe a sharp increase in the next 10 years.
- **Visayas**—Historically, until 2016, geothermal energy was the main source of power generation, with major reserves found in Negros and Leyte. Since 2016, coal-fired power plants have surpassed geothermal capacity.
- **Mindanao**—RE, in particular, hydropower, was the key source of power generation until 2015. However, due to power outages on the island, the government has pushed for developing coal-fired power plants for baseload generation. As a result, coal-based capacity increased substantially between 2015 and 2020.[33] This includes new coal-fired power plants owned and operated by Filinvest Development Corporation (**FDC**), SMC Global Power Holdings ("**SMC**"), AP, and GNPower Kausawagan Ltd Co.

[33] ABS-CBN News, "Aquino vows no more power outages in Mindanao by 2015", April 2013

Figure 2-8: RE Installed Capacity Mix (in MW) by Region, the Philippines, 2015 & 2020



	Luzon 2015	Luzon 2020	Visayas 2015	Visayas 2020	Mindanao 2015	Mindanao 2020
BESS	-	11	-	-	-	-
Wind	337	353	90	90	-	-
Solar	70	460	75	476	20	84
Biomass	83	195	101	216	36	73
Hydropower	2,528	2,593	11	21	1,061	1,165
Geothermal	844	865	965	955	108	108

Source: DOE

Through the Republic Act 9513, known as the RE Act of 2008, the government introduced fiscal and non-fiscal incentives to promote the utilization of RE in the power generation industry. The non-fiscal policies include the RPS, net-metering ("**NEM**"), FiT system, and GEOP.[34] As seen above, the growth of RE has been relatively robust.

First, the development of hydropower has been the most significant contributor to the promotion of RE as an alternative source of generation since EPIRA 2001. Luzon has the highest hydropower-based installed capacity, having marginally grown from 2,528 MW in 2015 to 2,592 MW in 2020 at a CAGR of 0.5%. Nonetheless, hydropower in Mindanao is more prevalent in Mindanao with a generating capacity of 1,165 MW by 2020, representing the majority RE that is found on the island.

The overall push for RE was more notable within the Visayas island, as coal-based power plants were no longer the main sources of power generation. Specifically, on the RE development, geothermal and solar have been the 2 main sources of green energy, with a total installed capacity of 955 MW and 476 MW, respectively. By 2020, Luzon's grid observed the completion of the only battery energy storage system ("**BESS**") project in the Philippines. The BESS system, owned and operated by Masinloc Power Partners Co. Ltd., came online in June 2018.

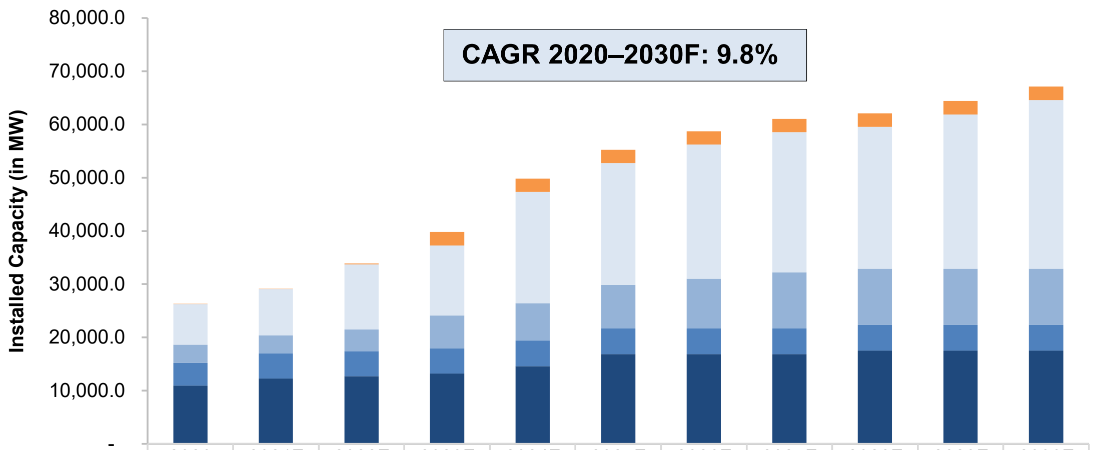
Table 2-17: Fiscal Policies to Promote RE, The Philippines, 2021

Incentive	Description
Duty-Free Importation	10-year exemption from tariff duties
Tax Credit on Domestic Capital Equipment and Services	Equivalent to 100% of custom duties and VAT
Tax Credit on Domestic Capital Components, Parts, and Materials	100% equivalent of custom duties and VAT
ITH	7-year tax exemption
Zero-rated VAT Transactions	0% VAT on transactions
Tax Rebate for Purchase of RE Components	RE equipment for residential, industrial, and community use

Source: DOE

Figure 2-9: Installed Capacity Forecast, the Philippines, 2020–2030F

[34] DOE, "Status of Renewable Energy (RE) Policy Mechanisms", (Accessed: July 2021)



	2020	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
BESS	11.0	91.0	200.0	2,500.	2,500.	2,500.	2,500.	2,500.	2,530.	2,530.	2,530.
RE	7,652.	8,654.	12,205	13,208	20,886	22,914	25,179	26,314	26,626	28,980	31,680
Natural Gas	3,452.	3,452.	4,102.	6,177.	7,052.	8,152.	9,352.	10,552	10,552	10,552	10,552
Oil	4,236.	4,674.	4,674.	4,674.	4,824.	4,824.	4,824.	4,824.	4,824.	4,824.	4,824.
Coal	10,943	12,279	12,729	13,229	14,579	16,867	16,867	16,867	17,535	17,535	17,535

Source: DOE; Frost & Sullivan

Note:

1) *The forecast installed capacity up to 2030 is based on DOE's list of committed and indicative private sector-initiated power plants as of March 2021 in the country.*
2) *Decommissioning plans of older generating plants have not been considered in the forecast, as there are no published plans from the DOE.*
3) *Based on the list of committed private sector-initiated power projects, additional capacity with a "to be determined" timeline is expected to come online by 2028 as per DOE's estimates.*

The total installed capacity in the Philippines is expected to grow from 26,296.8 MW in 2020 to 67,122.9 MW in 2030 at a CAGR of 9.8%. Of the latter, 47.2% is expected to be coming from RE, 26.1% from coal, 15.7% from natural gas, 7.2% from oil, and 3.8% from BESS. From an estimated additional installed capacity equivalent to 40,826.1 MW from 2021 to 2030, 85.6% will be coming from Luzon, 10.7% from Visayas, and the remaining 3.7% from Mindanao. Based on the latest NREP released by the DOE, the RE target is to have least 20,000 MW generating capacity by 2040, which has been detailed in the PEP 2018–2040 in support of the government's "AmBisyon Natin 2040" master plan.

The expected addition of RE will total to 24,027.5 MW by the end of the forecast period, which is already 20.1% above the target that is being planned for 2040. Of the total RE that is expected to come online by 2030, 13,138.9 MW (54.7%) is expected to be coming from solar, followed by 5,597.2 MW (23.3%) from hydropower, 4,763.8 MW (19.8%) from wind, 371.6 MW (1.5%) from geothermal, and 154 MW (0.6%) from biomass. The existing RE roadmap does not include nuclear power into its policy development plans; however, the government created the Nuclear Energy Programme Implementing Organisation in 2016. In 2019, the DOE signed a memorandum of intent ("**MoI**") with Russia's Rusatom Overseas to explore a prefeasibility study on the construction of nuclear power plants based on small nuclear reactor technology.[35]

The growth in natural gas-based generating capacity is expected to grow with the second highest CAGR, behind RE, from 3,452.5 MW in 2020 to 10,552.5 MW in 2030 at a CAGR of 11.8%. The development of natural gas-generating assets, primarily CCGT power plants, will mainly be observed in Luzon. The growth of natural gas comes at the backdrop of the expected completion of EWC's LNG import terminal and 2 other import terminals that have been included under the EPNS. As for the forecast oil-fired based installed

[35] World Nuclear News, "Philippines progresses with plan for nuclear energy", October 2019

capacity, the growth is very marginal, peaking at 4,824.7 MW by 2030. The expected marginal growth in oil-based generating capacity is probably due to the commitment of the DOE and other government stakeholders to reduce the importation of diesel, with the enforcement of the Tax Reform for Acceleration and Inclusion Law, which includes excise tax on oil products from 2018.

2.7 INDUSTRY THREATS

Lack of Gas

The Philippines is expected to face a shortage of domestic gas by 2024, as the Malampaya gas field will produce less natural gas. Unless new production and LNG import infrastructure comes on stream as planned, there will be a shortage of gas for power generation.

Mitigation: The location of gas-fired power plants should be near the source of gas, such as LNG terminals. Investment in LNG terminals and power plants is also conventional risk mitigation.

Restrictive Price Cap

Price caps and offer price ceilings are implemented to safeguard against anti-competitive behavior. Price caps are highly likely to remain restrictive, which reduces the revenue upside from the spot market.

Mitigation: There is no mitigation, except lobbying the market operator and regulator.

Development Delays

There have been several delays in infrastructure development, transmission access, and market development.

Mitigation: Projects should be located close to existing/near-completion networks of suitable voltage, and airtight connectivity agreements should be negotiated as part of project development.

Terrorism and Natural Disasters

Natural disasters, such as annual typhoons, impact transmission and distribution grids. The Philippines has also been experiencing terrorism in the form of transmission tower sabotage.

Mitigation: There is no mitigation.

2.8 COMPETITIVE LANDSCAPE AND STRUCTURE

The 3 largest private IPPs in the Philippines as of 31 December 2020 are SMC Global Power Holdings, AP, and First Gen. These 3 generation companies have a significant market share in each grid; however, their expansion in capacity development is limited by Resolution No. 26 Series of 2005, which calls out the limitation of no more than 30% in each grid and 25% in the national grid mix, respective to the installed capacity ownership by a single entity. Out of the 6 players in table 2-18, FDC Utilities ("**FDCUI**") do not have a strong footing in the RE segment, as the company currently only owns 1 RE asset (a geothermal power plant) in its portfolio.

Singapore-based Vena Energy emerged as the leading player with respect to solar capacity in the country as of December 2020. To date, it holds a total portfolio of 193.5 MW of solar power, consisting of 2 solar farms in Visayas and 1 each in Luzon and Mindanao. Interestingly, ACEN is looking to add 2,500 MW of solar and wind power across the Philippines by 2025, which would then effectively position the company to be among the leading players in RE.[36] As the adoption of emerging technologies, such as BESS, is increasingly being focused on to supply more flexible generation, companies that have announced plans to pursue BESS projects include SMC, AP, and ACEN. SMC, through its subsidiary Universal Power Solutions Inc., is expected to commission a total of 1,660 MW-worth of BESS projects in 2023 alone.[37] Upon completion, SMC will be the leading owner and developer of BESS in the Philippines.

[36] PV Magazine, "63 MW solar project completed in Philippines as part of 5GW renewables plan", July 2021
[37] Based on the list of committed private sector-initiated power projects as of March 2021 from DOE

Table 2-18: Effective Capacity of the Key IPP Players in the Philippines (excluding utility players and off-takers), as of 31 December 2020

Name of IPP	Business Focus	Fuel Type	Country of Incorporation	Countries of Operation for Power Generation as of 31 December 2020	Effective Installed Capacity (MW) as of 2020	Revenue, 2020[1]
SMC	Power Generation, Distribution and Retail	Natural gas, coal, hydropower	The Philippines	The Philippines	4,714	PHP 110.97 billion (USD 2.29 billion)
AP	Power Generation, Distribution and Retail	Coal, oil, geothermal, hydropower, solar	The Philippines	The Philippines	4,429	PHP 106.51 billion (USD 2.20 billion)
First Gen[2]	Power Generation and Retail	Natural gas, geothermal, hydropower, wind, solar	The Philippines	The Philippines	3,495.2	PHP 88.77 billion (USD 1.83 billion)
ACEN	Power Generation and Retail	Solar, wind, geothermal, coal, diesel	The Philippines	The Philippines, Indonesia, Vietnam, and Australia	730[3]	PHP 19.72 billion (USD 0.41 billion) [4]
FDCUI	Power Generation and Retail	Coal, geothermal	The Philippines	The Philippines	513.5	PHP 8.20 billion (USD 0.17 billion)
Vena Energy	Power Generation	Solar, wind	Singapore	Japan, India, Thailand, Australia, the Philippines, Taiwan, and Indonesia	301.5[5]	PHP 4.18 billion (USD 0.09 billion) [6]

Source: Company websites

Note:
(1) Includes the portfolio of Energy Development Corporation
(2) Total effective installed capacity in the Philippines
(3) Philippine revenues only
(4) Total effective installed capacity in the Philippines
(5) Philippine revenues only

2.9 FUTURE INDUSTRY OUTLOOK

Based on the present list of committed and indicative projects, the 20,000 MW RE target by 2040 is likely to be achieved by 2030. The growth of RE is expected to be primarily driven by new solar power capacity, guided by the plans and programs outlined in the NREP. However, nearly 95% of the additional capacity coming from solar is enlisted as indicative. The government introduced the EVOSS system in 2019, which is expected to be a key enabler in improving the entire application process of power sector project development, inclusive of RE.

The DOE allowed 100% foreign ownership on large-scale geothermal projects in October 2020 to promote its development in the country.[38] Presently, most geothermal generating capacity comes from the Leyte and Negros islands within Visayas. By 2030, the total additional installed capacity (based on committed and indicative projects) of geothermal is only expected to reach 371.6 MW, which explains the government's

[38] DOE, "DOE Statement on Allowing Foreign Investors 100% Ownership of Large-scale Geothermal Projects", October 2020

decision to lower the barrier to entry for foreign investors, in particular, the United States, on geothermal investments.[39]

In June 2021, the government launched the Philippine Offshore Wind Roadmap project that will be funded by the World Bank Group through its Energy Sector Management Assistance Program.[40] Presently, the DOE has awarded 5 offshore wind power projects ("**WPP**") with a combined capacity of 5 GW. These include the Guimaras Strait WPP, Aparri Bay WPP, Guimaras Strait II Wind Project, Frontera Bay WPP, and San Miguel Bay WPP.

Besides RE, another type of fuel expected to be a driver in the country's energy transition is natural gas. With the development of LNG import terminals in the country, such as those having received the EPNS status to date, natural gas-based generating capacity is expected to peak by 2027, with 100% of additional capacity forecast to be coming from the Luzon island region.

To address the energy trilemma, another possibility to ensure sufficient and reliable supply of power includes the development of nuclear power in the Philippines, as the DOE had previously signed an MoI with Russia's Rusatom Overseas on SMR technology. As the country's electricity prices are among the highest in ASEAN, the government should carefully deliberate on nuclear power as an alternative source of baseload generation. The option to start the operations of the previously built nuclear power plant in Bataan has been cited as unviable, as the facility has outdated international safety standards.

On the development of the country's transmission and distribution assets, one of the most anticipated projects is the Visayas–Mindanao interconnection. Presently, Mindanao has the highest reserve margin compared to the other 2 grids. On completion of the interconnection, excess power could be utilized efficiently via distribution across the whole country to ensure an overall reliability in electricity supply. In 2020, the DOE had finalized the national smart grid policy framework, which is expected to be a key driver facilitating the integration of more flexible generations, such as RE and BESS.

Another upcoming trend in the power generation industry includes the development of floating solar farms in the Philippines, through the utilization of hydropower dams. The first 200 kW floating solar power plant concept was developed over Magat Dam by SN Aboitiz Power Group in 2019. Due to the success of the pilot project, the company is now looking into scaling up the facility to 67 MW and is currently conducting a feasibility study to validate the initial results and thus confirm the viability of a commercial-scale project.[41] On the aspect of hybridization of power plants, AP, the JV partner in the 200 kW pilot floating solar plant, is considered to be an early adopter of BESS. The private IPP is presently working with Wartsila Corporation on the integration of BESS to its existing floating thermal power plant in Mindanao.[42] With its completion expected by the end of 2021, the project will be the first floating energy storage system in SEA, with several other BESS projects announced by the company to be developed within the next 10 years.

[39] DOE, "Cusi Invites US Firms to invest in PH Energy Development", April 2021
[40] DOE, "DOE to Draw Up Offshore Wind Roadmap for the PH", June 2021
[41] The Philippine Star, "SNAP to scale up floating solar portfolio", December 2020
[42] Power Engineering International, "Philippines to host Southeast Asia's first floating energy storage solution", March 2021

3. OVERVIEW OF RENEWABLE POWER AND SOLAR ENERGY GENERATION

3.1 INTRODUCTION

Historically, RE power in the Philippines has been largely associated with geothermal and hydropower capacity. Under the RE Act, all qualified intermittent RE sources will receive priority in dispatch. However, the government had introduced several fiscal and non-fiscal incentives to promote the utilization of other types of RE, primarily solar and wind, which have observed a significant uptake since the RE Act of 2008. The non-fiscal policies included the RPS, NEM, FiT system, and GEOP. Key highlights of the non-fiscal policies are given below:

- **RPS**
  - Applicable to all 3 grids (Visayas, Mindanao, Luzon)
  - Mandated to all DUs for their captive customers, all suppliers supplying to contestable market, and all generation companies, only for directly connected customers
  - Establish minimum RE requirement and minimum increment annually (1% of net electricity sales in previous year)
  - 1 MWh = 1 RE Certificate, which are generated for compliance with RPS

- **GEOP**
  - Voluntary RE policy mechanism to empower end users to choose RE sources
  - DUs and RE suppliers facilitate the demand of end users
  - All rates and charges to end users are unbundled, segregated, and itemized for each of the generation components, transmission charges and distribution, supply charges, and other applicable charges

- **FiT Scheme**
  - RE receives priority grid connection
  - RE receives priority purchase, transmission of, and payment for such electricity by grid system operators
  - Fixed tariff to be paid for electricity from each type of RE resources during a fixed period not less than 12 years (implemented with 20 years)
  - Compensates eligible RE plants through the FiT-Allowance allocation, which is essentially a uniform charge billed to on-grid customers to fund the projects that have been approved by the DOE
  - Fixed tariff to be paid for electricity from each type of RE resource during a fixed period not less than 12 years (implemented with 20 years)

The FiT scheme was introduced by ERC in 2012, with initial installation targets and the associated rates provided as shown below. Several additions have been made since, including the inclusion of second FiT rates for solar and wind in 2015. In December 2020, the DOE, through the request made by the NREB, had approved the extension to the ROR hydropower quota, as it was not 100% utilized.[43] However, in April 2021, the DOE announced the intention to remove the FiT scheme entirely (applicable to new capacity only), as it has been seen as a major financial burden to consumers. End users that procure power from the grid will have to bear the cost since the inclusion of the FiT-Allowance, enabling generators to partially recover the cost of developing eligible RE plants via the FiT scheme.[44]

[43] DOE, "Extension of the Feed-in Tariff (FIT) system for Run-of-River (ROR) Hydropower", December 2020
[44] BusinessWorld, "ERC sets modified feed in tariff rates for ROR hydro and biomass", May 2021

Table 3-1: RE FiT rates, December 2020

RE Sources	FIT Rates (PhP per kWh)	Installed Capacity (MW)	Installation Target Balance (in MW)
ROR hydropower	5.9	34.6	103.89
	5.87	8.5	
	TBD	103.01	
Wind	8.53	249.9	0
	7.4	1440	
Solar	9.68	108.9	0
	8.69	417.05	
Biomass	6.63	117.35	0
	6.6	14.56	
	TBD	125.13	
Ocean	Deferred	0	100

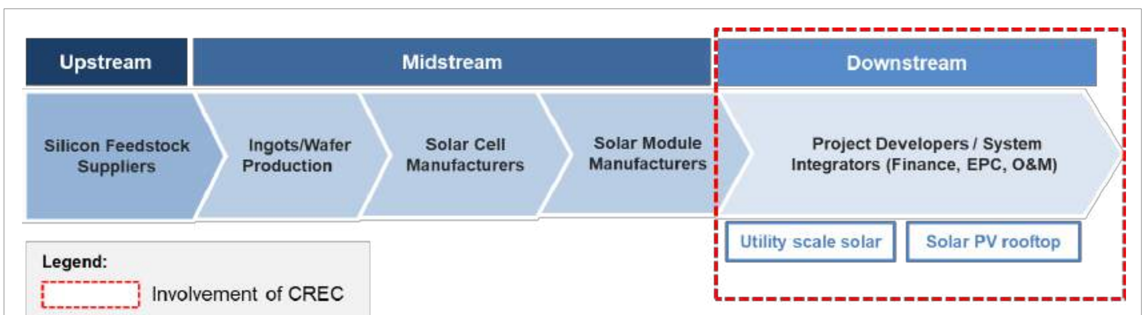
Source: DOE

Note: *With the removal of FiT that was announced in April 2021, it is unclear if the FiT rates for ROR hydropower are applicable to the remaining balance of the installation target and whether the ocean energy will remain effective.*

The above policy measures have helped the country significantly in RE capacity-building efforts since the RE Act of 2008.

3.2 VALUE CHAIN ANALYSIS

Figure 3-1: Value Chain of the Solar Power Market, the Philippines, 2021



Source: Frost & Sullivan

The existing local solar players in the country are only present within the downstream segment of the industry value chain, except Solar Philippines, which through its entity, Solar Philippines Module Manufacturing Corp, owns a production facility located at the First Philippines Industrial Park in Batangas, Luzon. However, due to the impact of the COVID-19 pandemic, the facility has been closed since July 2021 (likely indefinitely). International players, particularly from China, Korea, and Germany, have captured the solar PV module market within the utility scale solar projects. These include Jiangsu Seraphim Solar System Co. Ltd, Trina Solar, JA Solar, Hanwha,[45] Astronergy Solar Korea,[46] and Aleo Solar GmbH.[47]

The utility scale solar segment has a mix of local and international players. To date, most developers comprise local companies, such as ACEN, CITICORE, ELPI, PetroSolar Corporation, Solar Philippines, Jobin SQM Inc, AP, and MERALCO. The only foreign IPP with a strong footing in the domestic solar power

[45] Hanwha, "Hanwha Q CELLS Korea Announces Large-scale Solar Plant Deals in India and Philippines", August 2015
[46] Astronergy Solar Korea, "Projects: Chint Solar", (Accessed: August 2021)
[47] Aleo Solar GmbH, "22MW aleo modules for solar park in the Philippines/independent study attests to aleo module 'bankability'", March 2016

market is Singapore-based Vena Energy (previously Equis Energy).[48] Project developers work with either local or overseas EPC companies based on project requirements.

Since the inception of the NEM in 2013, the solar PV rooftop segment has seen an upward trend in adoption rates across the residential, commercial, and industrial sectors. However, the largest solar PV rooftop of 40 MW in size is currently owned by a manufacturing firm, Majestic Energy Corporation, which is located within the Cavite Special Economic Zone.[49] The 40 MW solar PV rooftop system was installed by the firm across 18 buildings through the FiT scheme, which was signed in 2015.[50] Presently, there are prominent players in the solar rooftop PV segment with ongoing projects in the pipeline, namely, CITICORE (a total of 6.62 MW pipeline)[51] and Green Heat Corp (at least 6 MW).[52] Additionally, MSpectrum, Inc ("**Spectrum**") and Solar Philippines are also very active players in the solar PV rooftop market. Spectrum was formed in 2016 as part of MERALCO push for more emphasis on the RE vertical, particularly in the commercial and industrial solar rooftop business, and has a total installed capacity of 39 MW-worth of solar PV rooftop installation to date.[53] Nonetheless, Solar Philippines is currently pursuing 8 projects worth PhP85.96 billion in the country through its subsidiary, Solar Philippines Commercial Rooftop Projects Inc.[54]

New market entrants in the solar PV rooftop market include:

- Vivant Corporation that entered the market in 2017 having formed ET-Vivant Solar Corporation ("**ET-Vivant**"), a JV with ET Energy Pilipinas Holding Corporation ("**ET-Pilipinas**"). Vivant Corporation and its subsidiary, Vivant Renewables Energy Corporation ("**VREC**") had previously owned 60% of the JV; however, in November 2019, the 2 entities bought out ET-Pilipinas, effectively making ET-Vivant a wholly owned subsidiary of Vivant.[55] More recently, the Cebu-based company, through VREC, had invested into Buskowitz Finance, Inc ("**BFI**") in March 2021.[56] BFI is part of The Buskowitz Group, which consists of ERA Solar, an EPC player within the residential, commercial, and industrial solar rooftop businesses, while BFI provides flexible financing options, such as solar leasing schemes, to allow easy access for systems to be installed by its customers.

- FDCUI is developing solar rooftop projects for a number of its major industrial customers with an accumulative installed capacity of 4.3 MW.[57] This company entered the market in 2018 through a JV formed with Engie Services Asia Pacific Pte Ltd, known as Filinvest ENGIE Renewable Energy Enterprise, Inc ("**FREE**").[58]

3.3 KEY MARKET DRIVERS AND RESTRAINTS

Key Market Drivers

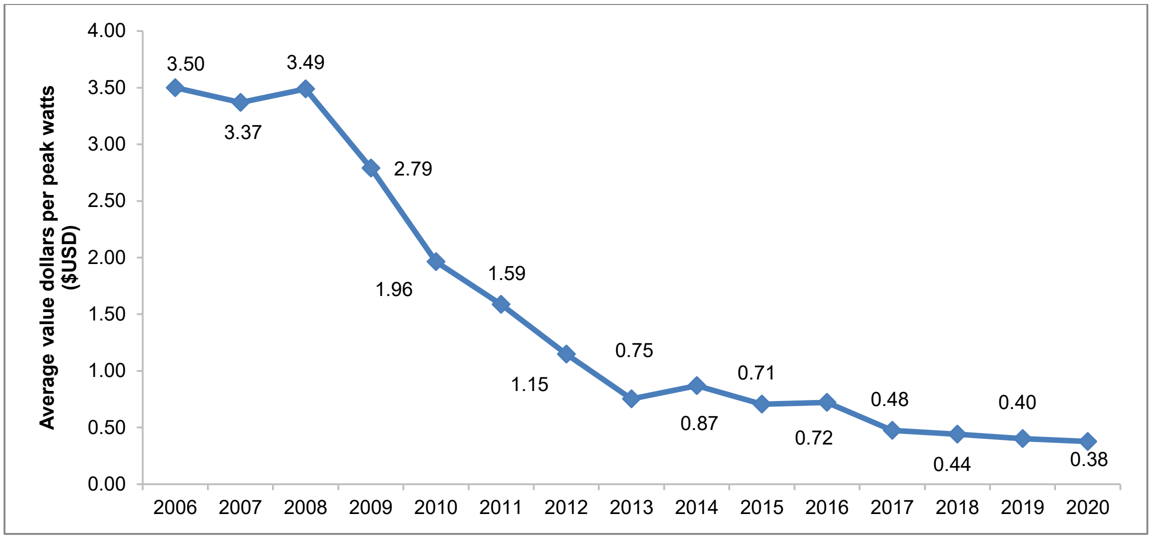
Declining Cost of Solar Power

Globally, the cost of producing 1 watt of solar power has dropped sharply by nearly 90% from approximately PHP 169.8 (USD 3.5) in 2006 to PHP 18.4 (USD 0.38) in 2020. The drop in total cost of ownership for a solar project, from solar PV modules to other necessary components in the upstream and

[48] Vena Energy, "Equis Energy Announces Corporate Name Change to Vena Energy", May 2018
[49] Yahoo! News, "New solar plant adds 40MW to supply", October 2014
[50] Based on the List of RE Plants with Certificate of Endorsement (COE) to ERC for FiT Eligibility as of 31 December 2020
[51] Inquirer.net, "Citicore rooftop solar project running ahead of schedule", July 2021
[52] BusinessMirror, "Green Heat aims to install more rooftop solar panels", May 2021
[53] MERALCO, "Annual Report 2020 (page 46)", May 2021
[54] Inquirer.net, "8 solar projects worth P86B get BOI perks", March 2018
[55] Vivant Corporation, "Annual Report 2020", April 2020
[56] Buskowitz, "Vivant to invest Php364M in solar EPC firm", March 2021
[57] Manilastandard.net, "FDC ventures into renewable energy", June 2021
[58] ENGIE, "FDC utilities and ENGIE ink joint venture agreement to spur solar development in the Philippines," October 2018

midstream of the industry value chain, has contributed to the tremendous growth in demand of greenfield utility-scale solar generating assets across regions, including the Philippines.

Figure 3-2: Average Value Dollars per Peak Watt, 2006–2020



Source: EIA's Annual Photovoltaic Module Shipments Report

Strong Policy Support

Solar PV projects—utility scale and rooftop systems have witnessed higher adoption rates across the country owing to the attractive economics via government incentives (such as the FiT scheme and NEM program). Concluded in March 2016, the FiT scheme for solar power in the Philippines observed the allocated quota of 500 MW being oversubscribed by approximately 360 MW.[59] The green energy tariff program will also accelerate solar power projects, introduced by the DOE in 2020, which will include the auctioning of clean energy between qualified suppliers with eligible customers under a competitive process.[60]

Moratorium on Coal Power Plants

Historically, the country's power supply has predominantly been based on coal and, more recently, natural gas. In the next 10 years, imported LNG is expected to play a supporting role in the country's energy transition, alongside the exponential growth of RE. By 2030, the installed capacity of coal and natural gas will be equivalent to 17,535.3 MW and 10,552.5 MW, while RE is expected to grow from 7,652.8 MW in 2020 to 31,680.4 MW in 2030 at a CAGR of 15.3%. Growth in coal power projects is likely to remain soft with the introduction of a moratorium on new coal-fired power plants in the 4th quarter of 2020. As a result, many committed and indicative coal power projects (based on the list from the DOE) are exposed to the risk of possible termination.[61] Following the enforcement of the moratorium, large funding institutions, such as the ADB, have committed to supporting the energy transition to a low-carbon future. ADB has drafted a new energy policy that includes the discontinued financing of new coal power plants moving forward.[62]

[59] BusinessWorld, "Priority sought for "stranded" projects as DoE prepares auction for green energy", January 2021
[60] The Philippine Star, "Green energy tariff program", July 2020
[61] Manila Bulletin, "DoE enforces moratorium on new coal power developments", October 2020
[62] MERCOM India, "ADB to Discontinue Financial Coal Projects", May 2021

Key Market Restraints

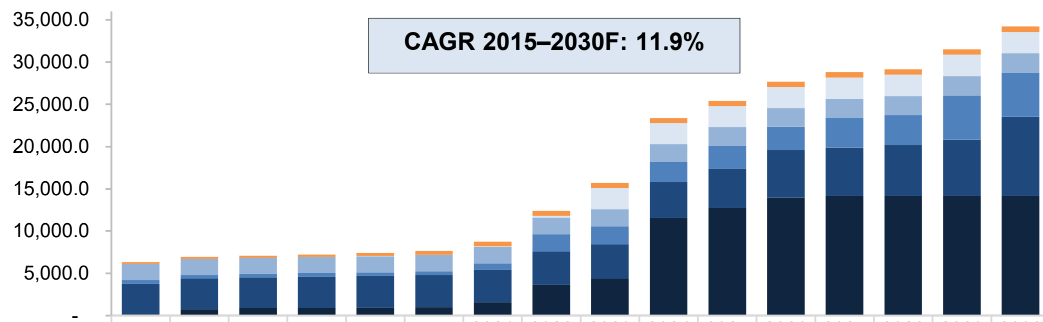
Delays in securing land, approvals, and/or interconnection permits

In the Philippines, various permits and approvals are required to be obtained from a number of relevant stakeholders prior to the construction of a utility scale RE power plant. This includes and is not limited to an RESC, which allows exploration within a pre-determined area for greenfield projects, engineering designs, grid impact studies ("**GIS**"), LGU approvals, and land-use conversions. More importantly, an environmental impact assessment is required in addition. Past difficulties contributed to the delays in the development of numerous RE projects, including:

- Astroenergy Development Gensan, Inc that operates a 25 MW solar farm in the Mindanao region came online in the 2nd quarter of 2019 and took nearly 4 years to achieve commercial operations.[63]
- The planned 50 MW solar farm in Visayas from co-developers Amatera Renewable Energy Corp and Korea-based TPC Construction.[64] As of late, the project has been placed under pre-development status by the DOE, although a GIS was reportedly approved by the DOE in 2016.

3.4 INDUSTRY SIZE (2015–2025F)

Figure 3-3: Historical (2015–2020) and Forecast (2021F–2030F) of Installed Capacity, the Philippines



	2015	2016	2017	2018	2019	2020	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F	2029 F	2030 F
Biomass	221	233	224	258	363	483	527	594	606	620	628	634	634	637	637	637
BESS	0	0	0	0	11	11	91	200	2500	2500	2500	2500	2500	2530	2530	2530
Geothermal	1917	1916	1916	1944	1928	1928	1931	1997	2027	2068	2138	2198	2260	2260	2300	2300
Wind	427	427	427	427	427	443	765	2043	2143	2405	2764	2764	3517	3517	5209	5209
Hydropower	3600	3618	3627	3701	3760	3779	3873	3927	4048	4237	4631	5597	5745	6055	6677	9377
Solar	165	765	885	896	921	1019	1558	3644	4384	11557	12754	13987	14158	14158	14158	14158

Source: DOE

Note:

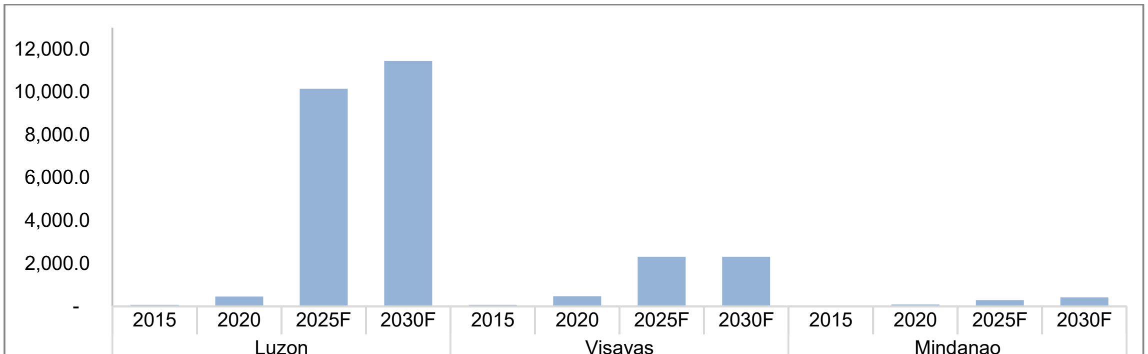
1) *The forecast of installed capacity is based on the list of committed and indicative private sector-initiated power projects as of March 2021.*
2) *Based on the list of committed private sector power projects, additional new capacity with a "to be determined" timeline is expected to come online by 2028 as per the DOE's estimates.*

The growth in RE has been rather exceptional since the establishment of fiscal and non-fiscal policies by the government. As observed above, the total installed capacity is expected to grow from merely 6,329.9 MW in 2015 to 34,210.4 MW in 2030 with a CAGR of 11.9%. With the announcement of FiT's removal as of April 2021, the scheme is unlikely to cause a setback, as the DOE was preparing the RETF as early as

[63] Philippine News Agency, "25-MW solar power plant unveiled in GenSan", April 2019
[64] List Solar, "Korean player to help deploy utility-scale PV plant in the Philippines", September 2019

2012.[65] Undoubtedly, the FiT scheme proved crucial to the growth of RE from the period of 2015 to 2020. In particular, solar and wind power has contributed immensely.[66] Additionally, hydropower and BESS projects are also expected to increase significantly by 2030, peaking at 2,530 MW and 9,377 MW, respectively.

Figure 3-4: Historical (2015 & 2020) and Forecast (2025 & 2030) Installed Capacity of Solar Power, the Philippines



	Luzon				Visayas				Mindanao			
	2015	2020	2025F	2030F	2015	2020	2025F	2030F	2015	2020	2025F	2030F
Solar	69.9	459.6	10,155	11,439	75.0	475.9	2,308.	2,308.	19.7	83.7	289.7	409.7

Source: DOE; Frost & Sullivan

Note:
1) *The forecast of installed capacity is based on the list of committed and indicative private sector-initiated power projects as of March 2021.*
2) *Based on the list of committed private sector power projects, additional new capacity with a "to be determined" timeline is expected to come online by 2028 as per the DOE's estimates.*

Figure 3-4 shows that the highest growth will be seen in Luzon. From only 69.9 MW in 2015, the solar capacity is expected to grow to 11,439.8 MW at a CAGR of 40.5%, while in Visayas, the installed capacity of solar is forecast to grow from 75 MW in 2015 to 2,308.7 MW in 2030 at a CAGR of 25.7%. Finally, Mindanao is expected to grow at the lowest rate, from 19.7 MW in 2015 to 409.7 MW in 2030 at a CAGR of 22.4%.

3.4.1 List of Solar Power Projects in the Pipeline with Project Status (as Provided by the DOE)

As of May 2021, there are 54 operational solar farms in commercial operation. Of these, 29 are located in Luzon, 19 in Visayas, and 6 in Mindanao. Since the introduction of the FiT program in 2012, there have been a total of 23 solar farms with approved FiT rates from ERC. Subsequently, there was a significant growth in solar power capacity feeding into the national grid between 2015 and 2016.

In terms of FiT status, there are 23 FiT solar farms and 31 non-FiT solar farms. The total generating capacity of FiT-based solar farms amounted to 526.3 MW as of May 2021. Interestingly, the highest installed capacity is found in Visayas with only 5 FiT-approved solar projects, Luzon comes 2nd with a total capacity of 283.7 MW from 16 FiT-approved solar farms, and Mindanao has a total capacity of 16.7 MW from 2 FiT solar generating assets.

[65] Philippine Daily Inquirer, "DoE readies renewable energy trust fund", June 2012
[66] DOE, "List of Renewable Energy with COE to ERC for FIT Eligibility as of 31st December 2020", (Accessed: July 2021)

Table 3-2: List of Commercially Operating Solar Power Plants in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing FiT
Burgos Solar Power Project Phase I	Energy Development Corporation	4.1	FiT	2015
Burgos Solar Power Project Phase 2	Energy Development Corporation	2.66	FiT	2016
Currimao Solar Power Project	Mirae Asia Energy Corporation (Vena Energy)	20	FiT	2016
Sarrat Solar Power Project	Bosung Solartec, Inc.	1	Non-FiT	
Hermosa Solar Power Project	YH Green Energy Incorporated	14.5	FiT	2016
Bataan Solar Power Project Phases 1, 2, 3a and 3b	Jobin-Sqm Inc.	32.34	Non-FiT	
Bataan Solar Power Project.	CSBT (CITICORE)	18	Non-FiT	
Morong Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	Non-FiT	
Bulacan 3 Solar Power Project	CSBU (CITICORE)	15	FiT	2016
San Rafael Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	3.82	FiT	
Cabanatuan Solar Power Project	First Cabanatuan Renewable Ventures, Inc.	10.26	FiT	2016
Concepcion 1 Solar Power Project	Solar Philippines Tarlac Corporation(1) ("**SPTC**")	100.61	Non-FiT	
Armenia Solar Power Project	CST1 (CITICORE)	8.84	Non-FiT	
Tarlac Solar Power Project Phase I	PetroSolar Corporation(2)	50.07	Yes	2016
Dalayap Solar Power Project	CST2 (CITICORE)	7.48	Non-FiT	
Clark Solar Power Project	CREIT (CITICORE)	22.33	FiT	2016
CityMall Dau Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	
Pampanga Solar Power Project Phase I	RASLAG Corporation	10.05	FiT	2015
Pampanga Solar Power Project Phase II	RASLAG Corporation	13.14	FiT	2016
Palauig Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	FiT	2016
Central Mall Biñan Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0.7	Non-FiT	
Calatagan Solar Power Project	Solar Philippines Calatagan Corporation(3)	63.3	FiT	2016
Lian Solar Power Project	Absolut Distillers, Inc.	2.04	FiT	2016
Cavite Economic Zone Solar Power Project	Majestics Energy Corporation	41.3	FiT	2015
Tumingad Island Solar Power Project	Suweco Tablas Energy Corporation	7.5	Non-FiT	
SM Mall of Asia Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	2.69	Non-FiT	

SM North Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1.47	Yes	2015
Valenzuela Solar Power Project	Valenzuela Solar Energy Inc.	8.5	Yes	2016
Ecopark Isla Solar Power Project	Ecopark Energy of Valenzuela Corp.	4.7	Non-FiT	

Source: DOE

Notes:
1) In June 2020, Prime Metroline Infrastructure Holdings acquired 50% of SPTC.
2) PetroSolar Corporation is 56% owned by PGEC and 44% by EEI Power Corporation.
3) In 2018, the Philippine Competition Commission approved Korea Electric Power Corporation's (KEPCO's) 38% acquisition of Solar Philippines Calatagan Corporation.

Table 3-3: List of Commercially Operating Solar Power Plants in Visayas, the Philippines, as of May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing
CityMall Mandalagan Solar Power Project	Solar Pacific Citysun Corporation	0.63	Non-FiT	
Bais Solar Power Project (SACASOL IV)	Monte Solar Energy Inc. (ACEN)	18	FiT	2016
Cadiz Solar Power Project	Helios Solar Energy Corporation (Vena Energy)	132.5	FiT	2016
Kabankalan Solar Power Project	Solar Pacific Citysun Corporation	0.61	Non-FiT	
Islasol Solar Power Project (ISLASOL II)	Negros Island Solar Power Inc.	32	Non-FiT	
Manapla Solar Power Project (ISLASOL III)/(SACASOL III)	Negros Island Solar Power Inc. (ACEN)	48	Non-FiT	
San Carlos Solar Power Project Phase I-A and I-B (SACASOL I-A&I-B)	San Carlos Solar Energy Inc. (ACEN)	22	FiT	2014
San Carlos Solar Power Project Phase I-C and I-D (SACASOL I-C&I-D)	San Carlos Solar Energy Inc. (ACEN)	23	FiT	2015
SACASUN Solar Power Project	San Carlos Sun Power Inc. (AP)	58.98	Non-FiT	
Silay Solar Power Project	CSNO (CITICORE)	25.01	Non-FiT	
Victorias Solar Power Project	Solar Pacific Citysun Corporation	0.64	Non-FiT	
Kalibo Solar Power Project	Solar Pacific Citysun Corporation	0.22	Non-FiT	
Boracay Solar Power Project	Solar Pacific Citysun Corporation	0.3	Non-FiT	
Gaisano Iloilo Solar Rooftop Project	EDC Siklab Power Corporation (EDC)	1.03	Non-FiT	
Miag-ao Solar Power Project	Cosmo Solar Energy, Inc.	5.67	Non-FiT	
Dumaguete Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	
Toledo Solar Power Project	CSCB (CITICORE)	60	Non-FiT	
Ormoc Solar Power Project	First Solar Energy Corp. (Vena Energy)	30.36	FiT	2015

Palo Solar Power Project	Sulu Electric Power and Light (Phils.), Inc.	49.81	Non-FiT	

Source: DOE

Table 3-4: List of Commercially Operating Solar Power Plants in Mindanao, the Philippines as of May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing
Kibawe Solar Power Project	Asian Greenenergy Corporation (Vena Energy)	10.49	FiT	2016
Kirahon Solar Power Project	Kirahon Solar Energy Corporation	12.5	Non-FiT	
Tagum Solar Power Project	Solar Pacific Citysun Corporation	1.1	Non-FiT	
Digos Solar Power Project	Alterpower Digos Solar, Inc.	28.59	Non-FiT	
Santos Solar Power Project	Astronergy Development GenSan Inc.	24.96	Non-FiT	
Centrala Solar Power Project	CSSC (CITICORE)	6.23	FiT	2016

Source: DOE

3.5 COMPETITIVE LANDSCAPE

To provide better comparison, Frost & Sullivan applies CITICORE metrics for benchmarking in the competitive landscape section.

3.5.1 Structure and Competitive Dynamics

Among the existing RE developers, home-grown company, Solar Philippines, is the only player in the market that is present both in the midstream and downstream segments of the industry value chain. The company has operated a solar PV module manufacturing facility since 2017, following the exit of US-based SunPower a year before.[67] Being a vertically integrated company, Solar Philippines is one of the fastest growing solar IPPs in the country. The company is planning to deploy a total of 1 GW solar power capacity under various PPAs that were announced in December 2020.[68] Additionally, Solar Philippines has partnerships with KEPCO and Prime Infra in 2 separate solar projects in the country. Prime Infra is one of the leading infrastructure developers in the Philippines that currently owns 50% of SPTC. In comparison, CITICORE is also a vertically integrated RE developer having robust capabilities in financing projects, EPC through its affiliate company, Megawide Construction Corporation, and O&M via its subsidiary, CREC, particularly for its RE segments.

Ayala Corp's ACEN is another local company that has strong partnerships with leading RE players. The company envisions achieving a total of 5 GW worth of RE capacity across SEA by 2025, effectively positioning the company as one of the largest listed IPPs with RE assets in the region.[69] To realize the vision, the company has implemented a few strategic initiatives, including the 96.7% stake acquisition in Solar Philippines Central Luzon Corporation ("**SPCLC**") in January 2021.[70] SPCLC is the special purpose vehicle between the 2 companies that will allow ACEN to scale up its solar capacity in the domestic market with the support of Solar Philippines. Additionally, ACEN and CITICORE started the construction of its 72MW jointly-owned solar power plant in Pampanga with completion targeted for the first quarter of 2022[71]. On a regional level, ACEN formed a JV with UPC Solar Asia Pacific in 2019 to co-develop solar power projects across Asia-Pacific, with an initial focus on India, South Korea, and Taiwan.[72] These three partnerships in particular are targeted to help the company fulfil its growth strategy in the SEA RE industry and accomplish the company's commitment to completely divest away from coal by 2030.[73]

In the EPC market, major players that have a solid track record include Singapore-based Blueleaf Energy (rebranded from Conergy in 2019),[74] Solar Philippines, Malaysian-based ERS Energy, and French-based Bouyques Construction. There has been active participation of China-based EPC companies, such as Power China, SUMEC Complete Equipment & Engineering Co. Ltd, Nani Group Corporation, and TBEA International Engineering Co., Ltd ("**TBEA**") in the solar power market. As the level of competition magnifies, partnerships have largely gained importance in the industry. Most notably, Blueleaf Energy recently announced plans to co-develop 1.25 GW-worth of solar projects in Luzon in collaboration with local developer SunAsia Energy, Inc.[75] Recognized as a major EPC player in the region, Blueleaf Energy today has been involved in a total of 250 MW-worth of solar power projects across the Philippines.

Among the critical success factors to gain competitive advantages in the solar market are firm partnerships with reputable institutions. In particular, ACEN has the backing of ThomasLloyd Group, a global investment

[67] PV Magazine, "Solar Philippines inaugurates country's first PV panel factory", August 2017
[68] PV Magazine, "Solar Philippines moves forward with 500MW solar park", June 2021
[69] The Philippine Star, "ACEN working on robust pipeline of 12GW RE projects", May 2021
[70] Manilastandard.net, "AC Energy acquires 96.7% of Leviste solar power firm", January 2021
[71] The Philippine Star, "ACEN, Citicore start construction of solar project", June 2021
[72] PV Magazine, "AC Energy, UPC Solar set up new Asia-Pacific joint venture", October 2019
[73] IEEFA, "Philippines power company Ayala to be coal-free by 2030", April 2020
[74] Blueleaf Energy, "Conergy rebrands as Blueleaf Energy", August 2019
[75] BusinessWorld, "SunAsia partners with Singapore's Blueleaf for 1.25-GW solar portfolio", June 2021

and advisory firm, which bought stakes in 2 of ACEN's recently completed solar farms in Luzon.[76] The success of Blueleaf Energy in the region could also be credited due to the strong financial backing that the company has since 2018, following the acquisition of the company by Green Investment Group, a subsidiary of Australian-based Macquarie Group.[77] As for the success demonstrated by Vena Energy, the company was quick to respond to the demand of RE projects with the inception of the recently removed FiT scheme, which saw a significant amount of solar assets come online between 2015 and 2016.

Partnerships with local firms have proven valuable in obtaining domestic technical expertise and leveraging the company's strong relations with relevant stakeholders in the energy sector. For instance, Vena Energy has worked with local infrastructure developers, such as San Lorenzo Ruiz Builders, for the construction of its 20.1 MW Garcia solar farm[78] and Gregorio Araneta for its 132.5 MW Pollo solar farm.[79] One of the previously completed solar projects in Mindanao that was developed by Sterling & Wilson of India involved MERALCO Industry Engineering Services Corporation ("**Miescor**"), which had a major impact on the completion of the project in 2016.[80] Miescor was appointed as the local EPC partner in the 28.6 MW Digos solar farm, with the work scope including securing all required statutory approval and permits from the relevant governmental agencies.[81]

Primarily, the barrier to entry into the market for new players is the level of competition that currently exists across the solar industry value chain. Due to the size and nature of companies being well-integrated, these factors have contributed tremendously to the notable success of Solar Philippines and ACEN's growth in the Philippines' solar market. Nonetheless, smaller IPPs may face difficulties in competing for market share against companies with more robust financials, as under EPIRA 2001, all private IPPs are mandated to sell a portion of at least 15% of common shares to the public within 5 years of operation.[82]

3.5.2 Key Industry Players (Emphasis on 3 Players Comparable to CITICORE): Profiles and Benchmarking (e.g., type of plant, fuel source, installed capacity, units generated)

In terms of total installed capacity, the leading solar power project developers in the Philippines are ACEN, Vena Energy, CITICORE, and ELPI. Other solar power project developers in the country with existing portfolios include Solar Philippines, PetroSolar Corporation, Jobin SQM Inc, AP, and MERALCO. The effective installed capacity of Ayala Corp's power generation arm has surpassed Vena Energy to be the top player in the domestic solar power market with the commercial operations of ACEN's 2 new solar power plants in April and June 2021. With no new solar projects in the pipeline, Vena Energy's focus seems to be on solar projects outside of the Philippines, with the company's most recent activity include the acquisition of a 162 MW solar project in Japan.[83]

As for the local presence across the value chain, only two RE firms have the capabilities beyond the role of a project developer and asset owner. Firstly, CREC is a sponsor of CREIT, with a primary purpose of engaging in power generation under the Renewable Energy Law. CREC is a wholly owned subsidiary of CITICORE. CREIT and the lessees of the leased properties are all members of the CITICORE, and the lessees operate solar power plants (including the solar power plant of Citicore Bataan) with a total combined installed capacity of 163MW. Furthermore, CITICORE introduced its first solar-agro power project in Tarlac in June 2021 and have demonstrated significant cost savings through efficient operating measures[84].

[76] BusinessWorld, "ThomasLloyd buys P3-B shares in AC Energy solar farm", May 2020
[77] Blueleaf Energy, "Green Investment Group acquires Conergy solar team and portfolio", August 2018
[78] Vena Energy, "Equis Commissions 20MW Solar Project in the Philippines", February 2016
[79] Vena Energy, "Equis commissions 132.5MW Solar Project in the Philippines", March 2016
[80] Inquirer.net, "Enfinity starts solar project in Mindanao", September 2015
[81] MIESCOR, "Digos Solar Power Plant", (Accessed: August 2021)
[82] The Philippine Star, "Removing IPO requirement seen to lure more power investments", June 2021
[83] PVTech, "Vena Energy buys 162MW Japanese solar project", December 2020
[84] PowerPhilippines, Citicore launches agro-solar project in Tarlac, "June 2021

Table 3-5: List of Key Players for Solar, the Philippines, August 2021

Name of IPP	Location	Project Name	Effective Installed Capacity (MW)	COD
ACEN	Visayas	Sacasol	45	Phase AB: 2014 Phase CD: 2015
		Islasol	48	2016
		Montesol	18	2016
	Luzon	GigaSol Palauig	63	2021
		GigaSol Alaminos	120	2021
Vena Energy	Visayas	Ironman	30.4	2015
		Pollo	132.5	2016
	Luzon	Garcia	20.1	2016
	Mindanao	Zorro	10.5	2016
CITICORE	**Mindanao**	**CSSC**	**6.2**	**2015**
	Luzon	**CSBT**	**18**	**2016**
		CREIT	**22.3**	**2016**
		CSBL	**15**	**2016**
		CST1	**8.8**	**2016**
		CST2	**7.5**	**2016**
	Visayas	**CSCB**	**60**	**2016**
		CSNO	**25**	**2016**
ELPI	Luzon	ELPI Pasuquin	100	2021
Solar Philippines	Luzon	Calatangan	39.2	2016
		Concepcion 1	50.3	2019
		Commercial rooftops	4.9	N/A
PetroSolar	Luzon	Tarlac Phase 1	50	2016
		Tarlac Phase 2	20	2019

Source: Company websites; DOE; Frost & Sullivan

Among the industry players seen above, Vena Energy is the only IPP that has developed all of its solar farms through the government's FiT scheme, with the COD of the plants in 2015 and 2016, respectively. Currently, Vena Energy's 132.5 MW Pollo solar power plant in Visayas is the largest operating solar asset in the country. The market is expected to see the emergence of new players, namely, GM Energy Construction Philippines Inc, with an upcoming 110 MW solar project in Luzon and FDCUI with a pipeline of 56 MW of solar farms as of June 2021.[85] In the next few years, Solar Philippines could potentially emerge on top of the value chain, as the company presently has the ambition to realize a total of 1 GW-worth of solar projects.

[85] The Philippine Star, "Filinvest Group to develop solar farms", June 2021

3.5.3 Company Positioning Within Specific Industry Sectors

Company Name	Installed Capacity (MW)	Project Pipeline (only solar)	Presence in Distributed Energy Generation	Integrated presence (Yes/No)
Vena Energy	193.5	0	No	No
ACEN	294	Low	Yes	No
PetroSolar	70	0	Yes	No
CITICORE	162.8	High	Yes	Yes
ELPI	100	0	No	N/A
Solar Philippines	94.4	High	Yes	Yes

Note:
(1) High: Above 100MW
(2) Low: Below 100MW
(3) Distributed generation refers to solar rooftop, micro-grids and BESS
(4) Presence of ELPI in the Philippines remain unclear due to lack of information
(5) Installed capacity shown as of August 2021

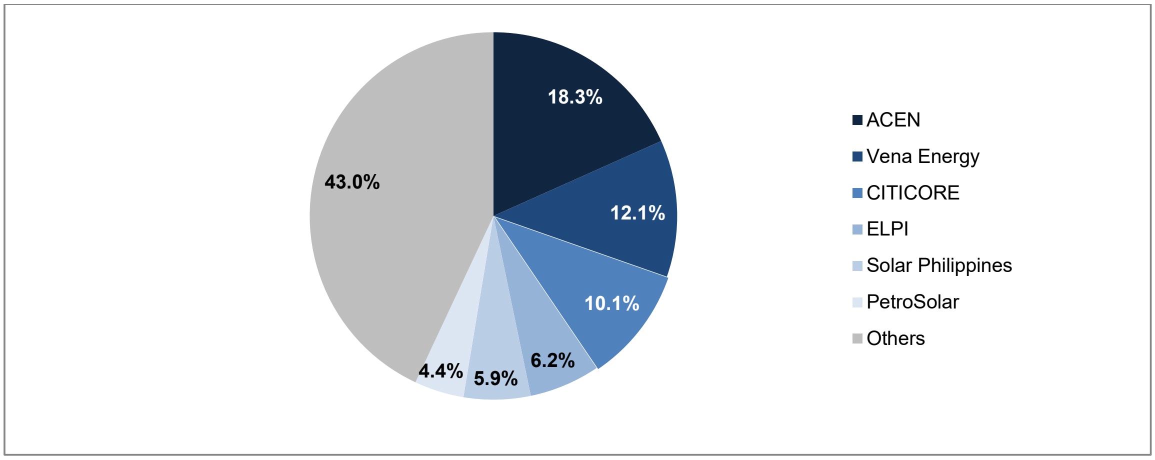
ACEN emerges as the largest solar project developer and asset owner in the Philippines, with a total of 294MW of solar farms across the country, followed by Vena Energy and CITICORE. However in terms of future solar projects, CITICORE and Solar Philippines particularly stand out with a substantial pipeline of new projects, with about 1,500MW and 1,000MW planned for development respectively. In terms of distributed generation, among the list of 6 RE players above, CITICORE, PetroSolar and Solar Philippines has solar rooftop PV projects under its portfolio, where else ACEN is present in the BESS segment. Additionally, ACEN is currently developing a hybrid plant of solar and BESS (4MW in size) in Bataan as a testbed for future scale-up. Solar Philippines on the other hand, currently provides O&M to a micro-grid that the company built in the Mindanao region[86]. Another advantage that Solar Philippines has is that the local company has a relatively strong reputation as an EPC player and has its own solar module manufacturing facility, which allows the firm to pursue projects with lower cost margins.

[86] PVTech, "'Solar for the country': Inside Southeast Asia's largest micro-grid", November 2018

3.5.4 Market Share Estimates (CITICORE Positioning in the Industry vs Comparable Players in Power Generation) (*based on the availability of information at the time of the drafting of the IMR report*)

By the end of 2021, the Philippines is expected to have a total solar installed capacity of 1558.27 MW. Of this, the leading solar IPP will be ACEN, with the commissioning of 2 of its new solar power plants in Luzon contributing a total of 180 MW additional solar generating capacity to its portfolio. With a total effective installed capacity of 193 MW, Vena Energy is the second largest solar IPP. Other IPPs that have a solar portfolio above 50 MW in the Philippines include CITICORE, ELPI, Solar Philippines, PetroSolar, and Jobin SQM Inc.

Figure 3-5: Market Share of Solar Players (in terms of effective installed capacity), the Philippines, 2021

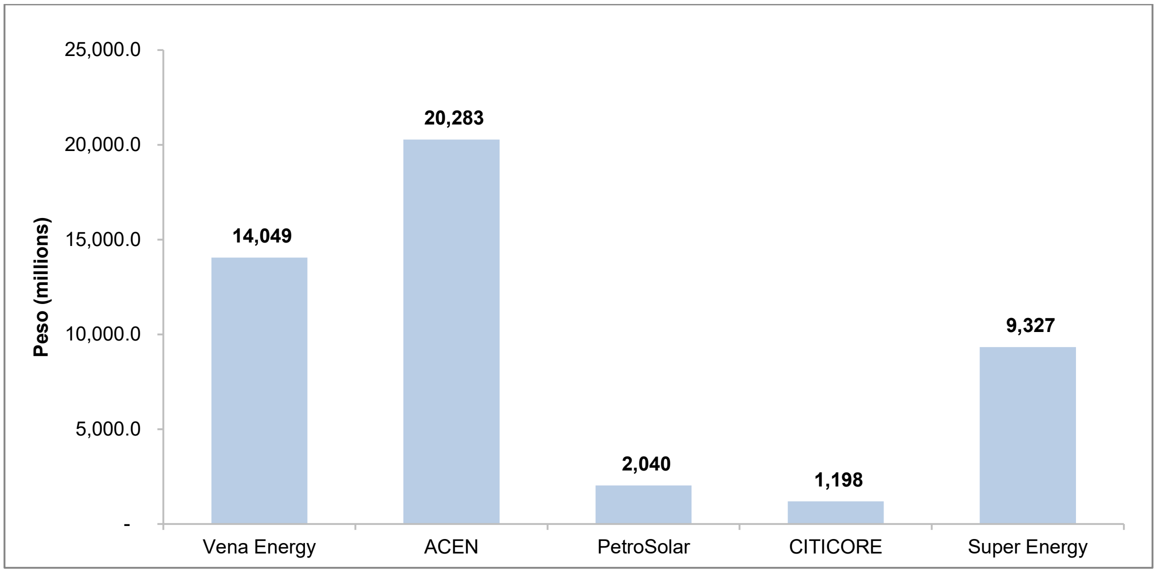


Source: Company websites; DOE; Frost & Sullivan Analysis

3.5.5 Financial Performance of CITICORE vs Publicly Listed Industry Players (comparable players in power generation)

This section showcases the main financial matrices used to evaluate the financial performance of key solar players in the region through a comparison of the players' revenues.

Figure 3-6: Comparison of Revenue Performance from Sales of Electricity / Energy Among Public-Listed SEA-Based Renewable Power Players as of 31 December 2020



Source: Company Annual Report; Frost & Sullivan Analysis

Note:
1) *All revenue figures only account for revenue from sales of electricity / energy derived from renewables.*
2) *Vena energy, ACEN, PetroSolar and Super Energy revenues are composed of all its renewable energy source.*
3) *CITICORE revenue is composed only of its solar project.*

3.6 INDUSTRY THREATS

Lack of Flexible Generators

The country currently has a significant number of baseload generators consisting primarily of coal-fired power plants with over 15 GW expected by 2030. Nonetheless, geothermal power plants, which also serve as baseload generators, will only come up to 2.3 GW in the similar period. To meet the forecast peak demand in the system and prevent further power outages, the local market requires more flexible generators to be developed.

Mitigation: Pursue development of non-fossil fuel baseload generators, consisting of solar and BESS, for instance. The solar asset could either be ground-mounted or floating solar farms.

Absence of Working Policies for Innovative Projects

Presently, there are 5 floating solar test beds located in Luzon, with a few owners of these test beds keen on pursuing the commercialization of these pilot-scale systems. Among them are ACEN and AP, which are among the active IPPs in the overall RE industry in the Philippines. The DOE is reportedly working with the Laguna Lake Development Authority ("**LLDA**") on drafting a policy to enable the scale-up of floating solar farms.

Mitigation: Work closely with the relevant stakeholders, such as DOE and LLDA, to pursue projects, such as floating solar farms. A pilot-scale project may be required prior to commercialization.

3.7 INDUSTRY OUTLOOK

As the Philippines has yet to achieve 100% electrification rates across 3 of its main island regions, distributed generation and hybrid power plants will gain importance to achieve the country's target set for 2022. Huge emphasis is being placed on bringing power to off-grid communities, with a number of leading IPPs supporting electrification initiatives:

- MERALCO is currently constructing a 1.4 MWdc solar PV with 2 MWh battery storage microgrid system at Cagbalete Island in Quezon as a part of its electrification program.[87]
- SMC has plans to develop small-scale LNG plants in 8–10 islands in Visayas and Mindanao.[88]

Another trend in the solar power industry is the entry of new asset owners, such as property developers and shipping companies. Notably, property developer MRC Allied is making strides in the solar space, having unveiled plans in 2020 to develop solar PV rooftop projects in the country. The company also has a few utility-scale solar farms that are currently being developed through an associate company, Sunray Power Inc, and MRC Allied's subsidiary, Menlo Renewable Energy Corp.[89] In July 2020, Prime Infra, a leading infrastructure developer in the Philippines, acquired a 50% stake in SPTC and announced that the company will jointly develop 800 MW of solar projects with Solar Philippines in Luzon and Visayas.[90]

Competition is also increasing the possibility of acquisitions driven by international EPC companies intending to pursue projects in the Philippines. In June 2020, China-based TBEA bought a 10% stake in Jobin Sqm Inc, which currently owns and operates a solar farm in Subic with Emerging Power Inc as a major shareholder of the operating company. Nevertheless, in terms of the EPC market for the solar industry, Blueleaf Energy has emerged as a frontrunner, as the company has the most utility scale solar farms in its portfolio to date. Since the backing by GIP of Macquarie Group, the Singaporean company is expected to deepen its presence in the market, as it has recently signed an agreement with local firm, SunAsia, to co-develop 1.25 GW of solar projects in Luzon.

The availability of solar leasing schemes that provide a zero upfront investment required from customers is expected to propel the adoption of solar power across the board, while the conversation on environmental, social, and governance becomes increasingly vital. For instance, Yokohoma Rubber Co., Ltd, based in Pampangan province in Luzon, is one of the industrial companies with a vision to reduce its carbon footprint and has installed a 4 MW solar rooftop system. This project was executed by Sharp Energy Solutions Corporation in July 2019.[91] The overall installation cost was financially supported by the Ministry of Environment of Japan, through a joint crediting mechanism project, which is a program to encourage developing countries to reduce greenhouse gas emissions.

Lastly, the boom in emerging technologies following the Industrial Revolution 4.0 is expected to have a high impact on the solar industry value chain, especially since the Philippines has a fully deregulated market. Emerging technologies, such as smart grids, which include an advanced metering infrastructure, will significantly change the entire operation of power supply to the consumption of electricity. In particular, smart grid technologies that incorporate elements such as artificial intelligence ("**AI**") and machine learning ("**ML**") will enable a better integration of flexible generators such as solar with BESS. Hence, solar farms that are retrofitted with BESS can then substitute coal-fired power plants as baseload generators, which seem to be the direction the country is currently heading towards. Out of the present IPPs in the country, AP emerges as an early adopter of data science and artificial intelligence, as the concept is an integral part

[87] MERALCO, "Annual Report 2020 (page 9)", May 2021
[88] San Miguel Corporation, "SMC ramps up investments in renewable energy technologies, drops clean-coal power projects", July 2021
[89] The Manila Times, "MRC Allied pushes more solar rooftop projects", February 2020
[90] Prime Infra, "Prime Infra inks 800MW partnership with Solar Philippines", July 2020
[91] Sharps, "Sharps Installs Solar Power System on Rooftop of Yokohoma Rubber* Tire Factory in the Philippines", July 2019

of the company's growth strategy. In 2019, the company had utilized General Electric's Predix platform to enable predictive analytics and digital twins at its 300 MW Therma South Inc. coal-fired power plant. The company plans to scale up the application of predictive analytics across all its existing generating assets.[92]

[92] Manila Bulletin, "Aboitiz Power draws on 'data analytics' for performance improvement", May 2021

4. CONCLUSION

Due to the pandemic, countries around the globe have faced structural challenges. The situation is exacerbated by the highly transmissible delta variant of COVID-19, which has forced many countries, including the Philippines, to lock down their economies. Economic activity has taken a significant hit, and unemployment has been rising due to declining business operations across several cities. With high levels of unemployment, household consumption in the community reduces, resulting in low purchasing power. Companies and factories scaled down their operations, which also impacted electricity demand. The economy is predicted to recover from the effect of the pandemic as the government continues to ramp up vaccination programs and increase the vaccination coverage through mid-2021 onwards.

Historically, the Philippines rely heavily on imported fuels for power generation. A series of policy changes and the trend toward cleaner carbon emissions have shifted the energy mix toward renewable energy. The uptake is primarily driven by solar adoption and other cleaner energy forms, such as windmills and geothermal. These have put the Philippines on track to reach the 20,000 MW RE target by 2030—10 years faster than forecast. Frost & Sullivan opine that the narrative is likely to continue driven by the declining cost of solar power as impetus along with strengthening fundamentals and trends toward a net-zero policy.

All the existing homegrown solar market players, including CITICORE, operated in the downstream segment, i.e., project developers/system integrators of utility-scale solar and solar PV rooftops. The prominent players within this segment are ACEN, Vena Energy, CITICORE, ELPI, Solar Philippines, and PetroSolar. Ayala Corp's ACEN led in terms of total effective capacity installed, followed by Vena Energy and CITICORE. Notably, the solar industry in the Philippines is a fractious market, with a myriad of small players occupying approximately 44% of the industry. Frost & Sullivan is of the opinion that given the fragmentation, there is no incentive for new players to enter the industry due to heightened competition in the solar space,

From a financial standpoint, the high margin of solar power as an alternative energy source continues to be the main pull. It has emerged as one of the most affordable, inexhaustible sources of energy that provides an ecological way to provide power for industries and homes. Among the solar players in the space, CITICORE operated with the highest efficiency thus, in turn, is expected to result in a higher return to shareholders in the form of higher distribution.

Finally, Frost & Sullivan believe that the boom in emerging technology, such as smart grids, will provide an additional tailwind to the energy industry overall and the solar industry in particular. New technology, such as advanced metering infrastructure, can be a huge enabler that will significantly change the entire power supply operations to electricity consumption. It will provide a better reading that enables the gathering and transferring of energy usage information in near real time, which will ultimately scale up the operation of many of the existing generating assets. Additionally, smart grid technologies incorporate AI and ML elements that will enable a better integration of flexible generators such as solar with BESS.

5. APPENDIX

Table 5-1: List of Solar Power Plants with Development Status in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	STAGE OF CONTRACT	POTENTIAL CAPACITY (MW)
98.136 MWp/81.780MW Laoag Solar Power Project	PV Sinag Power Inc.	Operating Contract	98.14
64.260 MWp/48.118 MW Currimao Solar Power Project	Nuevo Solar Energy Corp.	Operating Contract	48.12
Lal-lo Solar Power Project	GM Energy Construction Philippines Inc.	Operating Contract	110.7
Subic New PV Solar Power Plant Project	Jobin-SQM Inc.	Operating Contract	100.03
Sta. Rosa Solar Power Project	Terasu Energy Inc.	Operating Contract	40
SIAEP Rooftop Solar Project	Trademaster Symbior Rooftop Corporation	Operating Contract	0.5
GIGASOL3 Solar Power Project	Gigasol3, Inc.	Operating Contract	63.01
Alaminos Solar Power Project	Solarace1 Energy Corp.	Operating Contract	120.32
74.131 MWp/51.555 MW Calabanga Solar Power Project	Calabanga Renewable Energy (CARE), Inc.	Operating Contract	74.13
Festival Mall Solar Rooftop Project	FREE	Operating Contract	2.84

Source: DOE

Table 5-2: List of Solar Power Plants with Operating Contracts in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)	INSTALLED CAPACITY (MW)
Labrador Solar Power Project	IJG1 Philippines Inc.	5	0
Sta. Barbara Solar Power Project	OneManaoag Solar Corporation	20	0
Ilocos Norte Solar Power Project	ELPI	100.1	0
Santa Solar Power Project	Satrap Power Corporation	20	0
Ramon Solar Power Project	AAESUN Corporation	6.5	0
Isabela Solar Power Project	Daebo Green Pacific Inc.	18	0
Hermosa Solar Power Project.	Solana Solar Alpha Inc.	28	0
Bataan Solar Power Project	Bataan Solar Energy Inc.	5	0
Bulacan 2 Solar Power Project	CleanTech Global Renewables, Inc.	22	0
San Miguel Solar Power Project	Powersource First Bulacan Solar Inc.	0	80.92
Cabanatuan Solar Power Project	Greentech Solar Energy Inc.	6.25	0
San Jose Solar Power Project	V-Mars Solar Energy Corporation	10	0
San Jose Solar Power Project	SJC SolarPower Corporation	10	0
Capas Solar Power Project	Sindicatum C-Solar Power Inc.	27.56	0

Tarlac Solar Power Project Phase II	PetroSolar Corporation[(1)]	0	20
Botolan Solar Power Project	Solar Power Utilities Generator Corporation	0	0
Sabang Solar Power Project	G.A. Philkor Multi Energy Corp.	0	0
Cavite Solar Power Project	Enfinity Philippines Renewable Resources Second, Inc.	0	0
Palawan Solar Power Project	Sabang Renewable Energy Corp.	0	1.46
Ecopark Tagalag Solar Power Project	Ecopark Energy of Valenzuela Corp.	0	16

Source: DOE

Note:
1) PEGC owns 56% equity stake, while EEI Power Corporation has the remaining 44% ownership.

Table 5-3: List of Solar Power Plants with Pre-Development Status in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
BENECO - 1MW Tabaan Sur SPP	Benguet Electric Cooperative Inc.	1
1 MWp Anda Solar Power Project	Pangasinan I Electric Cooperative, Inc.	1
5 MWp Bolinao Solar PV Power Plant	EEI Power Corporation	5
Bugallon Solar Power Project	Phinma Energy Corporation	1.03
Cayanga- Bugallon SPP	PV Sinag Power Inc.	75
San Manuel 1 Solar Power Project	Pilipinas Newton Energy Corp.	70
San Manuel 2 Solar Power Project	Pilipinas Einstein Energy Corp.	70
Binalonan Solar Power Project	PV Sinag Power Inc.	46.09
Bangui Solar Power Project	NorthWind Power Development Corporation	2.5
Currimao Solar Power Project.	Ilocos Norte Electric Cooperative, Inc.	0
Ilocos Norte Phase I Solar Power Project	Del Sol Energy Primera, Inc.	40
Ilocos Norte Phase II Solar Power Project	Del Sol Energy Primera, Inc.	40
Paoay III Solar Power Project	Del Sol Energy Tercera, Inc.	40
Sulvec Solar Power Project	Neoenergy Corporation	20
Lal-lo Hybrid Solar Power Project	Natures Renewable Energy Dev't. (NAREDCO) Corporation	0
SM City Tuguegarao Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	5
Cagayan Valley Solar Power Project	GRM Cagayan Valley, Inc.	50
Cordon Solar Power Project	Greenergy Solutions Inc.	50
Gamu 2 SPP	PV Sinag Power Inc.	70
Gamu Solar Power Project	Pilipinas Faraday Energy Corp.	100
Ilagan City Solar Power Project	Greenergy Solutions Inc.	100
San Pablo Solar Power Project	Solar Valley Energy Solutions Inc.	130
Limbauan Solar Power Project	BKS Green Energy Corp.	25
Sta. Maria Solar Power Project	Greenergy Solutions Inc.	100
Sta. Maria Solar Power Project.	East Coast FAS Renewable Energy and Industrial Corporation	30

Maria Lourdes Green Solar Power Project	East Coast Asia Power Development Corporation	0
Bulihan Industrial Park Solar Rooftop Project	ET Energy Island, Corp.	0.38
San Ildefonso Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	140
San Ildefonso Solar Power Project.	Team (Philippines) Renewable Energy Corporation	55
San Jose del Monte Solar Power Project	Manresa Power Corporation	0
San Rafael 1 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	140
Bongabon Solar Power Project	Greentech Solar Energy Inc.	18.75
Gen. Tinio Solar Power Project	Sunlite Energy Helio-Site 1 Inc.	0
Talugtug Solar Power Project	Greenergy Solutions Inc.	125
Central Luzon State University Rooftop Solar Power Project	PI Energy, Inc.	0.98
5MW Patnanungan Solar Power Project	Masé Power Corporation	5
Peñaranda Solar Power Project	ET Energy Island, Corp.	1
Pantabangan Solar Power Project	Firmgreen Phils. Inc.	100
Santa Rosa Nueva Ecija 3 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Sta Rosa Nueva Ecija 1 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Santa Rosa Nueva Ecija 2 Solar Power Project	Solar Philippines Nueva Ecija Corporation	0
Tarlac Solar Power Project	Greenergy Solutions Inc.	50
Tarlac Solar Power Project.	Sunray Power Inc.	100
Concepcion Tarlac 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Tarlac Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Armenia Solar Power Project	AP Renewables Energy Corp.	39
Tarlac Solar Power Project	Firmgreen Phils. Inc.	50
Clark International Airport Solar Power Project	Ruei Hsiang Solar (Philippines) Corp.	10
Clark Solar Power Project	Energence Renewable Energy Corporation	38.16
Clark Solar Power Project Phase 2	Enfinity Philippines Renewable Resources Fifth, Inc.	0
Raslag III Solar PV Power Project	Raslag Corp.	17.49
Arayat Solar Power Project	Greencore Power Solutions 3, Inc. (JV project between CITICORE and ACEN)	60
Iba-Palauig Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Palauig Solar Power Project	Shizen Inc.	50
Iba-Palauig 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1200
Bato Solar Power Project	Solar Power Utilities Generator Corporation	35.5
San Marcelino Solar Power Project	Santa Cruz Solar Energy, Inc.	0
Laguna Lake-Bay Solar Power Project	2 Barracuda Energy Corp.	0
Laguna Technopark Solar Rooftop Power Project	ET Energy Island, Corp.	1
Laguna Lake-Calamba Solar Power Project	4 Barracuda Energy Corp.	0
Laguna Lake Solar Floating Project	NORTESOLIII INC.	0
Laguna Bay 1 Solar Power Project	Pangasinan UPC Asia Corporation	0
Laguna Solar Power Project	MSPECTRUM, INC.	0.81
Laguna Lake-Los Baños Solar Power Project	5 Barracuda Energy Corp.	0
NKS Solar One Floating Power Project	NKS Solar One Inc.	190

Laguna Lake-Lumban Solar Power Project	6 Barracuda Energy Corp.	0
Pililla Solar Power Project	TotalPower, Inc.	0
Laguna Lake-Balibago Solar Power Project	1 Barracuda Energy Corp.	0
Antipolo Rooftop Solar Power Project	ET Energy Island, Corp.	1
Pinugay Solar Power Project	H&WB Asia Pacific (Pte Ltd) Corporation	60
Baras Solar Power Project	Green Atom Renewable Energy Corporation	3
Laguna Lake 3 Solar Power Project	Winnergy Holdings Corp.	0
Baras 1 Solar Power Project	Winnergy Holdings Corp.	0
Talim Floating Solar Phase 1 Power Project	Island Wind Energy Corp.	120
Talim Floating Solar Phase 2 Power Project	Island Wind Energy Corp.	120
Laguna de Bay Area 2E Solar Power Project aka Cardona Floating Solar Power Project	Solar Philippines South Luzon Corporation	0
Rizal Solar Floating Project	AC Subic Solar, Inc.	0
Rizal Floating Solar Project	AC Laguna Solar, Inc.	150
Laguna Lake 4 Solar Power Project	Winnergy Holdings Corp.	0
Pililla Solar Power Project	Metro Solar Power Solutions, Inc.	65
Laguna Bay 2 Solar Power Project	Pangasinan UPC Asia Corporation	0
Pililla Solar Floating Project	Laguna Central Renewables Inc.	0
Pililla Solar Power Project.	Green Atom Renewable Energy Corporation	20
Balayan Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	600
50 MW Mabacong Solar Power Project	Lumin Solar Energy Inc.	50
Padre Garcia Solar Power Project	Phinma Energy Corporation	45
Lumbang Solar Power Project	SBR Clean Energy Corp.	50
Lumbangan Ground Mounted Solar Power Project	CREC (CITICORE)	125
Malvar Solar Power Project	Majestics Energy Corporation	3
Nasugbu Solar Power Project	Roxas Green Energy Corporation	30
Padre Garcia Solar Power Project	Solar Philippines Batangas Corporation	1.2
San Juan Solar Power Project	Scion Sustainable Power Corp.	40
Tanauan Solar Rooftop Project	ET Energy Island, Corp.	1
Mataas na Lupa Solar Power Project	ET Energy Island, Corp.	1
Tuy Batangas 4 Solar Power Project	Greencore Power Solutions 2, Inc. (JV between CITICORE and ACEN)	62.5
Luntal-Bayudbod Solar Power Project	Verdecore Power Solutions, Inc.(CITICORE)	62.5
Cabatang Tiaong Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	600
Jomalig Solar Power Project	Masé Power Corporation	1
Lucena I Solar Power Project	Sun Premier Pagbilao Philippine Corporation	10
Cagbalete Island Microgrid SPP	Manila Electric Company	0.12
Tayabas Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Silang Solar Power Project	PTC Energy, Inc.	0
Anabu II Solar Power Project	ET Energy Island, Corp.	1
Maragondon 3 Solar Power Project	Solar Philippines Tanauan Corporation	140
Pantihan II Solar Power Project	ET Energy Island, Corp.	1

Maragondon 2 Solar Power Project	Solar Philippines Tanauan Corporation	0
Maragondon 1 Solar Power Project	Solar Philippines Tanauan Corporation	60.01
Maragondon-Naic-Tanza 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	200
Maragondon-Naic 1 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Calamba - Tanauan Solar Power Project	Solar Philippines Tanauan Corporation	100
Calamba-Tanauan 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Palawan Solar Power Project	Solar Philippines Renewable Energy Projects, Inc.	0
Rio Tuba Solar Power Project	Powersource Philippines Inc.	0
YH Busuanga Solar-Diesel Hybrid Power Plant	YH Green Energy Incorporated	19.5
Culion Solar Power Project	Culna Renewable Energy Corp	2.8
TPI El NidoSolar Power Project	TotalPower, Inc.	0
Linapacan Solar Power Project	Culna Renewable Energy Corp	0.33
Puerto Princesa Solar Power Project	PetroGreen Energy Corporation (PGEC)	10
Palawan Solar Power Project.	Phil. Solar Farm-Palawan, Inc.	10
Puerto Princesa Solar Power Project.	Solar Philippines Commercial Rooftop Projects, Inc.	0
Palawan Solar Power Project	Global Clean Hybrid Energy Corp.	25.02
Kemdeng Solar Power Project	New Belvia Renewables, Inc.	5
San Vicente Solar PV Project	New Belvia Renewables, Inc.	6.4
El Nido Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Mindoro Island Solar Power Project	First Cleanergy Corporation	0
Rizal Occ. Mindoro Hybrid Solar Power Project	One Renewable Energy Enterprise, Inc.	52
Quinalasag Solar Power Project	FP Island Energy Corporation	0.4
Haponan Solar Power Project	FP Island Energy Corporation	0.1
Lahuy Solar Power Project	FP Island Energy Corporation	0.25
Naga Solar Power Project	Solar Philippines South Luzon Corporation	0
Catanduanes Solar Power Project	LGU of Caramoran	1
Taguig Floating Solar Power Project	NortesolIV, Inc.	0
La Mesa Solar Power Project	AC La Mesa Solar, Inc.	165.5
Balintawak Solar Power Project	Solkraft Power Ph Corp.	0.31
San Pedro Floating Solar Power Project	Nortesol Incorporated	250
Pamplona Solar Power Project	ET Energy Island, Corp.	0.6
Pasto Di Apolonio Solar Power Project	East Coast Asia Power Development Corporation	0

Source: DOE

Table 5-4: List of Solar Power Plants with Pre-Development Status in Visayas, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
Bacolod City Solar Power Project	Negros PH Solar Inc.	50
Victorias Solar Power Project.	VictoriaSolar Energy Corp.	30.63
Tigbauan Solar Power Project	Solexar Energy International, Inc.	34.3
Mandaue Solar Power Project	ET Energy Island, Corp.	1.5
Biliran Solar Power Project	E & P Green Energy, Inc.	25

Source: DOE

Table 5-5: List of Solar Power Plants with Pre-Development Status in Visayas, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
CityMall Goldenfields Solar Rooftop Project	Solar Pacific Citysun Corporation	0.15
Vista Alegre Solar Power Project	Amatera Renewable Energy Corporation	50
Cadiz Solar Rooftop Project	Solar Pacific Citysun Corporation	0
Cadiz City Solar Power Project	Puente Al Sol Inc.	0
Nabali-an Solar Power Project	Greencane Sugarfields Corporation	60
La Carlota Solar Power Project	Megawatt Clean Energy, Inc.	50
San Carlos Solar Rooftop Project	Solar Pacific Citysun Corporation	0.12
Banga Solar Power Project	Gemini Energy Corporation	10
Vistamall Iloilo Solar Power Project	Kratos Res, Inc.	0.66
Roxas City Mall Solar Rooftop Project	Solar Philippines Commercial Rooftop Projects, Inc.	0.59
Cebu Solar Power Project	Solarex Energy Corporation	0
FCO International, Inc. Solar Rooftop Project	ET Energy Island, Corp.	0.7
Mandaue City Solar Rooftop Project	ET Energy Island, Corp.	0.62
Medellin Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Kananga-Ormoc Solar Power Project	Solar Philippines Visayas Corporation	1200
San Isidro Solar Power Project	TotalPower, Inc.	151
San Miguel Solar Power Project	Sunpalo Solar Energy Inc.	0
1MW SAMELCO I - Calbayog SPP	Samar I Electric Cooperative, Inc.	1
1MW SAMELCO II - Paranas SPP	Samar II Electric Cooperative, Inc.	0

Source: DOE

Table 5-6: List of Solar Power Plants with Pre-Development Status in Mindanao, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
Zamboanga del Norte Solar Power Project	Astronergy Development Dipolog Inc.	7
Bukidnon Solar Power Project	SunAsia Energy Inc.	2
San Francisco Solar Power Project	GPower Inc.	10

Source: DOE

Table 5-7: List of Solar Power Plants with Pre-Development Status in Mindanao, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
Pagadian Solar Power Project	Astronergy Development Pagadian inc.	12.95
Manolo Fortich Solar Power Project	Pilipinas Crosthwait Energy Corp.	60
Maramag Solar Power Project	Enerhiya Solaris Holdings Corporation	1.5
Claveria Solar Power Project	The Ark Green Dynamic Resources Corp.	61.1
Gingoog City Solar Power Project	Misamisestedelsol Inc.	10
Laguindingan Solar Power Project	Centro Solar Energy Inc.	40
Opol Solar Power Project	Electra Ecoenergy Corp.	25
Tagoloan Solar Power Project	Solar Philippines Tagoloan Corporation	45
Talisayan Solar Power Project	One Renewable Energy Enterprise, Inc.	0
Hayes Solar Power Project	Hayes Solar Energy Corporation	20
Camiguin Solar Power Project	Camigreen Inc.	5
Davao Oriental Solar Power Project	Sun Option for Livelihood Alternative Resources Inc.	60
Hagonoy Solar Power Project	Enfinity Philippines Renewable Resources Sixth, Inc.	0
Davao Solar Power Project	Maverick Solar Parks Corporation	10
Gen. Santos Solar Power Project	Centro Solar Energy II, Inc.	0
SOCOTECO II - Apopong SPP	South Cotabato II Electric Cooperative	1.4
General Santos Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1200
Mabuhay Solar Power Project (Phase I)	Embrace Nature Power1 Corporation	44
Conel Solar Power Project (Phase II)	Embrace Nature Power1 Corporation	16
1.212-MWp SUKELCO Solar Power Plant	Sultan Kudarat Electric Cooperative, Inc.	1.21
TPI Sarangani Solar Power Project	TotalPower, Inc.	80
Butuan City 1 Solar Power Project	Enfinity Philippines Renewable Resources Third, Inc.	0
ICOM Solar Power Project	LGU of the Islamic City of Marawi	5
Maguindanao Solar Power Project	Salamat Mindanao Light & Power Corporation	20
Saguiaran Solar Power Project	LGU of Saguiaran-Lanao del Sur	5

Source: DOE

COMPANY

Citicore Energy REIT Corp.
(formerly Enfinity Philippines Renewable Resources Inc.)
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