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This REIT Plan and the information contained herein are subject to completion or amendment without notice. The Offer Shares may not be sold nor may an offer to buy be accepted prior to the time that the REIT Plan is issued in final form. Under no circumstances shall this REIT Plan constitute an offer to sell or the solicitation of an offer to buy any Offer Shares nor shall there be any offer, solicitation or sale of the Offer Shares in any jurisdiction.

PREMIERE ISLAND POWER REIT CORPORATION
(*Incorporated in the Republic of the Philippines*)

Initial Public Offer of up to [1,400,000,000] Secondary Common Shares
with an Overallotment Option of up to [210,000,000] Secondary Common Shares

Offer Price of up to ₱[2.00] per Offer Share

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

Sponsors

S.I. P0WER CORPORATION
CAMOTES ISLAND POWER GENERATION CORPORATION

Fund Manager

VFUND MANAGEMENT, INC.

Property Manager

VPROPERTY MANAGEMENT, INC.

Sole Issue Manager, Underwriter, and Bookrunner

CHINABANK CAPITAL

[Participating Underwriter]

RCBC Capital Corporation

Selling Agents

REIT Eligible Trading Participants of The Philippine Stock Exchange, Inc.

The date of this Preliminary REIT Plan is [November 18, 2022]

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS REIT PLAN IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

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http://preit.com.ph.

This Preliminary REIT Plan (the "**REIT Plan**") relates to the offer and sale to the public of up to [1,400,000,000] secondary common shares (the "**Firm Shares**") with an Overallotment Option (as defined below) of up to [210,000,000] secondary common shares (the "**Option Shares**", and together with the Firm Shares, the "**Offer Shares**"), each common share with a par value of ₱1.00 (the "**Shares**"), of **Premiere Island Power REIT Corporation**[2] **(**"**we**", "**us**", "**our**" "**PremiereREIT**", or the "**Company**"), a corporation organized and existing under Philippine law and operating as a holding company.

Upon compliance with the requirements of Republic Act No. 9856, otherwise known as the "Real Estate Investment Trust Act of 2009" (the "**REIT Law**", and together with the relevant implementing rules and regulations as issued by the Government, the "**REIT Regulations**"), PremiereREIT shall operate as a real estate investment trust ("**REIT**"). Under the REIT Law, a REIT is a stock corporation established in accordance with Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines (the "**Corporation Code**"), and the rules and regulations promulgated by the Securities and Exchange Commission of the Philippines ("**SEC**") principally for the purpose of owning income-generating real estate assets. A REIT is referred to as a "trust" under the REIT Law; however, this term was adopted only to align with global best practices and terminology. A REIT organized under the REIT Law is subject to the Corporation Code as a stock corporation and does not operate under the same regime as trusts generally under applicable Philippine laws and regulations governing trusts.

The Firm Shares will comprise of up to [1,400,000,000] issued shares owned and to be offered and sold by S.I. P0wer Corporation ("**SIPCOR**") and Camotes Island Power Generation Corporation ("**CAMPCOR**" and together with SIPCOR, the "**Sponsors**" or the "**Selling Shareholders**") by way of a secondary offer. The Option Shares will comprise up to [210,000,000] issued Shares owned by the Selling Shareholders to be offered by way of a secondary offer. The offer of the Offer Shares is referred to herein as the "**Offer**". For further discussion on the specific number of shares to be offered by each of the Selling Shareholders, please refer to page 214 of this REIT Plan, under the subheader *"The Selling Shareholders"*.

The Company has an authorized capital stock of ₱7,500,000,000.00 divided into 7,500,000,000 common shares with a par value of ₱1.00 per share. As of the date of this Preliminary REIT Plan, [3,288,669,000] common shares are issued and outstanding. For further discussion, please refer to page 163 of this REIT Plan.

PremiereREIT is envisioned to be the power and infrastructure REIT platform of the PAVI Group (consisting of Prime Asset Ventures, Inc. ("**PAVI**") and its subsidiaries, including the Sponsors) and aims to be among the leading power and infrastructure REITs in the Philippines in terms of portfolio, profitability, growth, sustainability, and dividend yield. The principal investment mandate and strategy of the Company is to invest on a long-term basis in critical real estate and infrastructure that will not only expand its portfolio but enable the Company to attain its objective of meaningfully contributing to the promotion of clean, renewable and sustainable energy, as well as continue its progress on expanding social and missionary electrification.

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 once said properties are in operation. To meet the Company's investment criteria, a potential property should have the following characteristics:

- capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;

- may be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;

[1] See Footnote 1.
[2] See Footnote 1.

- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and

- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the feed-in tariff ("**FIT**"), the Green Energy Auction Program ("**GEAP**"), or such successor programs headed or managed by the Department of Energy ("**DOE**").

The initial property portfolio of the Company consists of land and power plant assets utilized in the power-generation business of the Sponsors.

The Offer Shares shall be offered at a price of up to ₱[2.00] per Offer Share (the "**Offer Price**"). The determination of the Offer Price is described on page 82 of this REIT Plan and will be based on a book-building process and discussion by and among the Company, the Selling Shareholders, and China Bank Capital Corporation ("**China Bank Capital**") as Sole Issue Manager, Underwriter and Bookrunner ("**Sole Issue Manager, Underwriter and Bookrunner**").

The Offer Shares will be listed and traded on the Main Board of The Philippine Stock Exchange, Inc. (the "**PSE**") under the trading symbol "PREIT".

Up to [420,000,000] Firm Shares (or 30% of the Firm Shares) (the "**Trading Participants and Retail Offer Shares**") are being offered in the Philippines through all of the REIT eligible Trading Participants of the PSE (the "**Eligible PSE Trading Participants**") and to local small investors ("**LSI**") under the Local Small Investors Program (subject to re-allocation as described below) (the "**Trading Participants and Retail Offer**"). The number of Offer Shares to be made available to the Eligible PSE Trading Participants and LSIs will be up to [280,000,000] Firm Shares and up to [140,000,000] Firm Shares, respectively, or [20]% and [10]%, respectively, subject to final allocation as may be determined by the Sole Issue Manager, Underwriter and Bookrunner.

At least [980,000,000] Firm Shares (or [70]% of the Firm Shares) (the "**Institutional Offer Shares"**), are (subject to re-allocation as described below) being offered for sale to qualified buyers and other investors in the Philippines, by the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s] (the "**Institutional Offer"**).

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed by and among the Company, the Selling Shareholders, and the Sole Issue Manager, Underwriter and Bookrunner. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Firm Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Firm Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand.

Pursuant to the approval of the SEC dated [●], the Selling Shareholders have appointed China Bank Securities Corporation to act as the stabilizing agent (the "**Stabilizing Agent**") in relation to the Offer. The Stabilizing Agent has an, option exercisable in whole or in part for a period beginning on or after the initial listing of the Offer Shares on the PSE (the "**Listing Date**") and, if exercised, ending on a date no later than thirty (30) calendar days from and including the Listing Date, to purchase up to [210,000,000] Option Shares, representing [6.39]% of the issued and outstanding capital of the Company, at the Offer Price from the Selling Shareholders, on the same terms and conditions as the Firm Shares as set forth in this REIT Plan, solely to cover overallotments, if any (the "**Overallotment Option**"). In connection with the Offer, the Stabilizing Agent or any person acting on its behalf may effect stabilizing transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Any stabilization activities may begin on or after the date on which adequate public disclosure of the final price of the Offer Shares is made and, if begun, may be ended at any time, but must end no later than thirty (30) calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, rules and regulations. The total number of Shares which the Stabilizing Agent or any person acting on its behalf may purchase to undertake stabilization activities shall not exceed [15]% of the aggregate number of the Firm Shares. If the Stabilizing Agent commences any stabilization activities (which would include thereafter disposing of or selling the Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on its behalf has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Shares will not decline significantly before or after any such stabilizing activities end.

Once the Overallotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Shares in the open market for the conduct of stabilization activities. To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders, and the corresponding filing fee for the Overallotment Option shall be forfeited. The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up.

Upon completion of the Offer, a total of [3,288,669,000] common shares will be issued and outstanding. The number of the Company's outstanding shares will not change with the completion of the Offer. The Offer Shares will represent approximately [48.96%] of the issued and outstanding capital stock of PremiereREIT after the completion of the Offer, assuming the full exercise of the Overallotment Option, and approximately [42.57%] of the issued and outstanding capital stock of PremiereREIT after completion of the Offer, assuming the Overallotment Option is not exercised. Upon completion of the Offer and full take up thereof by public shareholders, the Shares owned by the Sponsors will represent approximately [51.04%] of the issued and outstanding capital stock of PremiereREIT, assuming the full exercise of the Overallotment Option, and approximately [57.43%] of the issued and outstanding capital stock of PremiereREIT, assuming no exercise of any Overallotment Option.

The Company will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. The total proceeds to be raised from the sale of the Firm Shares will be approximately ₱[2,800,000,000.00]. The net proceeds to be received by the Selling Shareholders from the sale of the Firm Shares (after deduction of estimated fees and expenses of the Offer of approximately ₱[114,064,487.48]) will be approximately ₱[2,685,935,512.52]. Assuming full exercise of the Overallotment Option, the total proceeds to be raised by the Selling Shareholders from the sale of the Option Shares will be approximately ₱[3,220,000,000.00] and the Selling Shareholders will receive net proceeds of approximately ₱[3,091,245,592.52] (after deducting fees and expenses payable by the Selling Shareholders of approximately ₱[128,754,407.48]). The entire proceeds of Secondary Offer will be used by the Selling Shareholders in accordance with its reinvestment plan. For a more detailed discussion on the use of net proceeds by the Selling Shareholders, see "*Use of Proceeds*" and Annex A (Reinvestment Plan). For a more detailed discussion on the Selling Shareholders' shareholding see "*Principal and Selling Shareholders*". Please also refer to the discussion under "*Use of Proceeds*", for a detailed breakdown of the professional fees.

The Sole Issue Manager, Underwriter and Bookrunner will receive an underwriting and selling fees of up to [2.6316] % of the gross proceeds from the sale of the Offer Shares, which includes any amounts that may be ceded to [other participating underwriters and selling agents, including the Eligible PSE Trading Participants. The estimated underwriting, selling and Trading Participant ("**TP**") fees amount to approximately ₱[84,737,520.00], assuming that the Overallotment Option is fully exercised. The estimated underwriting, selling and TP fees amount to approximately ₱[73,684,800.00], assuming that the Overallotment Option is not exercised. Any Firm Shares left unsubscribed after the Offer Period will be underwritten on a firm commitment basis by the Sole Issue Manager, Issue Manager, and Bookrunner. For a detailed discussion on the underwriting commitment and the distribution of the Firm Shares, see "*Plan of Distribution*" on page 234.

All of the Offer Shares have identical rights and privileges to the issued and outstanding Shares of the Company. For a detailed discussion of the rights and features of the shares of stock of the Company, including the Offer Shares, see "*Description of Shares*" on page 163.

Each shareholder will be entitled to such dividends as set forth and subject to the conditions under the REIT Regulations. In particular, the REIT Law requires a REIT to distribute annually a total of at least 90% of its net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with internationally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are reinvested by the REIT within one year from the date of the sale) as dividends to its shareholders. The percentage of dividends with respect to any class of stock to be received by Shareholders to the total dividends distributed by the Company from its distributable income shall not be less than such percentage of their aggregate ownership of the total outstanding shares of the Company. Such dividends shall be payable only from the unrestricted retained earnings of the Company, and the income distributable as dividends by the Company shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Board of Directors, including the unanimous vote of all the Company's independent Directors, and stockholders representing not less than two-thirds of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the SEC within five (5) working days from receipt of the request for approval. If the SEC does not act on said request within such period, the declaration shall be deemed approved. For further discussion, see "*Dividends and Dividend Policy*" beginning on page 79.

On August 25, 2022, the Company submitted a Registration Statement with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "**SRC**") for the registration of all the issued and outstanding shares of the Company, including the Offer Shares. On November 10, 2022, the SEC approved the Registration Statement and issued a Pre-Effective Letter. Upon compliance with the requirements of the Pre-Effective Letter, the SEC is expected to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale.

The listing of the Offer Shares is subject to the receipt of Notice of Approval issued by the PSE. On September 12, 2022, the Company filed the Listing Application for the listing and trading of the issued and outstanding shares of the Company, including the Offer Shares. [Per its Notice of Approval dated November 16, 2022, the PSE has approved the listing application subject to compliance with certain conditions.] The PSE's approval of the listing is merely permissive and does not constitute a recommendation or endorsement of the Offer by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in the REIT Plan. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the REIT Plan.

The purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to minimum public ownership requirements of the REIT Law and the nationality limits under Philippine law. In particular, the Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals, which include corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned and held by citizens of the Philippines. As the Company owns land, foreign shareholdings in the Company may not exceed (i) 40% of its issued and outstanding capital stock entitled to vote in the election of directors; and (ii) 40% of its total issued and outstanding capital stock, whether or not entitled to vote in the election of directors. See "*Regulatory and Environmental Matters*" on page 187.

The Company and the Selling Shareholders reserve the right to withdraw the offer and sale of the Offer Shares at any time, and the Sole Issue Manager, Underwriter, and Bookrunner reserves the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, we shall make the necessary disclosures to the SEC and the PSE.

The Company and the Selling Shareholders may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to Listing if any of the force majeure or fortuitous events set out under the Section "*Summary of the Offer - Withdrawal of the Offer*" of this REIT Plan occurs.

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

Summary Information on PremiereREIT and the Properties

PremiereREIT is a REIT formed primarily to own and invest in income-generating assets that meet the Company's investment criteria. PremiereREIT is envisioned to be the power and infrastructure REIT platform of the PAVI Group and aims to be among the leading diversified power and infrastructure REITs in the Philippines in terms of portfolio, profitability, growth, sustainability, and dividend yield.

The principal investment mandate and strategy of PremiereREIT is to invest on a long-term basis in critical real estate and infrastructure that will not only expand its portfolio but enable the Company to attain its objective of meaningfully contributing to the promotion of clean, renewable and sustainable energy, as well as continue its progress on expanding social and missionary electrification.

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 once said properties are in operation. To meet the Company's investment criteria, a potential property should:

- be capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;

- may be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;

- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and

- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

The initial property portfolio of the Company consists, as of date, of land and power plant assets utilized in the power generation projects of the Sponsors. The properties used in the operation of the 12.8 MW heavy fuel oil (HFO)-fired power plants of SIPCOR located in Candanay Sur and Lazi, Siquijor ("**SIPCOR Power Plants**") consist of (a) power plants assets such as HFO diesel generator sets and perimeter fence; (b) building that houses physical structures such as an administrative office, control room, warehouse, guard house, staff house, material recovery facility, work shop, firefighting shed, fuel tank farm, and fuel pump station; and (c) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located (collectively, the "**SIPCOR Properties**"). The properties used in the operation of the 8.4 Mw power plants of CAMPCOR located in Poro and Pilar, Camotes Island, Cebu ("**CAMPCOR Power Plants**"), consist of (a) buildings or powerhouse stations that house physical structures such as water treatment unit, staff house, radiator unit, fire pump house, guard house, oil-water separator, material recovery facility, reverse osmosis house, transformer house, warehouse, and administrative office; and (b) 16,406.5 sq.m. parcels of land owned by the Company where such buildings are located (collectively, the "**CAMPCOR Properties**", and together with the SIPCOR Properties, the "**Properties**").

All of the Properties are leased to the Sponsors and are being used by the latter to operate the SIPCOR Power Plants and the CAMPCOR Power Plants, with a total combined installed capacity of 21.2 MW. The Properties which comprise the Company's initial portfolio, have an aggregate appraised value of ₱8,673,670,000.00 based on the Valuation Reports (the "**Valuation Report**") issued by Asian Appraisal Company, Inc. (the "**Property Valuer**").

In contemplation of the Offer and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, the Company and the Sponsors entered into and implemented the "**REIT Formation Transactions**" as follows:

At the duly constituted meeting of the Board of Directors of the Company held on March 9, 2022, the increase in the authorized capital stock of the Company to ₱7,500,000,000.00, divided into 7,500,000,000 common shares, with a par value of One Peso (₱1.00), was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

The aforementioned increase in the authorized capital stock of the Company was approved by the affirmative vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company at a meeting held on the same date at the same venue. On May 31, 2022, the SEC approved the increase in authorized capital stock.

Out of the increase in the authorized capital stock of the Company, 3,288,664,000 common shares have been subscribed at an aggregate subscription price of ₱8,221,660,000.00, and the Sponsors, as subscribers, have paid their respective subscriptions in full by way of transfer of the Properties (consisting of real and personal properties and certain real rights) (the "**Property-for-Share Swap**").

A Deed of Assignment and Subscription dated May 27, 2022 (the "**Deed of Assignment and Subscription**") was entered into by the Company and the Sponsors whereby the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of their rights, title and interests in the Properties, free from liabilities, debts, liens and encumbrances.

On May 31, 2022, the SEC issued the Certificate of Approval of the Increase in Authorized Capital Stock on the Property-for-Share Swap. The requisite Certificates Authorizing Registration ("**CARs**") authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on September 2, 2022. By virtue of the Property-for-Share Swap, the Sponsors acquired further control of the Company, through an aggregate ownership interest of 100% of the total issued and outstanding capital stock of the Company.

On April 11, 2022, the Company and the Sponsors finalized the lease agreements for the lease by the Company of the Properties to the Sponsors. Additionally, the Company and the Sponsors entered into a sublease agreement for the sub-lease by the Company of certain lands owned by the National Power Corporation ("**NPC**") to SIPCOR. Such lease and sub-lease agreements are referred to as the "**Lease Agreements**". For a detailed discussion of the Lease Agreements, please see *"Certain Agreements Relating to the Company and the Properties"* in this REIT Plan.

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

<u>SIPCOR Properties</u>

Property	Location	Area	Appraised Value (in ₱)	Rights of the Company	Lessee/ Sublessee	Operating date[3]	Term of Lease/Sublease	Occupancy Rate	Rental Rate[4]
Land	Candanay Sur, Siquijor, Siquijor	9,478 sq.m.	1,325,850,000	Leasehold Rights	SIPCOR	May 2022	8 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 26.59% of Revenues from Sale of Electricity as Variable Base Lease
Land	Barrio of Tignao, Lazi, Siquijor	3,000 sq.m.	1,003,310,000	Company-owned	SIPCOR	May 2022	9 years, renewable for another 10 years upon	100%	The higher of: • Guaranteed Annual Base Lease, or • 8.41% of

[3] The operating date corresponds to the commencement of the lease between the Company and the Lessee.

[4] Any reference to the 'Variable Base Lease' pertains to a specific percentage of the lessee's annual revenues from Sale of Electricity as reported in the latter's audited financial statements for the relevant year.

							mutual agreement of the parties		Revenues from Sale of Electricity as Variable Base Lease
Building	Candanay Sur, Siquijor, Siquijor	353.20 sq.m.	102,210,000	Company-owned	SIPCOR	May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 0.50% of Revenues from Sale of Electricity as Variable Base Lease
Powerplant Assets	Candanay Sur, Siquijor, Siquijor	607 sq.m.	910,740,000	Company-owned		May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 4.50% of Revenues from Sale of Electricity as Variable Base Lease

CAMPCOR Properties

Property	Location	Area	Appraised Value (in ₱)	Rights of the Company	Lessee	Operating Date[5]	Term of Lease/Sublease	Occupancy Rate	Rental Rate[6]
Land	Brgy. Teguis, Poro, Camotes Island, Cebu	8,468 sq.m.	1,632,520,000	Company-owned	CAMPCOR	May 2022	10 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 15% of Revenues from Sale of Electricity as Variable Base Lease
	Upper Poblacion, Pilar, Cebu	7,938.5 sq.m.	1,530,440,000	Company-owned		May 2022		100%	
Building	Brgy. Teguis, Poro, Camotes Island, Cebu	577.3 sq.m.	1,271,250,000	Company-owned	CAMPCOR	May 2022	10 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 10% of Revenues from Sale of Electricity as Variable Base Lease
	Upper Poblacion, Pilar, Cebu	244 sq.m	897,350,000	Company-owned		May 2022		100%	

The Properties are leased to SIPCOR and CAMPCOR and are utilized for the power generation businesses of the latter. The Company benefits from the use by SIPCOR of the SIPCOR Properties, as well as the operation by SIPCOR of its power plants, through the lease rental rates which are equivalent to the higher of (i) the fixed rental amount based on a schedule of annual rental amounts agreed upon by the parties and set out in the lease agreement ("**Guaranteed Annual Base Lease**"); or (ii) a specific percentage of the lessee's annual revenues from sale of

[5] The operating date corresponds to the commencement of the lease between the Company and the Lessee.

[6] Any reference to the 'Variable Base Lease' pertains to a specific percentage of the lessee's annual revenues from Sale of Electricity as reported in the latter's audited financial statements for the relevant year.

electricity as reported in the latter's audited financial statements for the relevant year ("**Variable Base Lease**"). The revenues of SIPCOR and CAMPCOR are or will be derived from their respective offtake agreements with distribution utilities for the sale of electricity generated by SIPCOR and CAMPCOR, respectively.

As of the date of this REIT Plan, SIPCOR has existing power supply agreements with Province of Siquijor Electricity Cooperative, Inc ("**PROSIELCO**"), a duly enfranchised electric cooperative servicing several municipalities in the Province of Siquijor. Such power supply agreements have a term of 20 years, pursuant to which, SIPCOR shall supply to PROSIELCO 13,800 Mw of electricity for each 12-billing month period on a take-and-pay basis, plus an additional capacity of 6.402 MW with N-1 contingency and contracted capacity of 3 MW. On the other hand, CAMPCOR has committed to supply electricity to Camotes Electric Cooperative, Inc. ("**CELCO**"), a duly enfranchised electric cooperative servicing the municipalities of Camotes, Poro, San Francisco and Tudela in the province of Cebu. CAMPCOR's contracted capacity consists of 5.60 MW for Camotes and 0.90MW for the Pilar grid. The supply agreement with CELCO has a term of 15 years commencing from the commercial operations date.

There are no existing mortgages, liens or encumbrances over the Properties, and there are no planned major renovations in the near term. Please refer to the discussion under "*Legal Proceedings*" for details concerning a civil case between NPC and third-party claimants involving a portion of the parcel of land leased by the Company from NPC.

Pursuant to the REIT Law, the total borrowing and deferred payments of the Company shall not exceed 35.0% of the Deposited Property.

In addition to the Properties, and following acquisition thereof by the Sponsors using the proceeds of the Offer, the Company intends to expand its property portfolio by acquiring critical real estate and infrastructure that may be devoted to renewable, social, and missionary power generation in alignment with its financial and strategic investment criteria, by acquiring the properties indicated below from the Sponsors (the "**Properties to be Acquired**"):

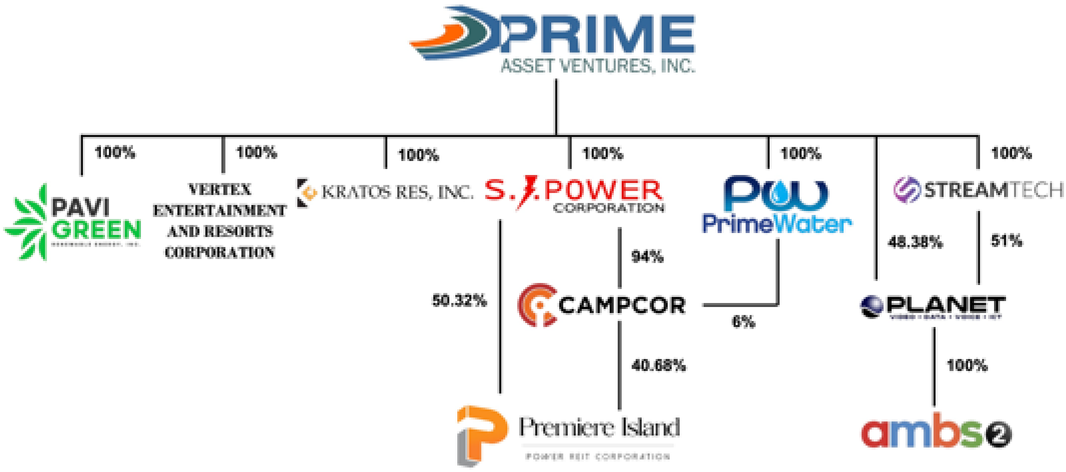
	PROJECT	**DESCRIPTION**	**MWDC**	**LOCATION**	**Status**
1	Bataan Solar Farm 1	Solar PV Farm	20.00	Bataan	on-going construction
2	Camarines Norte Solar Farm 1	Solar PV Farm	36.00	Camarines Norte	on-going construction
3	Camarines Sur Solar Farm 1	Solar PV Farm	50.00	Camarines Sur	on-going construction
4	Camarines Sur Solar Farm 2	Solar PV Farm	54.00	Camarines Sur	site selection, pre-development
5	Pangasinan Solar Farm 1	Solar PV Farm	140.83	Pangasinan	site selection, pre-development
6	Pangasinan Solar Farm 2	Solar PV Farm	132.00	Pangasinan	site selection, pre-development
7	Nueva Ecija Solar Farm	Solar PV Farm	379.20	Nueva Ecija	site selection, pre-development
8	Bulacan Solar Farm	Solar PV Farm	84.00	Bulacan	site selection, pre-development
9	Isabela Solar Farm 1	Solar PV Farm	108.96	Isabela	site selection, pre-development
10	Pangasinan Solar Farm 3	Solar PV Farm	382.80	Pangasinan	site selection, pre-development
11	Pangasinan Solar Farm 4	Solar PV Farm	115.20	Pangasinan	site selection, pre-development
12	Cagayan Solar Farm	Solar PV Farm	360.00	Cagayan	site selection, pre-development
13	Bataan Solar Farm 2	Solar PV Farm	123.60	Bataan	site selection, pre-development
14	Pangasinan Solar Farm 5	Solar PV Farm	48.00	Pangasinan	site selection, pre-development

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

The Sponsors of PremiereREIT are direct or indirect subsidiaries of Prime Asset Ventures, Inc. ("**PAVI**").

PAVI was incorporated on August 18, 2011, as an investment and holdings company with a focus on building and developing community infrastructure. At present, PAVI holds significant investments in four core industries – power systems infrastructure, water distribution technologies, ICT (information, communications, and technology) and broadcasting, and realty and entertainment. PAVI is 100% Filipino-owned.

The diagram below illustrates the corporate structure of PAVI and its major subsidiaries:



PAVI's core businesses are summarized as follows:

Green Renewable Energy – PAVI Green Renewable Energy, Inc. (PAVI Green) was incorporated in May of 2021. It is engaged in the business of generating electricity from renewable sources such as bio-mass, solar, wind and hydro. It is also engaged in generation, trading, distribution, and supply of electricity. Currently, it operates in Municipality of Orion in Bataan, Municipality of San Vicente in Camarines Norte and City of Naga in Camarines Sur. PAVI Green is looking at investing in Solar Rooftop projects in, greater Manila Area. PAVI Green was also recently awarded 40 MW of solar capacity in the first round of the DOE's Green Energy Auction Program on July 24, 2022. It plans to put up 1,000 megawatts of renewable energy, aiming to be at the forefront in the clean energy industry.

Water Distribution Technologies – through PAVI's wholly-owned subsidiary, Primewater Infrastructure Corp. ("**PrimeWater**"). Incorporated in August 2006, PrimeWater is engaged in establishing, maintaining, operating, managing or supervising waterworks systems. PrimeWater also enters into service concession agreements and joint ventures with various local water districts which are government owned and controlled corporations for the financing, construction, development, rehabilitation, improvement, expansion, operation and maintenance of water supply system and septage facilities. With over 30 years of industry experience, PrimeWater has provided total professional water and sewage management solutions to all of its partner communities and water districts in

16 regions, 37 provinces, and 135 cities and municipalities from Cagayan Province in the north to Zamboanga Special Economic Zone in the south.

Power Systems Infrastructure – through wholly-owned subsidiaries and affiliates, including Kratos RES, Inc. ("**KRI**") and the Sponsors. Incorporated in 2011, KRI is engaged in the business to purchase, supply, and deliver electricity. With promoting energy sustainability at the heart of its business, KRI also provides a broad range of comprehensive energy solutions to all its clients and partner communities. KRI currently supplies up to 43.8 Megawatts of retail electricity to its customers. The business of Kratos is the supply of retail electricity to contestable customers, most of which are malls, offices, complexes, and manufacturing facilities.

Information, Communications, and Technology (ICT) – through subsidiaries and affiliates, consisting of Advanced Media Broadcasting System Inc. ("**AMBS**"), Streamtech Systems Technologies, Inc. ("**Streamtech**"), and Planet Cable, Inc. ("**Planet Cable)**.

Incorporated in 1991, AMBS, which recently rebranded to AllTV, is engaged in operating radio and television broadcasting stations across the Philippines. AMBS has been granted legislative franchise on June 15, 1995 for a term of 25 years (or until June 2020) by virtue of Republic Act No. 8061. The legislative franchise was extended for another 25 years (or until 2044) by virtue of Republic Act No. 11253 which took effect on March 30, 2019. It started airing on free and cable TV on September 13, 2022.

Originally established as cable and television systems operator in September 2000, Planet Cable since expanded its business holdings beyond traditional cable operations to providing internet data services and related technology infrastructure in partner communities all over the Philippines.

Streamtech was incorporated on August 4, 2016, to operate in the industry of both wired and wireless telecommunications system. Streamtech looks to provide connectivity solutions to communities all over the country with future projects covering fiber optics, mobile and cellular communications, and multichannel multipoint distribution systems.

VERTEX ENTERTAINMENT AND RESORTS CORPORATION

Realty and Entertainment – through a wholly-owned subsidiary, Vertex Entertainment and Resorts Corporation ("**Vertex**"). Vertex was incorporated on June 26, 2018, to engage in the business of developing, managing, and operating integrated entertainment centers such as, but not limited to casinos, hotels, theaters, theme parks, and museums. On November 11, 2021, a Provisional License was executed between Philippine Amusement and Gaming Corporation and PAVI and Vertex as Licensees. The key components of the project include an integrated hotel, resort and casino at the Global South Complex along C5 Extension, Brgy. Manuyo 2, Las Piñas City, which will cover a total gross floor area of at least 250,000.00 m^2.

The Sponsors

SIPCOR was incorporated in the Philippines and registered with the SEC in September 2011. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. Its power plant facilities currently have an aggregate installed capacity of 12,870 kW [for the Candanay Sur grid and the Lazi grid in Siquijor. SIPCPOR is a wholly-owned subsidiary of PAVI.

CAMPCOR was incorporated in the Philippines and registered with the SEC in September 2019. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. Its first power plant facilities have an aggregate installed capacity of 6.9 Mw for the Camotes main grid, and 1,280 kW for the Pilar grid, both in the province of Cebu. CAMPCOR is the sole power provider for Pilar Island and Camotes Island.

The Fund Manager

The Fund Manager is VFund Management, Inc. (formerly Communities Palawan, Inc.). The Fund Manager was incorporated on November 8, 2011, with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. It has its principal place of business at Lower Ground Floor, Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The Fund Manager has an 11-year track record in the development of real estate industry. On May 19, 2022, the SEC issued the Fund Manager a license to act as a REIT Fund Manager in accordance with the REIT Regulations. The Fund Manager is a wholly-owned subsidiary of Communities Philippines, Inc. which, in turn, is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc..

The Fund Manager's main responsibility is to manage the Company's assets and liabilities for the benefit of its shareholders, with a focus on investment yields and profitability margins, pursuant to the Fund Management Agreement, a 5-year, renewable agreement defining the relationship between the Company and the Fund Manager. The Fund Manager is compliant with the minimum requirements of a REIT fund manager under the REIT Law and the REIT IRR.

The Property Manager

Our Property Manager is VProperty Management, Inc. (formerly, LET Ventures, Inc.). The Property Manager was incorporated on August 6, 2019 and is a wholly-owned subsidiary of Vista Residences, Inc., which in turn is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc.. Its primary purpose is to engage in the business of providing property management, lease management, marketing, and project management and such other duties and functions necessary and incidental to property management.

Pursuant to the Property Management Agreement entered on August 19, 2022 between the Company and the Property Manager, the Property Manager shall have the overall responsibility for the day-to-day property management functions in accordance with the terms of the Property Management Agreement. The Property Manager shall manage the execution of new leases and renewing or replacing expiring leases as well as overall management, maintenance and repair of the Properties (except to the extent where responsibility for the same are borne by the lessees, in which case, the responsibility of the Property Manager shall be to oversee, supervise and ensure compliance by the lessee with such obligations),, formulation and implementation of policies and programs in respect of facility management, maintenance and improvement, secure and administer routine management services including security control, fire precautions, communication systems and emergency management.

While the maintenance and repair of the Properties is a contractual obligation of the Sponsors (as lessees) pursuant to their respective lease agreements, the Property Manager still has the obligation to oversee and supervise such maintenance or repair, and to ensure that the lessees carry out such obligations according to the terms of the lease agreements.

To this end, the Property Manager shall have the right to engage, at PREIT's or the lessee's expense, third party power industry specialists or other qualified service providers to assist and facilitate the performance by the Property Manager's responsibilities in respect of the maintenance and repair of the leased assets

The operational structure of PremiereREIT and its relationship with the Sponsors, Fund Manager and Property Manager, as of the date of this REIT Plan and after the Offer (assuming full exercise or no exercise of the Overallotment Option), are set out on page 161 of this REIT Plan.

On August 25, 2022, the Company filed a Registration Statement covering the Shares with the Philippine SEC, in accordance with the provisions of the Securities Regulation Code ("**SRC**"), and the REIT Law.

The listing of the Offer Shares is subject to receipt of Notice of Approval issued by the PSE. On [September 12, 2022], the Company filed itsapplication for the listing of the Offer Shares and the rest of its Shares with the PSE. On November 16, 2022, the application was approved by the board of directors of the PSE, subject to fulfillment of certain listing conditionsby the Company. However, such an approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the Philippine SEC of the Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this REIT Plan. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this REIT Plan.

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

Risk Factors

Before making an investment decision, prospective investors should carefully consider all the information contained in this REIT Plan, including the risks associated with an investment in the Offer Shares. These risks include:

- Risks relating to our business and operations;
- Risks relating to the Philippines;
- Risks relating to the Offer and the Offer Shares; and
- Risks relating to the Presentation of Information in this REIT Plan.

See the section entitled "*Risk Factors*" starting on page 58 of this REIT Plan, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

NOTICE TO INVESTORS

The information contained in this REIT Plan relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. Each of the Company and the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s] have exercised due diligence to the effect that, and the Company confirms that, to the best of its knowledge and belief after having taken reasonable care to ensure that such is the case, as of the date of this REIT Plan, the information contained in this REIT Plan relating to the Company and its operations is true and there is no material misstatement or omission of fact which would make any statement in this REIT Plan misleading in any material respect. The Company accepts responsibility for the information contained in this REIT Plan. No representation or warranty, express or implied, is made by us, the Selling Shareholders and the Sole Issue Manager, Underwriter and Bookrunner regarding the legality of an investment in the Offer Shares under any legal, investment or similar laws or regulations. Each person contemplating an investment in the Offer Shares should make their own investigation and analysis of the creditworthiness of the Company and their own determination of the suitability of any such investment. The contents of this REIT Plan are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of us and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this REIT Plan, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited.

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

No person has been authorized to give any information or to make any representations other than those contained in this REIT Plan and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Shareholders, and the Sole Issue Manager, Underwriter and

Bookrunner, [and the Participating Underwriter/s]. This REIT Plan does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this REIT Plan nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

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

We, together with the Selling Shareholders, reserve the right to withdraw the offer and sale of Offer Shares at any time. In consultation with the Sole Issue Manager, Underwriter and Bookrunner, we reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allow to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, we shall subsequently notify the SEC and the PSE. The Sole Issue Manager, Underwriter and Bookrunner and certain related entities may acquire for their own account a portion of the Offer Shares.

We, together with the Selling Shareholders, may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to Listing if any of the force majeure or fortuitous events set out under the Section *"Summary of the Offer - Withdrawal of the Offer"* of this REIT Plan occur.

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

BASIS FOR CERTAIN MARKET DATA

This REIT Plan contains industry information obtained from publicly available sources and an independent market research study conducted by Frost & Sullivan to provide an overview of the power generation industry in the Philippines with focus on diesel/heavy fuel oil power generation (the "**Industry Report**"). Frost & Sullivan has relied upon external third-party information in producing the Industry Report and there is no assurance that such information is accurate or complete.

This REIT Plan also includes industry forecasts, market research, Government data, publicly available information and/or industry publications relating to the Philippines and have not been independently verified, and none of the Company, the Sponsors/Selling Shareholders and the Sole Issue Manager, Underwriter and Bookrunner, [and the Participating Underwriter/s] makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same. The extent to which the market and industry data used in this REIT Plan is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our business is conducted, and methodologies and assumptions may vary widely among different industry sources. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed.

Certain Company information used throughout this REIT Plan has been calculated by us on the basis of certain assumptions, including with reference to the independent property valuation reports prepared by Asian Appraisal Company, Inc. as set out in Annex B (Valuation Reports) to this REIT Plan. As a result, this operating information may not be comparable to similar operating information reported by other companies.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are reported in Philippine Pesos and are prepared based on our accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines.

The financial information included in this REIT Plan has been derived from our financial statements. Unless otherwise indicated, financial information relating to us in this REIT Plan is stated in accordance with PFRS.

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

Punongbayan & Araullo, independent auditors, [(i) audited the Company's financial statements as of and for the period ended May 31, 2022 included in this REIT Plan in accordance with Philippine Standards on Auditing, (ii) performed an assurance engagement to report on the compilation of the Company's pro forma financial information as of and for the period ended May 31, 2022 as of and for the years ended December 31, 2021, (iii) issued a report with an unqualified opinion on the combined carved-out financial statements of the Properties as of and for the years ended December 31, 2021, 2020 and 2019, included in this REIT Plan, and (iv) performed an assurance engagement on the compilation of the profit forecast and profit projection of the Company in accordance with PSAE 3400, *The Examination of Prospective Financial Information*.

PRESENTATION OF NON-PFRS FINANCIAL INFORMATION

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

Funds from operations ("**FFO**") is equal to net income, excluding gains or losses from sales of property and adding back non-cash expenses. Adjusted funds from operations ("**AFFO**") is calculated by subtracting from FFO the recurring capital expenditures that are capitalized by our Company and then amortized, but which are necessary to maintain the Company's properties and its revenue stream. We believe that the use of FFO and AFFO, combined with the required PFRS presentations, improves the understanding of our Company's operating results among investors. AFFO is an important measurement because our leases generally have contractual escalations of base rents that are not directly observable in the Company's statements of comprehensive income due to the application of a straight-line method of recognizing Rental Income. Non-cash expenses are added while capital expenditures on existing investment properties are deducted in the calculation of AFFO. Hence, we believe that AFFO provides a better measure of our ability to distribute dividends.

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

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OF COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS REIT PLAN SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICATION OF AN OFFER TO BUY.

TIMOTHY JOSEPH M. MENDOZA
President and CEO

REPUBLIC OF THE PHILIPPINES)
[●]) SS.

SUBSCRIBED AND SWORN to before me this ________________ in _________, affiant exhibiting to me his Philippine Passport No. _____________ expiring on ____________ as competent evidence of identity.

Doc No.: _____;
Page No.: _____;
Book No.: _____;
Series of 2022.

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

This REIT Plan contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expected future results;
- performance or achievements expressed or implied by forward-looking statements;
- our overall future business, financial condition, and results of operations, including, but not limited to, financial position or cash flow;
- our goals for or estimates of future operational performance or results; and
- changes in the regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

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

- risks relating to our business and operations, including those relating to our limited operating history as a REIT;
- the Fund Manager's ability to successfully implement our current and future business strategies and to manage our expansion and growth;
- increases in maintenance and operational costs;
- risks (including political, social and economic conditions) relating to the Philippines;
- the condition and changes in the Philippine, Asian or global economies and future political instability in the Philippines;
- our ability to obtain financing or raise debt, changes in interest rates, inflation rates and the value of the Philippine Peso against the U.S. dollar and other currencies;
- changes in Government laws and regulations, including changes in REIT Regulations, tax laws, or licensing in the Philippines;
- material changes to any planned capital expenditures for our properties as a result of market demands, financial conditions, and legal requirements, among others;
- risks relating to the presentation of financial and other information in this REIT Plan;
- risks relating to the Offer and the Offer Shares; and
- any other matters not yet known to our Fund Manager or not currently considered material by our Fund Manager.

These forward-looking statements speak only as of the date of this REIT Plan. We, the Selling Shareholders and the Sole Issue Manager, Underwriter and Bookrunner, [and the Participating Underwriter/s] expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This REIT Plan includes statements regarding our expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "can," "could," and similar words identify forward-looking statements. Statements that describe our objectives, plans or goals are forward-looking statements. In addition, all statements other than statements of historical facts included in this REIT Plan are forward-looking statements.

In view of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this REIT Plan might not occur. In particular, in light of the ongoing COVID-19 pandemic and associated uncertainties in the global financial markets and their contagion effect on the real economy, any forward-looking statements and forward-looking financial information contained in this REIT Plan must be considered with caution and reservation.

Actual results could differ materially from those contemplated in the relevant forward-looking statement and we give no assurance that such forward-looking statements will prove to be correct or that such intentions will not change. This REIT Plan discloses, under the section "*Risk Factors*", "*Profit Forecast and Profit Projection*", "*Industry Overview*" and elsewhere, important factors that could cause actual results to differ materially from our expectations. The projections and the information from the valuation reports included in this REIT Plan are subject to and based on certain assumptions and should be read together with the assumptions and notes therein.

All subsequent written and oral forward-looking statements attributable to us or persons acting on behalf of us are expressly qualified in their entirety by the above cautionary statements.

GLOSSARY OF TERMS

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

Affiliate…………………………………..a corporation that directly or indirectly, through one or more intermediaries, is controlled by, or is under the common control of another corporation, which thereby becomes its parent corporation.

AMBS ………………………………….. Advanced Media Broadcasting System Inc., a partially owned Subsidiary of PAVI

Application ……………………………… An application to subscribe for Offer Shares pursuant to the Offer

Asian Appraisal …………………………. Asian Appraisal Company, Inc.

Banking Days…………………………… 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 Metro Manila, Philippines

BIR ……………………………………… The Philippine Bureau of Internal Revenue

Board of Directors or Board ……………. The board of directors of PremiereREIT

BSP …………………………………….. *Bangko Sentral ng Pilipinas*, the central bank of the Philippines

CAMPCOR …………………………….. Camotes Island Power Generation Corporation

CAGR ……………………………………Compound Annual Growth Rate

China Bank Capital ………………………China Bank Capital Corporation

Control ……………………………………The power of a corporation to direct or govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly, through Subsidiaries, more than one-half of the voting power of an enterprise, unless, in exceptional circumstances, it can clearly be demonstrated that such ownership does not constitute Control. Control also exists even when the parent corporation owns one-half or less of the voting power of an enterprise when there is power: (i) over more than one-half of the voting rights by virtue of an agreement with investors; (ii) to direct or govern the financial and operating policies of the enterprise under a statute or an agreement; (iii) to appoint or remove the majority of the members of the board of directors or equivalent governing body; or (iv) to cast the majority votes at meetings of the board of directors or equivalent governing body.

Competitive Investment Return ………… A comparable or better return than other investment instruments available in the market relative to the associated risks. For this purpose, investment return refers to total return, including from dividends dividend growth, and/ or capital appreciation. Such sources of return could include lease rental, future rental escalation or price appreciation of the shares.

Specifically, the Company compares its dividend yield and potential dividend growth to (a) the current 10-year BVAL benchmark rate, (b) rates of return of recent comparable local debt issuances and instruments, and (c) the dividend yield and dividend yield growth for

	comparable equity investments and instruments taking into account, among others, the Sponsors' strength, portfolio quality and sector outlook.
Corporation Code ………………………..	Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines
Deposited Property ………………………	means the total value of PremiereREIT's assets reflecting the fair market value of the total assets held by the REIT and under management by the Fund Manager
Distributable Income ……………………	means the distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re- invested in PremiereREIT within one year from the date of the sale)
DST ……………………………………..	Documentary stamp tax
Eligible PSE Trading Participants……….	Duly licensed securities brokers who are REIT-eligible trading participants of the PSE
Foreign Investments Act …………………	Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991, as amended
Firm Shares ………………………………	Up to [1,400,000,000] common shares
Fund Management Agreement …………	The fund management agreement, dated August 19, 2022, between the Company and the Fund Manager, as amended on October 7, 2022.
Fund Manager ……………………………	VFund Management, Inc., a corporation organized and existing under the law of the Philippines
Government ……………………………..	Government of the Republic of the Philippines and all its instrumentalities
Greenshoe Agreement ……………………	The Greenshoe Agreement dated [●] among the Company, the Selling Shareholders and China Bank Securities Corporation.
Gross Revenue ……………………………	The gross revenue of the Company, consisting of Rental Income, any Interest Income, and other income, before expenses, in any financial year ending on December 31 in each year or other specified period.
Guaranteed Annual Base Lease…………	A fixed rental amount based on a schedule of annual rental amounts agreed upon by the parties and set out in the relevant lease agreement.
Institutional Offer ………………………..	The offer for sale to certain qualified buyers and other investors in the Philippines.
Institutional Offer Shares ………………..	At least [980,000,000] Offer Shares being offered pursuant to the Institutional Offer
KRI ………………………………………	Kratos RES, Inc., a wholly owned Subsidiary of PAVI
Listing Date …………………………….	The date on which the trading of the Offer Shares on the PSE begins, expected to be on or about [December 12, 2022].

Local small investors or LSIs……………	Local small investors under the PSE's Local Small Investors program
Net Asset Value …………………………	Net Asset Value is computed by reflecting the fair market value of total assets and investible funds held by our Company, less total liabilities.
Net Operating Income ……………………	Gross Revenue less operating expenses, exclusive of depreciation, interest and amortization
Offer ……………………………………..	The offer and sale of the Offer Shares on, and subject to, the terms and conditions stated herein
Offer Implementing Guidelines …………	Implementing guidelines for the reservation and allocation of the Trading Participants and Retail Offer Shares through the PSE, prepared for the Offer and approved by the PSE
Offer Price ………………………………	Up to ₱[2.00] per Offer Share
Offer Shares …………………………...	The Firm Shares and the Option Shares
Off-Grid Systems…………………………	refers to electrical systems not connected to the wires and related facilities of the on-grid systems of the Philippines
Offtake Agreement……………………….	an agreement to purchase all or a substantial part of the output or product produced by a project, or arrangement between a producer and a buyer to purchase or sell portions of the producer's upcoming goods
Option Shares ……………………………	Up to [210,000,000] shares to be sold by the Selling Shareholders and purchased by the Stabilizing Agent upon exercise of the Overallotment Option
Overallotment Option …………………...	An option granted by the Selling Shareholders to the Stabilizing Agent to purchase the Option Shares at the Offer Price, on the same terms and conditions as the Firm Shares, solely to cover overallotments and effect price stabilization transactions
Parent ……………………………………	A corporation, which has Control over another corporation, directly or indirectly, through one or more intermediaries
[Participating Underwriter/s]……………..	[RCBC Capital Corporation]
PAVI ……………………………………..	Prime Asset Ventures, Inc.
PAVI Green ……………………………...	PAVI Green Renewable Energy, Inc., a wholly owned Subsidiary of PAVI
PAVI Group ……………………………..	PAVI and its Subsidiaries, including the Sponsors
PCD ……………………………………...	Philippine Central Depository
PDS ……………………………………...	Philippine Dealing System
PDTC ……………………………………	The Philippine Depositary & Trust Corp.
Philippine National ……………………...	As defined under the Foreign Investments Act, 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 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.

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.

Planet Cable …………………………….. Planet Cable, a wholly owned Subsidiary of PAVI

PrimeWater……………………………… Primewater Infrastructure Corp., a wholly owned Subsidiary of PAVI

Properties ……………………………… The initial REIT portfolio comprising the SIPCOR Properties and CAMPCOR Properties held by our Company as of the Listing Date

Property Management Agreement ……… The property management agreement dated August 19, 2022 between the Company and the Property Manager, as amended on [•].

Property Manager ………………………. VProperty Management, Inc.

PSE ……………………………………… The Philippine Stock Exchange, Inc.

Public Shareholder ……………………… A shareholder of the Company, other than the following persons (“**Non-public Shareholders**”):

(i) Any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the Company;

(ii) A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than ten percent (10.0%) of any class of securities of (i);

(iii) A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10.0% of any class of securities of the Company;

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

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

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

QBs……………………………………… Qualified buyers under Rule 10.1(3) of the SRC Rules, namely:

(i) Bank;

(ii) Registered investment house;

(iii) Insurance company;

(iv) Pension fund or retirement plan maintained by the Government of the Philippines or any political subdivision thereof or managed by a bank or other persons authorized by the BSP to engage in trust functions;

(v) Registered Securities Dealer;

(vi) An account managed by a Registered Broker under a discretionary arrangement as provided for in the other relevant provisions in the SRC 2015 Rules;

(vii) Registered Investment Company (e.g., mutual fund companies);

(viii) Provident fund or pension fund maintained by a government agency or by a government or private corporation and managed by an entity authorized accordingly by the BSP or the SEC to engage in trust function or in fund management;

(ix) A trust corporation that is authorized by the BSP to perform the acts of a trustee;

(x) Unit investment trust funds that are established in accordance with rules and regulations of the BSP;

(xi) A fund established and covered by a trust or IMA agreement under a discretionary arrangement in accordance with rules and regulations of the BSP; a discretionary arrangement means that the entity managing the fund is granted authority to decide on the investment of the trust funds or IMA funds;

(xii) A fund established and covered by a trust or IMA agreement under a non- discretionary arrangement in accordance with rules and regulations of the BSP, provided that the beneficial owner/s or principal/s of such fund possess the qualifications on financial capacity and sophistication as specified in 2015 SRC Rules 10.1.11.1 for natural persons, and 10.1.11.2 for juridical persons; and

	provided also, that the treatment of such fund as qualified buyer does not contravene the trust or IMA agreement; (xiii) A fund established and covered by a trust or IMA agreement wherein the beneficial owner or principal of the fund has been deemed or conferred as a qualified buyer under SRC Sec. 10.1 (l) or SRC Rule 10.1.11; (xiv) An entity with quasi bank license issued by BSP; (xv) Pre-need company authorized by the Insurance Commission; (xvi) Collective Investment Scheme authorized by the relevant regulatory authority pursuant to existing laws and regulations; (xvii) A listed entity on the PSE, or a related body corporate of a PSE-listed entity provided that it engages the service of a professional fund manager, through direct hire or via outsourcing to an authorized fund management entity; (xviii) A foreign entity not being established or incorporated in the Philippines that, if established or incorporated in the Philippines, would be covered by one of the preceding paragraphs; and (xix) Such other person as the SEC may by rule or order determine as qualified buyers, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial and business matters, or amount of assets under management.
RCBC Capital…………………………...	RCBC Capital Corporation
Receiving Agent ………………………..	Stock Transfer Service, Inc.
REIT …………………………………….	Real estate investment trust. The REIT Law defines a REIT as a stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by the SEC principally for the purpose of owning income-generating real estate assets. Although under the REIT Law, such entity is called a "trust," the term was adopted for the sole purpose of aligning with global best practices and terminology, and a REIT organized under Philippine laws is subject to the Corporation Code as a stock corporation and does not operate under the same regime as trusts generally under applicable laws and regulations governing trusts.
REIT Formation Transactions …………..	The Property-for-Share-Swap discussed on page 141 of this REIT Plan.
REIT Law ………………………………..	Republic Act No. 9856, the Real Estate Investment Trust (REIT) Act of 2009 together with the REIT Regulations.
REIT Regulations or REIT IRR …………	The rules and regulations implementing the REIT Law, including Memorandum Circular No. 1, Series of 2020 issued by the SEC and Revenue Regulations No. 13-2011 and 3-2020 issued by the BIR

Sale of Electricity……………….………	refers to the revenues from the sale of electricity (i) by SIPCOR pursuant to the SIPCOR PSA 1 and SIPCOR 2 PSA; and (ii) by CAMPCOR pursuant to the CAMPCOR PSA, as applicable
SEC …………………………………...	The Securities and Exchange Commission
Selling Agents …………………………..	Eligible PSE Trading Participants
Selling Shareholders / Sponsors …………	SIPCOR and CAMPCOR
Shares ……………………………………	The common shares of PremiereREIT, with par value of ₱1.00 per share
Shareholders …………………………….	Public Shareholders and non-Public Shareholders
SIPCOR …………………………………	S.I. P0wer Corporation
Social and Missionary Electrification…...	refers to the provision of basic electricity service in unviable areas with the aim of bringing the operations in these areas to viability levels, or shall refer to the provision of basic electricity service in unviable areas with the ultimate aim of bringing the operations in these areas to viability levels, including the provision of power generation and its associated power delivery systems in areas that are not connected to the national grid transmission system.
sq.m. ..…………………………………..	Square meters
SRC ……………………………………..	Republic Act No. 8799, otherwise known as the Securities Regulation Code, as amended from time to time, and including the rules and regulations issued thereunder
Stabilizing Agent ……………………… .	[China Bank Securities Corporation]
Stock Transfer Agent ……………………	Stock Transfer Service, Inc.
Streamtech ………………………………	Streamtech Systems Technologies, Inc., a wholly owned Subsidiary of PAVI
Subsidiary ……………………………….	A corporation which is Controlled, directly or indirectly, by another corporation which thereby becomes its Parent.
Tax Code ………………………………...	The National Internal Revenue Code of the Philippines, as amended
Trading Participants and Retail Offer …...	The offer for sale of the Trading Participants and Retail Offer Shares to be made in the Philippines
Trading Participants and Retail Offer Shares ………………………	Up to [420,000,000] Offer Shares being offered pursuant to the Trading Participants and Retail Offer
Trading Participants and Retail Offer Settlement Date …………………………	The date on which settlement of the Trading Participants and Retail Offer Shares is to be made, expected to be on or about [November 8, 2022]
Valuer …………………………………..	Asian Appraisal Company, Inc.
Variable Base Lease ……………..........	A specified percentage of the lessee's annual revenue from Sale of Electricity, as reported in its audited financial statements for the relevant year.

VAT …………………………………….. Value-added tax

Vertex …………………………………… Vertex Entertainment and Resorts Corporation, a wholly owned Subsidiary of PAVI

REIT PLAN SUMMARY

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

OVERVIEW

Premiere Island Power REIT Corporation ("**PremiereREIT**" or the "**Company**") was formed as a REIT primarily to own and invest in income-generating assets that meet the Company's investment criteria. PremiereREIT is envisioned to be the power and infrastructure REIT platform of the PAVI Group and aims to be among the leading diversified power and infrastructure REITs in the Philippines in terms of portfolio, profitability, growth, sustainability, and dividend yield.

The principal investment mandate and strategy of the Company is to invest on a long-term basis in critical real estate and infrastructure that will not only expand its portfolio but enable the Company to attain its objective of meaningfully contributing to the promotion of clean, renewable and sustainable energy, as well as continue its progress on expanding social and missionary electrification.

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 once said properties are in operation. To meet the Company's investment criteria, a potential property should:

- be capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;

- may be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;

- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and

- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

The initial property portfolio of the Company consists, as of date, of land and power plant assets utilized in the power generation projects of the Sponsors. The properties used in the operation of the 12.8 MW heavy fuel oil (HFO)-fired power plants of SIPCOR located in Candanay Sur and Lazi, Siquijor ("**SIPCOR Power Plants**") consist of (a) power plants assets such as HFO diesel generator sets and perimeter fence; (b) building that houses physical structures such as an administrative office, control room, warehouse, guard house, staff house, material recovery facility, work shop, firefighting shed, fuel tank farm, and fuel pump station; and (c) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located (collectively, the "**SIPCOR Properties**"). The properties used in the operation of the 8.4 Mw power plants of CAMPCOR located in Poro and Pilar, Camotes Island, Cebu ("**CAMPCOR Power Plants**"), consist of (a) buildings or powerhouse stations that house physical structures such water treatment unit, staff house, radiator unit, fire pump house, guard house, oil-water separator, material recovery facility, reverse osmosis house, transformer house, warehouse, and administrative office; and (b) 16,406.5 sq.m. parcels of land owned by the Company where such buildings are located (collectively, the "**CAMPCOR Properties**", and together with the SIPCOR Properties, the "**Properties**").

All of the Properties are leased to the Sponsors and are being used by the latter to operate the SIPCOR Power Plants and the CAMPCOR Power Plants, with a total combined installed capacity of 21.2 Mw. The Properties which comprise the Company's initial portfolio, have an aggregate appraised value of ₱8,673,670,000.00 based on the Valuation Reports (the "**Valuation Report**") issued by Asian Appraisal Company, Inc. (the "**Property Valuer**").

In contemplation of the Offer and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, the Company and the Sponsors entered into and implemented the "**REIT Formation Transactions**" as follows:

At the duly constituted meeting of the Board of Directors of the Company held on March 9, 2022, the increase in the authorized capital stock of the Company to ₱7,500,000,000.00, divided into 7,500,000,000 common shares, with a par value of One Peso (₱1.00), was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

The aforementioned increase in the authorized capital stock of the Company was approved by the affirmative vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company at a meeting held on the same date at the same venue. On May 31, 2022, the SEC approved the increase in authorized capital stock.

Out of the increase in the authorized capital stock of the Company, 3,288,664,000 common shares have been subscribed at an aggregate subscription price of ₱8,221,660,000.00, and the Sponsors, as subscribers, have paid their respective subscriptions in full by way of transfer of the Properties (consisting of real and personal properties and certain real rights) (the "**Property-for-Share Swap**").

A Deed of Assignment and Subscription dated May 27, 2022 (the "**Deed of Assignment and Subscription**") was entered into by the Company and the Sponsors whereby the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of their rights, title and interests in the Properties, free from liabilities, debts, liens and encumbrances.

On May 31, 2022, the SEC issued the Certificate of Approval of the Increase in Authorized Capital Stock on the Property-for-Share Swap. The requisite Certificates Authorizing Registration ("**CARs**") authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on September 2, 2022. By virtue of the Property-for-Share Swap, the Sponsors acquired further control of the Company, through an aggregate ownership interest of 100% of the total issued and outstanding capital stock of the Company.

On April 11, 2022, the Company and the Sponsors entered into lease agreements for the lease by the Company of the Properties to the Sponsors. Additionally, the Company and the Sponsors entered into a sublease agreement for the sub-lease by the Company of certain lands to SIPCOR. Such lease and sub-lease agreements are referred to as "**Lease Agreements**". For a detailed discussion of the Lease Agreements, please see *"Certain Agreements Relating to the Company and the Properties"* in this REIT Plan.

The Properties contributed to PremiereREIT meet the following criteria set by the Company:

- Primarily be utilized for renewable energy;
- May be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) Baseload power generation facilities, or (c) both;
- May be located in underdeveloped or missionary electrification areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources and such areas have the potential to drive long-term sustainable growth; and
- Be a site where potential power generation lessees may have the capability to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

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

SIPCOR Properties

Property	**Location**	**Area**	**Appraised Value (in ₱)**	**Rights of the Company**	**Lessee/ Sublessee**	**Operating date[7]**	**Term of Lease/Sublease**	**Occupancy Rate**	**Rental Rate**
Improvement[8]	Candanay Sur, Siquijor, Siquijor	9,478 sq.m.	1,325,850,000	Leasehold Rights	SIPCOR	May 2022	8 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 26.59% of Revenues from Sale of Electricity as Variable Base Lease
Improvement[9]	Barrio of Tignao, Lazi, Siquijor	3,000 sq.m.	1,003,310,000	Company-owned	SIPCOR	May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 8.41% of Revenues from Sale of Electricity as Variable Base Lease
Improvement[10]	Candanay Sur, Siquijor, Siquijor	353.20 sq.m.	102,210,000	Company-owned	SIPCOR	May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 0.50% of Revenues from Sale of Electricity as Variable Base Lease
Improvement[11]	Candanay Sur, Siquijor, Siquijor	607 sq.m.	910,740,000	Company-owned		May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 4.50% of Revenues from Sale

[7] The operating date corresponds to the commencement of the lease between the Company and the Lessee.
[8] Subsequent references to this Improvement is "Land" in similar tables found in the REIT Plan.
[9] Subsequent references to this Improvement is "Land" in similar tables found in the REIT Plan.
[10] Subsequent references to this Improvement is "Building" in similar tables found in the REIT Plan.
[11] Subsequent references to this Improvement is "Powerplant Assets" in similar tables found in the REIT Plan.

									of Electricity as Variable Base Lease

CAMPCOR Properties

Property	Location	Area	Appraised Value (in ₱)	Rights of the Company	Lessee	Operating Date[12]	Term of Lease/Sublease	Occupancy Rate	Rental Rate
Land	Brgy. Teguis, Poro, Camotes Island, Cebu	8,468 sq.m.	1,632,520,000	Company-owned	CAMPCOR	May 2022	10 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 15% of Revenues from Sale of Electricity as Variable Base Lease
	Upper Poblacion, Pilar, Cebu	7,938.5 sq.m.	1,530,440,000	Company-owned		May 2022		100%	
Building	Brgy. Teguis, Poro, Camotes Island, Cebu	577.3 sq.m.	1,271,250,000	Company-owned	CAMPCOR	May 2022	10 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 10% of Revenues from Sale of Electricity as Variable Base Lease
	Upper Poblacion, Pilar, Cebu	244 sq.m	897,350,000	Company-owned		May 2022		100%	

The Properties are leased to SIPCOR and CAMPCOR and are utilized for the power generation businesses of the latter. The Company benefits from the use by SIPCOR of the SIPCOR Properties, as well as the operation by SIPCOR of its power plants, through the lease rental rates which are equivalent to the higher of (i) the fixed rental amount based on a schedule of annual rental amounts agreed upon by the parties and set out in the lease agreement ("**Guaranteed Annual Base Lease**"); or (ii) a specific percentage of the lessee's annual revenues from sale of electricity as reported in the latter's audited financial statements for the relevant year ("**Variable Base Lease**"). The revenues of SIPCOR and CAMPCOR are or will be derived from their respective offtake agreements with distribution utilities for the sale of electricity generated by SIPCOR and CAMPCOR, respectively.

As of the date of this REIT Plan, SIPCOR has existing power supply agreements with Province of Siquijor Electricity Cooperative, Inc ("**PROSIELCO**"), a duly enfranchised electric cooperative servicing several municipalities in the Province of Siquijor. Such power supply agreements have a term of 20 years, pursuant to which, SIPCOR shall supply to PROSIELCO 13,800 Mw of electricity for each 12-billing month period on a take-and-pay basis, plus an additional capacity of 6.402 MW with N-1 contingency and contracted capacity of 3 MW. On the other hand, CAMPCOR has committed to supply electricity to Camotes Electric Cooperative, Inc. ("**CELCO**"), a duly enfranchised electric cooperative servicing the municipalities of Camotes, Poro, San

[12] The operating date corresponds to the commencement of the lease between the Company and the Lessee.

Francisco and Tudela in the province of Cebu. CAMPCOR's contracted capacity consists of 5.60 MW for Camotes and 0.90MW for the Pilar grid. The supply agreement with CELCO has a term of 15 years commencing from the commercial operations date.

There are no existing mortgages, liens or encumbrances over the Properties, and there are no planned major renovations in the near term. Please refer to the discussion under "*Legal Proceedings*" for details concerning a civil case between NPC and third-party claimants involving a portion of the parcel of land leased by the Company from NPC. Pursuant to the REIT Law, the total borrowing and deferred payments of the Company shall not exceed 35.0% of the Deposited Property.

In addition to the Properties, and following acquisition thereof by the Sponsors using the proceeds of the Offer, the Company intends to expand its property portfolio by acquiring critical real estate and infrastructure that may be devoted to renewable, social, and missionary power generation in alignment with its financial and strategic investment criteria, by acquiring the properties indicated below from the Sponsors (the "**Properties to be Acquired**"):

	PROJECT	DESCRIPTION	MWDC	LOCATION	Status
1	Bataan Solar Farm 1	Solar PV Farm	20.00	Bataan	on-going construction
2	Camarines Norte Solar Farm 1	Solar PV Farm	36.00	Camarines Norte	on-going construction
3	Camarines Sur Solar Farm 1	Solar PV Farm	50.00	Camarines Sur	on-going construction
4	Camarines Sur Solar Farm 2	Solar PV Farm	54.00	Camarines Sur	site selection, pre-development
5	Pangasinan Solar Farm 1	Solar PV Farm	140.83	Pangasinan	site selection, pre-development
6	Pangasinan Solar Farm 2	Solar PV Farm	132.00	Pangasinan	site selection, pre-development
7	Nueva Ecija Solar Farm	Solar PV Farm	379.20	Nueva Ecija	site selection, pre-development
8	Bulacan Solar Farm	Solar PV Farm	84.00	Bulacan	site selection, pre-development
9	Isabela Solar Farm 1	Solar PV Farm	108.96	Isabela	site selection, pre-development
10	Pangasinan Solar Farm 3	Solar PV Farm	382.80	Pangasinan	site selection, pre-development
11	Pangasinan Solar Farm 4	Solar PV Farm	115.20	Pangasinan	site selection, pre-development
12	Cagayan Solar Farm	Solar PV Farm	360.00	Cagayan	site selection, pre-development
13	Bataan Solar Farm 2	Solar PV Farm	123.60	Bataan	site selection, pre-development
14	Pangasinan Solar Farm 5	Solar PV Farm	48.00	Pangasinan	site selection, pre-development

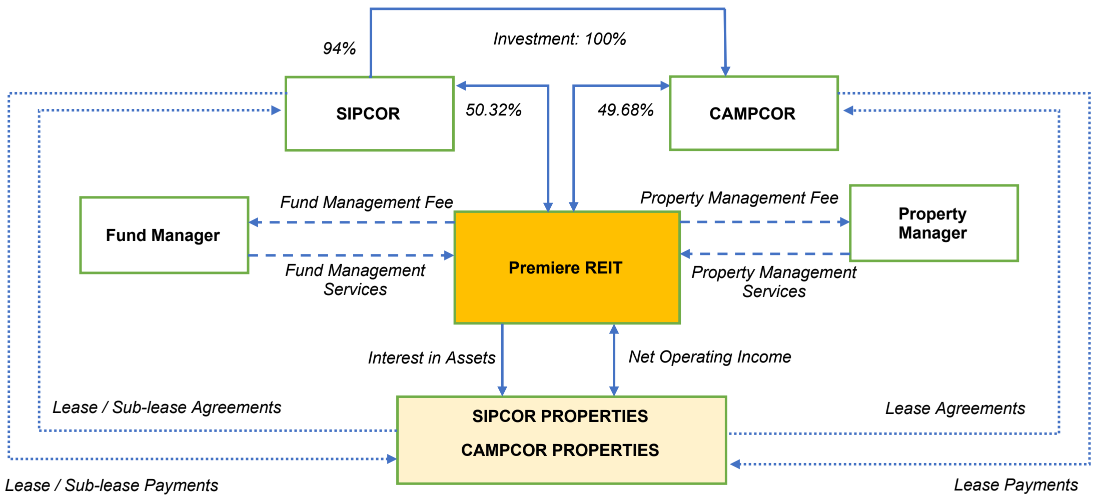
SIPCOR was incorporated in the Philippines and registered with the SEC in September 2011. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. SIPCOR is a wholly-owned subsidiary of PAVI.

CAMPCOR was incorporated in the Philippines and registered with the SEC in September 2019. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. Its first power plant facilities have an aggregate installed capacity of 6,984 kW for the Camotes main grid, and 1,280 kW for the Pilar grid, both in the province of Cebu. CAMPCOR is the sole power provider for Pilar Island and Camotes Island. See *"The Sponsors"* in this REIT Plan for more information.

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

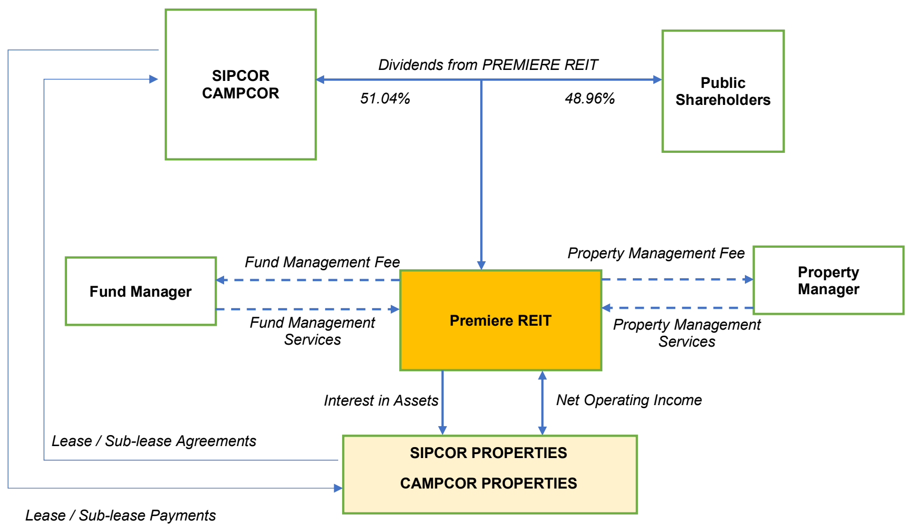
CORPORATE AND SHAREHOLDING STRUCTURE OF THE REIT

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

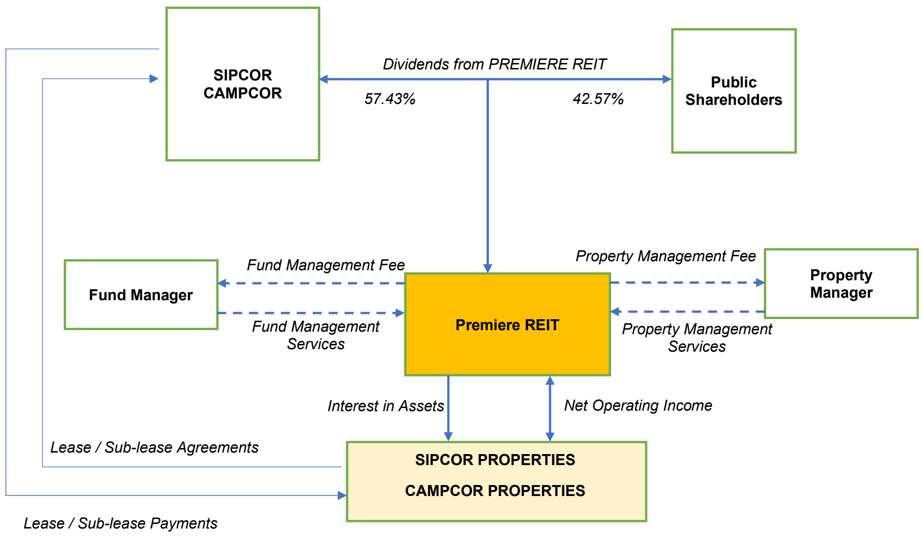


Meanwhile, the operational structure of PremiereREIT and its relationship with the Sponsors, Fund Manager, Property Manager, and PAVI after the Offer (assuming full exercise or no exercise of the Overallotment Option) are set out as follows:

(i) Assuming the full exercise of the Overallotment Option:



(ii) Assuming non-exercise of the Overallotment Option:



STRENGTHS AND STRATEGIES

A summary of our Company's strengths and strategies is set out below. For further information, see "*Business and Properties — Strengths and Strategies*" beginning on page 136 of this REIT Plan.

Competitive Strengths

- Bullish prospects in the Philippine energy sector
- Reputable Sponsor group with significant asset portfolio and robust project pipeline
- Strategic locations with first-mover advantage
- First REIT with focus on social and missionary electrification
- Reliable revenues from resilient lessee operations and competitive lessee offtake agreements
- Experienced Management team with proven track records and wide-reaching networks

Business Strategies

Fund Manager

- Pursue new acquisitions and investments
- Take advantage of asset growth opportunities
- Implement a sound capital and risk management strategy

Property Manager

- Manage the Company's assets proactively to enhance portfolio value
- Optimize the operating costs of the properties to boost revenues

RISK FACTORS

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

(a) Risks relating to our business and operations

- We have no prior operating history as a REIT and we may be unable to manage our business successfully or generate sufficient cash flows to make or sustain dividends. Further, the Combined Carve-out Financial Statements were prepared for this REIT Plan and may not necessarily represent our consolidated financial position, results of operations and cash flows.

- The Company's business and prospects are heavily dependent on the performance of the Philippine economy and the Philippine real estate market. Any downturn in the general economic conditions in the Philippines or the Philippine real estate market could have a material adverse impact on the Company.

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

- The Government may amend, revoke, reduce or eliminate subsidies and economic incentives for renewable energy and National Power Corporation – Small Power Utilities Group, which could impact the profitability of the power plants of the Company's Lessees located on the Leased Properties or the Properties to be Acquired.

- The COVID-19 global pandemic could have an adverse effect on the Company's business and results of operations.

- The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding.

- The Company operates in a highly competitive REIT market, and any inability to effectively compete could limit the Company's ability to maintain or increase its market share and maintain or increase profitability.

- The valuation reports on the Properties are based on various assumptions and may not be indicative of the actual realizable value and are subject to change.

- Certain portions of the land underlying the SIPCOR Properties are not owned by the Company, and titles or interests over such land leased by the Company may be contested by third parties.

- Our Fund Manager and our Property Manager do not have an established track record and operating history and are presently managing another REIT company.

- Our Fund Manager may not implement our Company's investment policies or successfully implement our Company strategy.

- The Properties are being utilized in a highly regulated environment and it is affected by the development and application of regulations in the Philippines.

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

- 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 PAVI Group.

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

- The incurrence by the Company of debt in the future or any increase in its interest (including in relation to any future indebtedness or refinancing thereof) will reduce the Distributable Income payable to its Shareholders, and the requirement for REITs to distribute at least 90% of its

Distributable Income will limit the amount of internally generated funds available to the Company to pay such indebtedness.

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

- Divestment by the Sponsors or the ultimate parent, PAVI, could inhibit the Company's growth.

- The PAVI Group is active in many regulated sectors and failure to adequately anticipate and/or address regulatory changes may adversely affect the group.

- Members of the PAVI Group are subject to specific industry risks.

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

- The Villar Family's political involvement may have negative indirect effects on the Company.

- Legal and other proceedings

- There may be direct competition between the Company and the Sponsors.

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

- The Selling Shareholders may encounter delays in the implementation of the reinvestment plan.

- The Properties are subject to the risk of losing revenue in the event they are rendered inoperable for an indefinite time period due to force majeure events, and the Property Manager and the Lessees may be required to undertake significant repair and replacement works.

- 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 Government may amend, revoke, reduce or eliminate subsidies and economic incentives for renewable energy and for National Power Corporation – Small Power Utilities Group, which could impact the profitability of the power plants of the Company's Lessees located on the Properties or the Properties to be Acquired.

- The Lessees are subject to stringent regulatory monitoring and rigorous bidding regulations with respect to the award of power supply contracts.

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

- The Lessees rely on third-party suppliers for its diesel supply for its powerplant facilities, which have been generally subject to increasing prices.

- Certain portions of the land underlying the SIPCOR Properties are not owned by the Company, and certain portions of such land do not have registered title named under the party from whom the Company leases the same.

- The parcels of land lease by the Company from NPC are subject to increased lease rates in the next few years.

- 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.

(b) Risks relating to the Philippines

- Our business activities and assets are based in the Philippines, therefore, any downturn in the Philippine economy could have a material adverse impact on our business, financial condition, results of operations, and prospects.

- Political instability in the Philippines may have a negative effect on the Philippine economy and business environment which could have a material adverse impact on our business.

- Natural or other catastrophes, including severe weather conditions, may materially disrupt our operations and financial condition.

- Acts of terrorism could destabilize the country and could have a material adverse effect on our assets and financial condition.

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

- Further escalation and widening of the Russian-Ukraine conflict can lead to potential global political, security and economic disruption which might affect, directly or indirectly, countries such as the Philippines.

- Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

- 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 our Company's business.

(c) Risks relating to the Offer and the Offer Shares

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

- There has been no prior market for the Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall. Additionally, the market price of the Shares may be volatile, which could cause the value of investors' investments in the Shares to decline.

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

- There can be no guarantee that the Offer Shares will be listed on the PSE.

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

- Property yield on the Properties is not equivalent to distribution yield on the Shares.

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

- There can be no assurance that we will be able to pay dividends or maintain any given level of dividends.

- Our Company faces risks arising from compliance with the requirements to pay out its Distributable Income to Shareholders.

- The Shares are subject to Philippine foreign ownership limitations.

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

- The Company is required to maintain a minimum public ownership of 33.33%.

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

- Delisting and its tax consequences.

- 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 our Company's business.

(d) Risks relating to the presentation of information in this REIT Plan

- Certain information contained herein is derived from unofficial publications.

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

See the section entitled "*Risk Factors*" on page 59 of this REIT Plan, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

INVESTMENT POLICY

The principal investment mandate and strategy of the Company is to invest on a long-term basis in critical real estate and infrastructure that will not only expand its portfolio but enable the Company to attain its objective of meaningfully contributing to the promotion of clean, renewable and sustainable energy, as well as continue its progress on expanding social and missionary electrification.

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 once said properties are in operation. To meet the Company's investment criteria, a potential property should:

- be capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;

- may be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;

- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and

- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

The Fund Manager and the Property Manager intend to work towards maximizing investment returns 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 theCompany, and by taking advantage of desirable opportunities for property acquisition.

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

Investment Limitations

The Company's business activities 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 SEC), the Company generally may invest only in:

(i) real estate and real estate related assets;

(ii) 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;

(iii) bonds and other forms of indebtedness issued by:

- 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 SEC that is at least two notches higher than that of Philippines bonds; and

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

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

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

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

(vii) 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;

(viii) cash and cash equivalents

(ix) collective investment schemes, duly registered with the 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;

(x) offshore mutual funds with rating acceptable to the SEC; and

(xi) 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 issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BSP and/or the SEC; and (iv) the use of synthetic investment products, such as derivatives and other such securities, shall be disclosed in the REIT Plan and under special authority from the SEC.

At least 75.0% of our 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 35.0% of the Deposited Property should be invested in property located in the Philippines, and in no case may our Company's investments in such property fall below 35.0% of the Deposited Property. Additionally, our Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40.0% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the SEC. In issuing such authorization, the SEC shall consider, among other things, satisfactory proof that the valuation of assets is fair and reasonable.

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 15.0% of the funds of a 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 increased to 25.0%.

Borrowing

Pursuant to the REIT Law, the total borrowing and deferred payments of a REIT should not exceed 35.0% 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 35.0% limit, but in no circumstances may its total borrowing and deferred payments exceed 70.0% of the Deposited Property. In the event that our Company intends to borrow beyond 35.0% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may our Fund Manager borrow on behalf of our Company from any of the funds under its management.

The Company's target/optimal capital structure is to limit its total borrowings and deferred payments to 35% of its Deposited Property.

Property Development

Pursuant to the REIT Law, as a general rule, 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.

Exit Strategy

PremiereREIT has no current joint ownership arrangement. In the event of divestment(s), the Company shall abide by the REIT Law requirement of ensuring an arms-length transaction is carried out among the parties, especially if transacted with a related party. This includes approval of the Related Party Transaction Committee, the unanimous vote of all independent directors, valuation in accordance with appraised fair value, among others.

The Sponsors currently have no plans to divest of their ownership in the Company. Upon completion of the Offer, the Sponsors will continue to be majority shareholders in the Company, with a direct shareholding of [51.04]% in the aggregate, assuming the Overallotment Option is fully exercised. If the Sponsors were to divest of their ownership in the Company, the ability of the Company to grow would be affected because the relationship with the Sponsors and the PAVI Group provides the Company with access to other properties for potential acquisition and inclusion in its property portfolio. To manage this risk, the Company continues to maintain a close relationship with the Sponsors which intend to maintain ownership of at least a majority of the capital stock of the Company. In the unlikely event of divestment, the Company expects to be self-sufficient and would continue to pursue its investment strategies. The Company expects to rely on the quality of the Properties and the capability of the Fund Manager and Property Manager for its operations going forward. Please see the section entitled *"The Fund Manager and the Property Manager"* in this REIT Plan.

DIVIDEND POLICY

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

The Company intends to declare and pay out dividends of at least 90% of the distributable income on a quarterly basis each year. On July 11, 2022, the Company's Board of Directors approved the declaration of cash dividends amounting to ₱2 million for shareholders on record as of July 11, 2022, which was paid on August 29, 2022.

For further discussion, see "*Dividends and Dividend Policy*" beginning on page 80.

THE FUND MANAGER

Our Fund Manager is VFund Management, Inc. (formerly Communities Palawan, Inc.). The Fund Manager was incorporated on November 8, 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. It has its principal place of business at Lower Ground Floor, Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The Fund Manager has an 11-year track record in the development of real estate industry. On April 18, 2022, the SEC approved the amendment of our Fund Manager's articles of incorporation to (among others): (a) increase its authorized capital stock to ₱500,000,000.00 divided into 500,000,000 common shares with a par value of ₱1.00 per share, (b) change the corporate name to VFund Management, Inc.; and (c) change the primary purpose of the company to engage in the business of providing fund management services to REIT companies. On 19 May 2022, the SEC issued the Fund Manager a license to act as a REIT Fund Manager in accordance with the REIT Regulations. Our Fund Manager is a wholly-owned subsidiary of Communities Philippines, Inc., which in turn is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc.

Under the Fund Management Agreement, the Fund Manager will receive an annual fund management fee equivalent to 0.5% of the Company's Rental Income less straight-line adjustments, exclusive of value added taxes (the "**Fund Management Fee**").

In addition, the Fund Manager shall be entitled to receive from PremiereREIT an acquisition fee equivalent to 0.5% of the acquisition price, for every acquisition, exclusive of value-added taxes ("**Acquisition Fee**"). The Fund Manager shall likewise be entitled to receive a divestment fee of 0.5% of the sales price for every property divested, exclusive of value-added taxes ("**Divestment Fee**").

The total amount of (x) fees paid under the Property Management Agreement; and (y) the Management Fee, Acquisition Fee, and Divestment Fee (collectively referred to as "**Fund Management Fee**"), paid to the Fund Manager, in any given year, shall not exceed 1.0% of the Net Asset Value of the properties under management.

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

Fund Management Fee & Other Fees (exclusive of VAT) = (0.5% x Rental Income less straight-line adjustments) + (0.5% of acquisition price, for every property acquisition) + (0.5% of sales price for every property divested)

THE PROPERTY MANAGER

Our Property Manager is VProperty Management, Inc. (formerly, LET Ventures, Inc.). The Property Manager was incorporated on August 6, 2019 and is a wholly-owned subsidiary of Vista Residences, Inc., which in turn is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc.. Its primary purpose is to engage in the business of providing property management, lease management, marketing, and project management and such other duties and functions necessary and incidental to property management.

The Property Manager shall have the overall responsibility for the day-to-day property management functions in accordance with the terms of the Property Management Agreement. The Property Manager shall manage the execution of new leases and renewing or replacing expiring leases as well as overall management, maintenance and repair of the Properties (except to the extent where responsibility for the same are borne by the lessees, in which case, the responsibility of the Property Manager shall be to oversee, supervise and ensure compliance by the lessee with such obligations), formulation and implementation of policies and programs in respect of facility management, maintenance and improvement, secure and administer routine management services including security control, fire precautions, communication systems and emergency management.

While the maintenance and repair of the Properties is a contractual obligation of the Sponsors (as lessees) pursuant to their respective lease agreements, the Property Manager still has the obligation to oversee and supervise such maintenance or repair, and to ensure that the lessees carry out such obligations according to the terms of the lease agreements.

To this end, the Property Manager shall have the right to engage, at PREIT's or the lessee's expense, third party power industry specialists or other qualified service providers to assist and facilitate the performance by the Property Manager's responsibilities in respect of the maintenance and repair of the leased assets

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Annual Rental Income less straight-line adjustments, exclusive of value added taxes, provided that the total of such fee (the "Property Management Fee") and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed, as provided under the rules of the REIT Law. In computing the Property Management Fee, the formula to be used shall be as follows:

Property Management Fee = 1.50% x Rental Income less straight-line adjustments

INVESTOR RELATIONS OFFICE

The investor relations office will implement the investor relations program in order to reach out to all shareholders and keep them informed of corporate activities. The office will also handle communication of relevant information to our stakeholders as well as to the broader investor community. The investor relations office will also be responsible for receiving and responding to investor and shareholder queries relating to the Company.

Mr. Vincent Kitto N. Jacinto has been appointed by the Board as the head of the Company's investor relations office and to serve as our Investor Relations Officer ("**IRO**"). The IRO will ensure that the Company complies with and files on a timely basis all its required disclosures and continuing requirements of the SEC and the PSE. In addition, the IRO will oversee most aspects of the shareholder meetings, press conferences, investor briefings, and management of the investor relations portion of the Company's website, which will contain information, including but not limited to:

(a) company information (organizational structure, board of directors and management team);

(b) company news (analyst briefing report, press releases, latest news, newsletters (if any);

(c) financial report (annual and quarterly reports for the past two years;

(d) disclosures (recent disclosures to PSE and SEC for the past two years;

(e) investor FAQs;

(f) investor contact (email address and phone numbers for feedback/comments, shareholder assistance and service); and

(g) stock information.

The Company's investor relations office is located at our principal place of business, with contact details as follows:

Landline: +63(2) 8734 5732 / +63(2) 8775 8072
E-mail: IR@preit.com.ph
Website: http://preit.com.ph.

COMPANY AND FUND MANAGER INFORMATION

The Company a Philippine corporation organized under the laws of the Philippines. Our principal office address is at the 4th Floor Starmall IT Hub, CV Starr Avenue, Philamlife Village, Pamplona Dos, Las Piñas City, with telephone number +63(2) 8734 5732 / +63(2) 8775 8072. The Company's corporate website is www. http://preit.com.ph. Information on the website is not incorporated by reference into this REIT Plan.

VFund Management, Inc. is a Philippine corporation organized under the laws of the Philippines. The Fund Manager's principal office address is at LGF Building B, Evia Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City with telephone number: +63(2) 3226 3552 and e-mail address: ir@vistareit.com.ph..

SUMMARY OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Offer Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective investor must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. A specific time of day refers to Philippine Standard Time.

Company	Premiere Island Power REIT Corporation[13]
Sponsors and Selling Shareholders...............	SIPCOR and CAMPCOR
Sole Issue Manager, Underwriter and Bookrunner	China Bank Capital Corporation
[Participating Underwriter]	[RCBC Capital Corporation]
Fund Manager	VFund Management, Inc.
Property Manager..................	VProperty Management, Inc.
Offer Shares............................	The Firm Shares and the Option Shares.
The Offer................................	Offer of up to [1,610,000,000], comprising up to [1,400,000,000] existing common shares offered by the Selling Shareholders (the "**Firm Shares**"), together with an offer of up to [210,000,000] by the Selling Shareholders pursuant to the Overallotment Option (as described below) (the "**Option Shares**").
Institutional Offer	At least [980,000,000] Firm Shares (or [70]% of the Firm Shares) (the "**Institutional Offer Shares**") are (subject to re-allocation as described below) being offered for sale to qualified buyers ("**QBs**") and other investors in the Philippines by the Sole Issue Manager, Underwriter and Bookrunner, [and the Participating Underwriter] (the "**Institutional Offer**"). The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to readjustment as agreed between the Company, the Selling Shareholders and the Sole Issue Manager, Underwriter and Bookrunner. See "—*Reallocation*" below.
Trading Participants and Retail Offer	Up to [420,000,000] Firm Shares (or [30]% of the Firm Shares) (the "**Trading Participants and Retail Offer Shares**") are being offered in the Philippines through all of the REIT-eligible Trading Participants of the PSE (the "**Eligible PSE Trading Participants**") and to local small investors ("**LSI**") under the Local Small Investors Program (subject to re-allocation as described below) (the "**Trading Participants and Retail Offer**"). Up to [280,000,000] Firm Shares or [20]% of the Firm Shares are being allocated

[13] See Footnote 1.

to Eligible PSE Trading Participants at the Offer Price (the "**Trading Participants Offer Shares**") and up to [140,000,000] Firm Shares or [10]% of the Firm Shares are being offered to LSIs (the "**Retail Offer Shares**"), respectively, subject to final allocation as may be determined by the Sole Issue Manager, Underwriter and Bookrunner.

Each Eligible PSE Trading Participant shall initially be allocated [2,276,000] Firm Shares. Based on the initial allocation for each PSE Trading Participant, there will be a total of [52,000] residual Firm Shares to be allocated as may be determined by the Sole Issue Manager, Underwriter and Bookrunner.

Each LSI applicant may subscribe to a minimum of [1,000] Firm Shares and up to a maximum of [50,000] Firm Shares at the Offer Price.

The Sole Issue Manager, Underwriter and Bookrunner shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer or otherwise not taken up by the Eligible PSE Trading Participants or clients of the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s] or the general public pursuant to the terms and conditions of the Underwriting Agreement.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to readjustment as agreed between the Company, the Selling Shareholders and the Sole Issue Manager, Underwriter and Bookrunner. See "*Reallocation*" below.

Offer Shares............................ The Firm Shares and the Option Shares

Offer Price............................... Up to [₱2.00] per Offer Share. The Offer Price will be determined based on a book-building process and discussions among the Company, the Selling Shareholders, and the Sole Issue Manager, Underwriter and Bookrunner.

Stabilizing Agent .... [China Bank Securities Corporation]

Overallotment Option............ Pursuant to the approval of the SEC dated [●], the Selling Shareholders have granted the Stabilizing Agent, China Bank Securities Corporation, an option, exercisable in whole or in part, to purchase up to [210,000,000] Option Shares at the Offer Price, on the same terms and conditions as the Offer Shares as set out in this REIT Plan, solely to cover overallotments, if any, and effect price stabilization transactions. The Overallotment Option is exercisable from time to time for a period which shall not exceed 30 calendar days from and including the Listing Date. The Overallotment Option, to the extent not fully exercised by the Stabilizing Agent, shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders. The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up. See "*Plan of Distribution—The Overallotment Option*."

Eligible Investors.................... The Offer Shares may be purchased by any natural person of legal age regardless of nationality, or any corporation, association, partnership, trust account, fund or entity residing in and organized under the laws of the Philippines or licensed to do business in the Philippines, regardless of nationality, subject to our right to reject an Application or reduce the number of our Offer Shares applied for subscription and subject to restrictions on ownership as set out below.

Restriction on Ownership	The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits under Philippine law. In particular, the Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals, which include corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned and held by citizens of the Philippines. As the Company owns land, foreign shareholdings in our Company may not exceed (i) 40% of our issued and outstanding capital stock entitled to vote in the election of directors; and (ii) 40% of our total issued and outstanding capital stock, whether or not entitled to vote in the election of directors. See "*Regulatory and Environmental Matters*" on page 188. For more information relating to restrictions on the ownership of the Shares, see "*Risk Factors*", "*Business and Properties*" and "*Regulatory and Environmental Matters – Nationality Restriction*" on page 194. In the event that foreign ownership of our Company's outstanding capital stock will exceed such allowable maximum percentage, we have the right to reject a transfer request by a stockholder to persons other than Philippine Nationals and the right not to record such purchases in our Company's books. Moreover, if any share is inadvertently issued and/or transferred in violation of the said restriction, the shares issued and/or transferred in excess of the allowable maximum percentage shall be null and void, and we may immediately proceed to cancel the registration of the same in the books of the Company. Should any stockholder acquire shares in excess of the foregoing restriction, such stockholder shall not be considered a stockholder and shall have no right with respect to such shares except to demand payment therefor from us or the transferor, as the case may be, or to dispose of the same to qualified shareholders within thirty (30) days of receipt of notice from us. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.
Use of Proceeds	The Company will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. The total proceeds to be raised from the sale of the Firm Shares will be approximately ₱[2,800,000,000.00]. The net proceeds to be received by the Selling Shareholders from the sale of the Firm Shares (after deduction of estimated fees and expenses of the Offer of approximately ₱[114,064,487.48]) will be approximately ₱[2,685,935,512.52]. Assuming full exercise of the Overallotment Option, the total proceeds to be raised by the Selling Shareholders from the sale of the Option Shares will be approximately ₱[3,220,000,000.00] and the Selling Shareholders will receive net proceeds of approximately ₱[3,091,245,592.52] (after deducting fees and expenses payable by the Selling Shareholders of approximately ₱[128,754,407.48]). The entire proceeds from the Offer Shares will be used by the Selling Shareholders in accordance with the reinvestment plan. For a more detailed discussion on the use of net proceeds by the Selling Shareholders, see "*Use of Proceeds*" and Annex A (Reinvestment Plan). For a more detailed discussion on the

Selling Shareholders' shareholding see "*Principal and Selling Shareholders*".

Minimum Subscription .... Each application must be for a minimum of [1,000] Offer Shares, and thereafter, in multiples of [1,000] Offer Shares. Applications for multiples of any other number of Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.

Reallocation............................ The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed by the Company, the Selling Shareholders and the Sole Issue Manager, Underwriter and Bookrunner. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand.

Lock-up Under the PSE Consolidated Listing and Disclosure Rules, an applicant company shall cause existing shareholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- 180 days after the listing of said shares if the applicant company meets the track record requirements in Section 1, Article III, Part D of the PSE Consolidated Listing and Disclosure Rules; or
- 365 days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements of the PSE Consolidated Listing and Disclosure Rules.

In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument) completed and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price in the initial public offering, all such Shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such Shares.

The following shall be subject to a 365-day lock-up period counted from either 365 days from full payment of such Shares, or 365 days after Listing Date, as the case may be:

Assuming the Overallotment Option is not exercised:

Shareholder	No. of Shares Subject to 365-day Lock-up Period	Lock-Up Period
SIPCOR	950,375,879 Common Shares	365 days from Listing Date
CAMPCOR	938,288,114 Common Shares	365 days from Listing Date

Garth F. Castañeda	1 Common Share	365 days from full payment
Cynthia J. Javarez	1 Common Share	365 days from full payment
Jose Rommel C. Orillaza	1 Common Share	365 days from full payment
Manuel Paolo A. Villar	1 Common Share	365 days from full payment
Leonardo Singson	1 Common Share	365 days from full payment
Timothy Joseph M. Mendoza	1 Common Share	365 days from full payment
Maria Isabel J. Rodriguez	1 Common Share	365 days from full payment

Assuming the Overallotment Option is fully exercised:

Shareholder	**No. of Shares Subject to 365-day Lock-up Period**	**Lock-Up Period**
SIPCOR	844,703,862 Common Shares	365 days from Listing Date
CAMPCOR	833,960,131 Common Shares	365 days from Listing Date
Garth F. Castañeda	1 Common Share	365 days from full payment
Cynthia J. Javarez	1 Common Share	365 days from full payment
Jose Rommel C. Orillaza	1 Common Share	365 days from full payment
Manuel Paolo A. Villar	1 Common Share	365 days from full payment
Leonardo Singson	1 Common Share	365 days from full payment
Timothy Joseph M. Mendoza	1 Common Share	365 days from full payment
Maria Isabel J. Rodriguez	1 Common Share	365 days from full payment

To implement the lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a Philippine Central Depository ("**PCD**") participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

With respect to the shares issued to our Sponsors as a part of the Property-for-Share Swap, these are exempted from the lock-up requirement pursuant to PSE-MEA No. 2022-0001, subject to the following conditions: (i) the shares could not have been issued earlier than the 180-day period prior to the IPO because of pending regulatory requirements, (ii) the sponsors sell the exempted shares during the IPO, provided that, such sponsors may only sell shares during IPO to the extent of forty-nine percent (49%) of the REIT's outstanding capital stock, and (iii) REIT shares which are covered by this exemption but are not sold during the IPO shall lose their lock-up exemption and be subject to the 365-day lock-up counted from listing date, pursuant to the separate relevant lock-up rule also applying to the Sponsors

	as holders of at least 10% of the total issued and outstanding shares of the Company. See "*Principal and Selling Shareholders—PSE Lock-up Requirement*" and "*Plan of Distribution— Lock-Up*."
Listing and Trading	The Company has filed an application with the SEC for the registration, and an application with the PSE for the listing, of all its issued and outstanding stock thereof (including the Offer Shares). The SEC is expected to issue an Order of Effectivity and Permit to Sell on or about [November 25, 2022] and the PSE issued its Notice of Approval on November 16, 2022, subject to compliance with certain listing conditions. All of the Offer Shares are expected to be listed on the Main Board of the PSE under the symbol "PREIT". See "*The Formation and Structure of PremiereREIT—Description of the Shares*." All of the Offer Shares are expected to be listed on the PSE on or about [December 14, 2022]. Trading of the Offer Shares that are not subject to lock-up is expected to commence on the same date.
Dividends and Dividend Policy	We are required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are reinvested by the REIT within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of our Company's Board, including the unanimous vote of all our independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the SEC within five working days from receipt of the request for approval. If the SEC does not act on said request within such period, the declaration shall be deemed approved. See "*Dividends and Dividend Policy*".
Registration and Lodgment of Shares with PDTC	The Offer Shares will be in scripless form and are required to be lodged with the PDTC upon listing. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC, and a certification to that effect shall be submitted to the PSE at least three (3) trading days prior to the Listing Date. As required under the PSE Amended Listing Rules for REITs, all of the shares of stock of the Company shall be issued in the form of uncertificated securities and a shareholder may not require the Company to issue a certificate in respect of any share recorded in their name.
Registration of Foreign Investments	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "*Regulatory and Environmental Matters—Foreign Investment Laws and Restrictions—Registration of Foreign Investments and Exchange Controls.*"

Tax Considerations	See "*Taxation*" for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares.
Offer Period	The "**Offer Period**" shall commence at 9:00 a.m. on [November 28, 2022] and shall end at 12:00 noon on [December 5, 2022]. The Company and the Sole Issue Manager, Underwriter and Bookrunner reserve the right to extend, shorten, or terminate the Offer Period, subject to the approval of the SEC and the PSE.
Procedure for Application for the Trading Participants and Retail Offer	Applications must be received by the Receiving Agent for Eligible PSE Trading Participant applications or through PSE EASy for LSI applications, as applicable, by 12:00 noon on [December 5, 2022] and shall be subject to the terms and conditions of the Offer as stated in the REIT Plan and in the Application. Applications received thereafter or without the required documents will be rejected. The actual purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Sole Issue Manager, Underwriter and Bookrunner under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement. <u>For Eligible PSE Trading Participants:</u> Application forms to purchase the Trading Participants Offer Shares and signature cards may be obtained from the Sole Issue Manager, Underwriter and Bookrunner from the Receiving Agent or from any participating Eligible PSE Trading Participants, and shall be made available for download on the Company's website. Applicants shall complete the application form, indicating all pertinent information, such as the applicant's name, address, contact number, taxpayer's identification number, citizenship and all other information required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of the Offer Shares. Failure to complete the application form may result in the rejection of the application. An Eligible PSE Trading Participant's Application should be submitted in quadruplicate and accompanied by the following documents: ● The required attachments as enumerated in the Application; ● Two properly filled-out specimen signature cards, each bearing the specimen signature of the Eligible PSE Trading Participant's designated signatories, and if the applicant is a corporation, duly authenticated and certified by its Corporate Secretary; ● Photocopy of one (1) valid and current government-issued ID (e.g. SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the Corporate Secretary, duly certified as true copy by an authorized officer of the corporation; ● Proof of payment; and ● Notarized Affidavit of Undertaking to Submit Original Copies of the Documents ("**Undertaking to Submit**"), attached as Annex [●] to the Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Eligible Trading Participants of the PSE (the "**TP Guidelines**"), within five (5) Banking Days from the submission of the electronic mail of the scanned copies.

In addition, Eligible PSE Trading Participants must submit the following:

- Properly accomplished sales report in excel and pdf format, duly certified by the respective authorized signatories of the Eligible PSE Trading Participant. For physical copies, there must be four (4) copies each bearing the wet ink signature of the certifying authorized signatories of the Eligible PSE Trading Participant;
- A certified true copy of the applicant's Philippine BIR certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership); and
- The Eligible PSE Trading Participant's notarized Endorsement and Certification, attached as Annex [●], to the TP Guidelines.

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

- Two properly filled-out specimen signature cards of the authorized signatories, duly authenticated and certified by the Applicant's Corporate Secretary (or equivalent corporate officer);
- Photocopy of one (1) valid and current government-issued ID (e.g. SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the Corporate Secretary, duly certified as true copy by an authorized officer of the corporation;
- A certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership, in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership);

- A certified true copy of the applicant's Philippine SEC certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership);
- A duly notarized corporate secretary's certificate (or certificate of the managing partner in case of partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying to the percentage of the applicant's capital or capital stock held by Philippine nationals;
- Proof of payment; and
- Such other documents as may be reasonably required by the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s] in compliance with its internal policies regarding "knowing your customer", anti-money laundering, and combating the financing of terrorism.

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

<u>For Local Small Investors:</u>

With respect to the LSIs, applications to purchase the Trading Participants and Retail Offer Shares must be done online through the PSE Electronic Allocation System ("**PSE EASy**"). The system will generate a reference

	number and payment instruction. Applications for the Offer Shares must be settled within the Offer Period. An LSI applicant should nominate in the Application the Eligible PSE Trading Participant through which its shares will be lodged. Otherwise, the Application shall not be accepted. In the event that an LSI applicant does not have an Eligible PSE Trading Participant, the LSI applicant may open a trade account with [●], and nominate said entity as its endorsing Eligible PSE Trading Participant by accomplishing an account opening form and submitting the same (done through https://www. [●].com and by clicking on "Open An Account"), together with any required attachments prior to submission of the Application. LSI applications will be processed on a first-come, first-served basis while final allocation of the Trading Participants and Retail Offer Shares will be determined pursuant to the allocation mechanics. This section should be read in conjunction with the Application and Settlement Procedures for Local Small Investors Program of the PSE through the PSE EASy (the "**LSI Guidelines**" and collectively with the TP Guidelines, the "**Offer Implementing Guidelines**") to be published on the PSE EDGE website.
Payment Terms for the Trading Participants and Retail Offer Purchased through Eligible PSE Trading Participants............................	The purchase price must be paid in full in Philippine Pesos upon the submission of the duly completed and signed application form and signature card together with the requisite attachments. For Eligible PSE Trading Participants, payment for the Offer Shares shall be made through over-the-counter cash or check deposit payment in any [●] branch via Bills Payment under the merchant account "[[●] IPO]" or any other mode of payment prescribed by the Receiving Agent. For LSIs, payment for the Offer Shares shall be made either by: (i) over-the-counter cash or check deposit payment in any [●] branch under the merchant account "[[●] IPO]", (ii) online payment via [●] internet banking or [●] mobile banking under the merchant account "[[●] IPO]" or (iii) any other mode of payment prescribed by the Receiving Agent. Participating LSIs in the Retail Offer may contact the Receiving Agent for alternative modes of payment. For check payments, all checks should be made payable to "[[●] IPO]" dated the same date as the date of submission of the Application and crossed ''Payee's Account Only". Only checks with a clearing period of no more than one (1) Banking Day from date of receipt will be acceptable. As applicable, the applications and required documents (including proof of payments) shall be transmitted to the Receiving Agent by electronic mail at [●] on or before the end of the Offer Period, with the physical copies delivered to the Receiving Agent's address at [●] no later than 12:00 noon five (5) Banking Days after the end of the Offer Period. For more details on the Procedure for Application for the Offer, please refer to the Offer Implementing Guidelines which will be published on the PSE EDGE website prior to the start of the Trading Participants and Retail Offer Period.
Acceptance or Rejection of Applications for the Trading Participants and Retail Offer	Applications for the Trading Participants and Retail Offer Shares are subject to the confirmation of the Sole Issue Manager, Underwriter and Bookrunner and our final approval. We, together with the Selling

	Shareholders and in consultation with the Sole Issue Manager, Underwriter and Bookrunner reserve the right to accept, reject or scale down the number and amount of Trading Participants and Retail Offer Shares covered by any application. We, the Selling Shareholders and the Sole Issue Manager, Underwriter and Bookrunner have the right to reallocate available Trading Participants and Retail Offer Shares in the event that the Trading Participants and Retail Offer Shares are insufficient to satisfy the total applications received. The Trading Participants and Retail Offer Shares will be allotted in such manner as we and the Sole Issue Manager, Underwriter and Bookrunner may, in our sole discretion, deem appropriate, subject to distribution guidelines of the PSE. Applications may be rejected if: (i) the subscription price is unpaid or not fully paid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentation; (iii) the Applications are not received by the Receiving Agent on or before the end of the Offer Period; (iv) the number of Offer Shares subscribed is less than the minimum amount of subscription; (v) the Applications do not comply with the terms of the Offer; (vi) the sale of the Offer Shares will result in a violation of foreign ownership restrictions; (vii) the Applicant is not an Eligible Investor; (viii) the Applications do not have sufficient information as required in the application form or are not supported by the required documents; (ix) the underwriting agreement is suspended, terminated or cancelled on or before the Listing Date; or (x) there is failure to create a valid Name-on Central Depository sub-account for the Applicant with the PDTC on or before four (4) Banking Days prior to the Listing Date. Notwithstanding the acceptance of any application, the actual acquisition of or subscription to the Trading Participants and Retail Offer Shares by an applicant will be effective only upon the listing of the Trading Participants and Retail Offer Shares on the PSE.
Withdrawal of the Offer	The Company may withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, subject to disclosure to the SEC and PSE. The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to Listing, if there is a supervening force majeure or fortuitous event, such as: a. An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the REIT Plan, or would have a material adverse effect on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the REIT Plan, or the Philippine economy or on the securities or other financial or currency markets of the Philippines, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated on or after the commencement of the Offer Period solely by reason of the Company's or underwriters' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the underwriter, or any other entity/ person to take up any shares remaining after the Offer Period;

b. Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, the BSP, the SEC or the PSE;

c. Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell;

d. Cancellation or suspension of trading in the PSE for at least three (3) consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;

e. A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Company to engage in the business it is presently engaged in; or (b) the capacity and due authorization of the Company to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, or (ii) would render illegal the performance by any of the underwriters of its underwriting obligations hereunder;

f. Any significant, adverse, and unforeseeable change or development in the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;

g. The Company decides to or is compelled to stop its operations which is not remedied within five (5) Banking Days;

h. The Company shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Company shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Company shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Company; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Company; or (vi) any event occurs which under the laws of the Philippines or other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

j. Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against the underwriters in connection with or with respect to the issuance or sale by the Company of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

k. Any event occurs which makes it impossible for the underwriters to perform their underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the underwriters, or directing the underwriters to cease, from performing their underwriting obligations;

l. Any representation, warranty or statement of the Company in the REIT Plan shall prove to be untrue or misleading in any material respect or the Company shall be proven to have omitted a material fact necessary in order to make the statements in the REIT Plan not misleading, which untruth or omission: (a) was not known and could not have been known to the Underwriters on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;

m. Unavailability of PDTC and PSE facilities used for the Offer and/or Listing and such unavailability impacts the ability of the Issuer and underwriters to fully comply with the listing requirements of PSE; and

n. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The Offer shall not be withdrawn, cancelled, suspended or terminated on or after the commencement of the Offer Period solely by reason of the Company's or underwriters' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the underwriter, or any other entity/ person to take up any shares remaining after the Offer Period.

Notwithstanding the foregoing, the Company and the Sole Issue Manager, Underwriter and Bookrunner recognize and acknowledge that the PSE, in the exercise of its authority as a self-regulatory organization and further to its mandate to maintain a fair and orderly market, may impose appropriate sanctions and penalties (based on a scale of penalties authorized by the SEC) on the relevant party if the PSE determines that the cancellation or termination of the underwriting commitment or the Underwriting Agreement was not warranted based on the facts gathered by PSE and after due and proper proceedings initiated by the PSE not later than five (5) Banking Days after such cancellation or termination.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an applicant shall take place only upon the listing of the Offer Shares on the PSE. The PSE issued its Notice of Approval on November 16, 2022, subject to compliance by the Company with certain conditions. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to Listing Date pursuant to this section, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

If the Offer Shares are not listed on the PSE on Listing Date, all application payments will be returned to the Applicants without interest starting on the fifth (5th) Banking Day after the end of the Offer Period or on [December 13, 2022].

Refunds of the Trading Participants and Retail Offer

In the event that the number of Trading Participants and Retail Offer Shares to be received by an applicant, as confirmed by us and the Sole Issue Manager, Underwriter and Bookrunner, is less than the number covered by the application, or if an application is rejected, then the applicant is entitled to a refund, without interest, of all or a portion of the applicant's payment corresponding to the number of Trading Participants and Retail Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent, at the applicant's risk.

Check refunds shall be available for pick-up at the office of the Receiving Agent starting on the fifth (5^{th}) Banking Day after the end of the Offer Period or on [December 13, 2022]. If such check refunds are not claimed after thirty (30) calendar days following the beginning of the refund period, such checks shall be mailed to the Applicant's registered address at the Applicant's risk.

Subject to the final mechanics to be included in the LSI Implementing Guidelines, refunds to Local Small Investors, if any, may be coursed directly through their nominated PSE Trading Participant (subject to confirmation by such PSE TP). The refunds will be processed by the Receiving Agent directly to the nominated PSE Trading Participant by transferring immediately available funds to the relevant bank account of, or via check to, each relevant nominated PSE Trading Participant in such amount representing the total refund due to all the clients of the relevant PSE Trading Participant on or before the fifth (5th) Banking Day after the end of the offer period or on [November 14, 2022]. The affected LSI Applicants may coordinate directly with their respective nominated PSE Trading Participant, as indicated in the submitted LSI Application.

Expected Timetable................ The timetable of the Offer is expected to be as follows:

Bookbuilding Period	[November 21 to November 23, 2022]	
Pricing	[November 23, 2022]	
Notice of final Offer Price to the SEC and the PSE	[November 23, 2022]	
Receipt of Permit to Sell from the SEC	[November 25, 2022]	
Trading Participants and Retail Offer Period	[November 28 to December 5, 2022]	
Submission of Firm Order and Commitments by Eligible PSE Trading Participants	[December 1, 2022]	
Trading Participants and Retail Offer Settlement Date	[December 5, 2022]	
Listing Date and Commencement of Trading in the PSE	[December 14, 2022]	

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

If, for any reason, any day of the above periods or dates is a not a Banking Day, then such period or date may be extended or moved, as the case may

	be, to the next immediately succeeding Banking Day, or such other date as may be agreed upon by the Company and the Sole Issue Manager, Underwriter and Bookrunner. Notice of any adjustment to the Listing Date shall be made by publication by the Company in two newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the PSE.
Risks of Investing	In making an investment decision, investors are advised to carefully consider all the information contained in the REIT Plan, including the risks associated with an investment in the Offer Shares. These risks include: ● risks relating to our business and operations; ● risks relating to the Philippines; ● risks relating to the Offer and the Offer Shares; and ● risks relating to the presentation of information in the REIT Plan. For a more detailed discussion on certain of these risks, see "*Risk Factors*" beginning on page 59, which while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained in the REIT Plan.
Stock and Transfer Agent......	Stock Transfer Service, Inc.
Receiving Agent......................	Stock Transfer Service, Inc.
Escrow Agent..........................	China Banking Corporation – Trust and Asset Management Group
Counsel for the Sole Issue Manager, Underwriter and Bookrunner	Picazo Buyco Tan Fider & Santos
Independent Auditors	Punongbayan & Araullo

SUMMARY PRO FORMA FINANCIAL INFORMATION

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

The unaudited pro forma financial information has been prepared in accordance with Section 9, Part II of the Revised SRC Rule 68.

The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions occurred at an earlier date. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.

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

Pro forma Statements of Total Comprehensive Income

	December 31, 2021	May 31, 2022
	Php'000	Php'000
	Unaudited	Unaudited
Rental Income	386,799	245,854
Cost of Rentals	53,695	28,938
Gross Profit	**333,104**	**216,916**
Other Operating Expenses	8,252	1,815
Operating Profit	**324,851**	**215,102**
Finance Costs	(477)	(193)
Fair Value Gains (Losses)		
on Investment Properties	212,110	(79,910)
Profit Before Tax	**536,485**	**134,999**
Tax Expense (Income)	123,871	25,995
Net Profit	**412,614**	**109,004**
Other Comprehensive Income	136,596	4,272
Total Comprehensive Income	**549,209**	**113,276**
Basic and Diluted Earnings per Share	₱0.1876	₱0.0794

Pro forma Statements of Financial Position

	For the period ended	
	December 31, 2021	May 31, 2022
	Php '000	Php '000
	Unaudited	Unaudited
ASSETS		
CURRENT ASSETS		
Cash	249,866	391,062
Trade receivables	28,705	44,249
Total Current Assets	**278,571**	**435,312**
NON-CURRENT ASSETS		
Trade receivables	42,340	66,947
Property and equipment - net	926,390	910,740
Investment properties	7,842,840	7,762,930
Total Non-current Assets	**8,811,570**	**8,740,617**
TOTAL ASSETS	**9,090,141**	**9,175,929**
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Trade and other payables	57,952	57,231
Lease liability	215	230
Income tax payable	17,627	12,156
Total Current Liabilities	**75,795**	**69,617**
NON-CURRENT LIABILITY		
Lease liability	6,432	6,327
Deferred tax liabilities - net	98,894	77,688
Total Non-current Liabilities	**105,326**	**84,016**
Total Liabilities	**181,121**	**153,633**
EQUITY		
Capital stock	3,288,669	3,288,669
Additional paid-in-capital	5,071,142	5,071,142
Revaluation surplus	136,596	137,720
Retained earnings	412,614	524,765
Total Equity	**8,909,020**	**9,022,296**
TOTAL LIABILITIES AND EQUITY	**9,090,141**	**9,175,929**

Pro forma Statements of Cash Flows

	For the period ended	
	December 31, 2021	May 31, 2022
	Php '000 (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	536,485	134,999
Adjustments for:		
Fair value losses (gains) on investment properties	(212,110)	79,910
Depreciation and amortization	41,157	21,345
Finance cost	477	193
Operating profit before working capital changes	366,009	236,447

Increase in trade receivables	(71,045)	(40,152)
Increase (decrease) in trade and other payables	8,457	(721)
Cash generated from operations	303,421	195,574
Cash paid for income taxes	(52,882)	(54,096)
Net Cash From Operating Activities	250,539	141,478
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	5	-
Interest paid	(477)	(193)
Lease payment	(201)	(90)
Net Cash Used in Financing Activities	(673)	(283)
NET INCREASE IN CASH	**249,866**	**141,196**
CASH AT BEGINNING OF PERIOD	-	249,866
CASH AT END OF PERIOD	**249,866**	**391,062**

Key Financial and Operating Data

Key Financial Ratios	**December 31, 2021**	**May 31, 2022**
Adjusted EBITDA margin(1)	83.7%	86.2%
Current ratio(2)	3.68	6.25
Total liabilities to Equity(3)	0.02	0.02
Return on Asset(4)	4.5%	2.9%
Return on Equity(5)	4.6%	2.9%

Notes:

1) *Adjusted EBITDA margin is derived by dividing Adjusted EBITDA by rental income. Adjusted EBITDA margin indicates the company's overall profitability. Adjusted EBITDA is derived by adding back Finance Costs, Tax Expense, Depreciation, impact of straight lining on Rental Income and Fair Value Gains/Losses to the Net Profit.*

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) *Total liabilities to equity ratio is derived by dividing the Company's total liabilities by total equity. Total liabilities to equity ratio measures the degree of the Company's financial leverage*

4) *Return on asset is derived by dividing net income by the Company's total assets.*

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

6) *These ratios are derived using the pro forma statements of financial position as of December 31, 2021, and the pro forma statements of comprehensive income for the five months ended May 31, 2022.*

PRO FORMA EBITDA AND CORE NET INCOME

Core Net Income ("**Core Net Income**") represents net profit after adding back non-cash transactions such as fair value losses (gains) on investment properties. Adjusted Earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") represents core net income after adding finance costs, tax expense, depreciation and amortization, and straight lining of rental income. Core Net Income and Adjusted EBITDA are not required by, and are not measures of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider Core Net Income and Adjusted EBITDA in isolation or as alternatives 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 Adjusted EBITDA calculation methods, the Company's implementation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. The chart below sets out the Company's Core Net Income and Adjusted EBITDA calculations for the periods noted:

	December 31, 2021	May 31, 2022
	Php '000	Php '000
	Unaudited	Unaudited
NET PROFIT	**412,614**	**109,004**
Add/(Less):		
Fair Value Gains (Losses) on Investment Properties	(212,110)	79,910
CORE NET INCOME	**200,504**	**188,914**
Finance Costs	477	193
Tax Expense (Income)	123,871	25,995
Depreciation and Amortization	41,157	21,345
Straight Lining of Rental Income	(42,340)	(24,608)
Adjusted EBITDA	**323,669**	**211,840**

RISK FACTORS

An investment in the Offer Shares involves a number of risks. You should carefully consider all the information contained in this REIT Plan, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on our business, prospects, financial condition, results of operations, the market price of the Offer Shares and our ability to make dividend distributions to our Shareholders. All or part of an investment in the Offer Shares could be lost. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Our past performance is not a guide to our future performance. There may be a large difference between the buying price and the selling price of the Offer Shares. For investors that deal in a range of investments, each investment carries a different level of risk.

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

This section does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Investors should undertake independent research and study the trading of securities before commencing any trading activity. You should seek professional advice if you are uncertain of, or have not understood, any aspect of this Offer or the nature of risks involved in purchasing, holding and trading the Offer Shares. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of an investment in the Offer Shares. Investors may request publicly available information on the Shares and the Company from the SEC.

The means by which the Company intends to address the risk factors discussed herein are principally presented under the captions "Business," particularly under "Strengths and Strategies", Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," and "Board of Directors and Senior Management—Corporate Governance" of this REIT Plan.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition and prospects.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

We have no prior operating history as a REIT and we may be unable to manage our business successfully or generate sufficient cash flows to make or sustain dividends. Further, the Combined Carve-out Financial Statements were prepared for this REIT Plan and may not necessarily represent our consolidated financial position, results of operations and cash flows.

Subject to compliance with the REIT Law, PremiereREIT will operate as a real estate investment trust. We have not engaged in any business activities or operations and do not have an operating history as a REIT by which investors may evaluate our performance. Accordingly, there is no assurance that we will be able to achieve our investment objectives and provide our investors a Competitive Investment Return.

In addition, the Combined Carve-out Financial Statements have been prepared by separating the historical financial information pertaining to the Properties subject to the Property-for-Share Swap out of the Sponsors' financial statements in accordance with PFRS. On May 31, 2022, the SEC approved the increase in our authorized capital stock supported by the Property-for-Share Swap with the Sponsors. PFRS does not provide specific guidance for the preparation of combined carve-out financial statements and there can be no assurance that our future performance will be consistent with the past financial information presented in the Combined Carve-out Financial Statements.

The Combined Carve-out Financial Statements included in this REIT Plan have been prepared so as to present the financial position, results of operations and cash flows of the Properties on a combined historical basis for the years ended December 31, 2019, 2020, and 2021, and do not necessarily represent our consolidated financial position, results of operations and cash flows had the Properties been acquired as of such dates. There can be no assurance that our future performance will be consistent with the past financial performance included elsewhere in this REIT Plan.

However, we believe this risk is mitigated by the fact that the directors and officers of our Fund Manager and Property Manager possess valuable experience in real estate operations, leasing, and property management. *See "The Fund Manager and the Property Manager—Our Property Manager—Directors and Executive Officers of the Property Manager*."

The Company's business and prospects are heavily dependent on the performance of the Philippine economy and the Philippine real estate market. Any downturn in the general economic conditions in the Philippines or the Philippine real estate market could have a material adverse impact on the Company.

The Properties are all located in the Philippines, particularly in Siquijor and Cebu. Any downturn in the general economic conditions in the Philippines, in general, or the Philippine real estate market, in particular, could have a material adverse impact on the Company.

Factors that have historically adversely affected and that may adversely affect the Philippine economy or the real estate market include the following:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market;
- decreases in the amount of remittances received from overseas Filipinos, including OFWs and Filipino expatriates;
- decreases in or changes in consumption habits in the Philippines;
- general demand and supply of properties in the Philippines;
- decreases in property values;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political, social or economic developments in or affecting the Philippines.

The Company believes this risk can be managed through the Company's strengths and strategies to ensure competitiveness in the market. For a more detailed discussion please refer to the Company's Competitive Strengths on page 136 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

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

The Company's business comprises the leasing or subleasing of the Properties to the Sponsors who operate power plants on such properties. As such, the Company's prospects and results of operations are highly dependent on the success of the Philippine energy market as a whole.

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' 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's lessees, as power plant operators, are subject to risks inherent in the 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 believes it is able to manage these risks through its land lease rental rates for its Properties that are largely composed of guaranteed base lease which is independent of the operating performance of the relevant lessee's power plants. In addition, in line with its principal investment mandate and strategy, the Company aims to be one of the key players in the renewable energy industry. As such, the Company believes that the "first or must" dispatch of renewable energy over conventional energy sources such as coal or diesel, and other Government initiatives to promote and encourage the growth of renewable energy industry in the Philippines help manage the risk of a downturn in demand for energy in the Philippines Furthermore, 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.

The Government may amend, revoke, reduce or eliminate subsidies and economic incentives for renewable energy and National Power Corporation – Small Power Utilities Group, which could impact the profitability of the power plants of the Company's Lessees located on the Leased Properties or the Properties to be Acquired.

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

- Priority connections to the grid for electricity generated from emerging renewable energy resources within the Philippines
- Priority purchase and transmission of, and payment for, such electricity by the grid system operators
- Determine fixed tariff to be paid to qualified renewable energy

The 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 renewable 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' power plants and the Company's Properties. The Company believes that it is able to manage the foregoing risks as the development of new renewable energy technologies has and will continue to result in higher capacity factor and lower capital expenditure for the development of renewable energy power projects, and will reduce the importance of Government incentives and subsidies in making renewable energy 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.

The COVID-19 global pandemic could have an adverse effect on the Company's business and results of operations.

The infectious novel coronavirus acute respiratory disease 2019 ("**COVID-19**") has created significant public health concerns as well as economic disruption, uncertainty, and volatility, all of which have affected and may continue to affect the Company's business. The duration and extent of the effects of this global pandemic on the Company's business are beyond the control of the Company. As of the date of this REIT Plan, quarantine restrictions are still in place in the Philippines and may be made more stringent if COVID-19 cases rise. As of the Date of this REIT Plan, the entire province of Siquijor as well as Pilar, Cebu are under Alert Level 1 of the quarantine restrictions, while Poro, Cebu is under Alert Level 2.

Due to numerous uncertainties and factors surrounding the pandemic that is beyond the Company's control, it may be difficult to predict the pandemic's long-term bearing on the Company, its business, results of operations, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the pandemic, including whether there are subsequent waves or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in areas in which the Company operates;
- the extent and timeliness of the national and local government's response to the pandemic, including but not limited to, quarantine restrictions as well as vaccination procurement and deployment programs;
- restrictions on business operations;
- economic measures, fiscal policy changes, or additional measures that have not yet been implemented;
- the health of, and effect of the pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively sustain its operations;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- impact—financial, operational or otherwise—on the Company's business ecosystem;
- volatility in the credit and financial markets during and after the pandemic;
- the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Company's actions in response thereto; and
- the pace of recovery considering the rebound in consumer confidence, driven by government and economic response.

The above factors and uncertainties may result in adverse effects to the Company's business, results of operations, cash flows, and financial condition due to, among other factors:

- decline in consumer demand due to the general decline in business activity;
- further destabilization of the markets and decline in business activity negatively impacting the Lessees' power generation business;
- government moratoriums or other regulatory or legislative actions that limit changes in pricing;
- delays or inability to access equipment or the availability of personnel to perform planned and unplanned maintenance, which can, in turn, lead to disruption in operations;
- deterioration of economic conditions, demand, and other related factors resulting in impairments to goodwill or long-lived assets; and

- delay or inability in obtaining regulatory actions and outcomes that could be material to our business.

The extent to which the COVID-19 pandemic will continue to impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19, in the Philippines and internationally, by governments, central banks, healthcare providers, health system participants, other businesses, and individuals, all of which are highly uncertain and unpredictable. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in this REIT Plan.

The Company believes this risk brought about by the COVID-19 pandemic can be managed by leveraging on the Company's strengths and strategies. For a more detailed discussion please refer to the Company's Strengths and Strategies on page 136 of this REIT Plan. However, there is no assurance that the Company can provide a complete insulation from such risk.

The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding.

In order to acquire additional assets for our property portfolio, we may require debt financing or undertake capital raising activities. There can be no assurance that the Company will be able to fund its capital expenditure requirements or that it will be able to externally obtain sufficient funds at acceptable rates to fund its capital expenditure budgets. Failure to obtain the requisite funds could delay or prevent the growth of our property portfolio and such delay or failure to acquire additional assets could materially and adversely affect the Company's growth prospects, business, financial condition and results of operations.

In addition, obtaining financing for our asset acquisitions may subject the Company to risks normally associated with debt financing, including the risk that its cash flow will be insufficient to pay dividends at expected levels and meet required payments of principal and interest under such financing. Our Company may also be subject to the risk that it may not be able to refinance its indebtedness or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. In addition, our Company may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect operations and the ability to declare dividends. Such covenants may restrict our ability to acquire properties or require us to set aside funds for maintenance or the paying back of security deposits.

The Company may also mortgage the Properties to secure payment of indebtedness. In the event a Property is mortgaged and we are unable to meet interest or principal payments on the debt, the mortgaged Property may be foreclosed by or otherwise transferred to our creditor, or our creditor could require a forced sale of a Property with a consequent loss of income and asset value to our Company.

To mitigate this risk, the Fund Manager is required to closely monitor and prudently manage the Company's financial requirements, continuously striving to be efficient in utilizing our capital.

The Company operates in a highly competitive REIT market, and any inability to effectively compete could limit the Company's ability to maintain or increase its market share and maintain or increase profitability.

The Company operates as a real estate investment trust, holding assets that operate in the power generation industry. PremiereREIT's future growth and development are dependent, in large part, on the availability of land and other assets suitable for acquisition, development, or lease. It may become more difficult to find suitable properties in locations and at prices acceptable to the Company. To the extent that the Company is unable to grow its portfolio at acceptable prices, its growth prospects could be limited and its business and results of operations could be adversely affected.

Competition from other real estate developers and real estate service companies may also adversely affect the Company's ability to grow its portfolio. In addition, continued development by other market participants could result in the saturation of the market.

The Company believes this risk can be managed through the Company's strengths and strategies to ensure competitiveness in the market. For a more detailed discussion, please refer to the Company's Strengths and Strategies on page 165 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

The valuation reports on the Properties are based on various assumptions and may not be indicative of the actual realizable value and are subject to change.

The appraised values of our Properties are contained in the valuation reports attached to this REIT Plan (the "**Valuation Reports**") and prepared by Asian Appraisal Company, Inc. (the "**Valuer**"). In preparing the Valuation Reports, the Valuer made multiple assumptions containing elements of subjectivity and uncertainty. The valuation was made on the basis of market value. For details on the assumptions, disclaimers and methodology used in the Valuation Reports, see Annex B (Valuation Reports) of this REIT Plan.

The valuation is a best estimate and not a guarantee, and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. The assumptions made and conclusions derived may turn out to be inaccurate, which may affect the valuation of the Properties. There is no assurance that other valuation methodologies would not have led to different valuations. Further, in the event that the Valuer does not continue to value the Properties subsequent to the listing of the Company, and a new valuer is appointed for the purpose of the ongoing valuation of the Portfolio, there can be no assurance that such new valuer will adopt the same methodology and assumptions and provide the same valuation for the Properties. Accordingly, the appraised values of our Properties may differ materially from the price we 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 our Properties, as well as national and local economic conditions, may also affect the value of our Properties. In particular, the valuation of our properties could stagnate or even decrease if the market for comparable properties in the Philippines experiences a downturn.

The Valuation Reports do not purport to contain all the information that may be necessary or desirable to fully evaluate our Company or the Properties or an investment in the Shares. The Valuation Reports do not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to our financial condition or future performance or as to any other forward looking statements included therein, including those relating to macro-economic factors, by or on behalf of our Company, the Sponsors, the Fund Manager, the Property Manager, and the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s]. The Valuation Reports have not been updated since the date of their issue, and do not consider any subsequent developments and should not be considered as a recommendation by our Company, the Sponsors, the Fund Manager, the Property Manager, the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s], or any other party, that any person should take any action based on such valuation. Accordingly, investors should not rely on the Valuation Reports in making an investment decision to purchase Shares.

Certain portions of the land underlying the SIPCOR Properties are not owned by the Company, and titles or interests over such land leased by the Company may be contested by third parties.

Certain portions of the land underlying the SIPCOR Properties are leased by the Company from NPC. This arrangement exposes 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 such lands, 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 intends to register its leases with the relevant land registries in the Philippines to protect its rights against third parties. The Company believes it is also able to manage this risk through contractual remedies and safeguards in its contracts, which generally includes a prohibition on the NPC (as lessor) from assigning the lease without the consent of the Company (as lessee), and also includes the explicit consent of

NPC to the 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 shall likewise ensure that the term of the lease agreements shall coincide with the term of the PSAs of SIPCOR. At this time, SIPCOR has two PSAs (SIPCOR PSA 1, and SIPCOR PSA 2) and two lease agreements with NPC. Both lease agreements will expire in 2035, while one of the PSAs (SIPCOR PSA 2) has an end-term of 2040. To ensure that the terms of the lease with NPC shall cover until the end of the term of both SIPCOR PSAs, the Company has SUBMITTED a letter to NPC REQUESTING FOR EXTENSION OF the lease agreements to have an end-term of 2040, which is the same validity period of SIPCOR PSA 2. The Company intends to pursue further discussions with NPC regarding such proposed extension of the term of lease agreements.

There is a pending civil case between NPC and third-party claimants with respect to certain portion of the land underlying the SIPCOR Properties leased by the Company from NPC.

Currently, there is a pending civil case between NPC and third-party claimants over a portion of the SDPP Land which NPC is leasing to the Company located in Candanay Sur, Siquijor, Siquijor, with an area of 2,427 sq.m..

The Company was advised by the NPC that the parties are undergoing mediation proceedings with respect to such civil case. Nonetheless, PREIT has been advised by the NPC that it is actively pursuing its claims on the property and is intent on preserving and protecting its ownership of the relevant affected portion of the land. The NPC also believes that there is no merit to the claim as all payments for the ownership of the land have been made by the NPC to the third-party claimant. For more information on this claim, please refer to the discussion under "*Legal Proceedings*".

In the event that an adverse decision is rendered against NPC which will result in the eviction of the Company from the affected portion of the land, the Company and SIPCOR believe that occupation by the third-party claimant of the relevant portion of the project site will not materially affect SIPCOR's ability to continue its power generation operations nor its results of operations. In such scenario, SIPCOR has contingency plans for the relocation of the relevant generation facilities located within the affected areas under litigation, to another portion of the land which is not subject to litigation or third-party claims. Such generation facilities and plant assets can be easily transferred to other areas of the property which are not covered by the third-party claim, considering that such assets are not permanently affixed to the 2,427 sq. m plot of land.

Should there be such interruption in business caused by the relocation of the equipment from the affected area, it will likely be for approximately one to two months only. Furthermore, any anticipated loss in generation capacity during the relocation period may be minimized through temporary lease generation facilities from third-parties. The Company may also lease or purchase the affected property from the third-party claimant.

Our Fund Manager and our Property Manager do not have an established track record and operating history and are presently managing another REIT company.

Our Fund Manager has limited operating history relating to the management of REITs. There can be no assurance that the Fund Manager will be able to effectively manage our Company to generate sufficient revenue from operations to allow the Company to declare dividends at expected levels. However, we believe that this risk is mitigated by the fact that the directors and officers of the Fund Manager have extensive experience in fund management, corporate finance and other relevant finance-related functions in the real estate industry. See "*The Fund Manager and the Property Manager—Our Fund Manager—Directors and Executive Officers of the Fund Manager*."

Our Property Manager has limited track record of operations and property management by which investors may be guided in assessing the likely future performance of our Property Manager, and in turn, our Company's likely future performance. However, we believe that this risk is mitigated by the fact that the directors and officers of our Property Manager have gained many years of valuable experience in commercial real estate operations, leasing, and property management. *See "The Fund Manager and the Property Manager—Our Property Manager—Directors and Executive Officers of the Property Manager*."

Our Fund Manager and our Property Manager are presently the fund manager and property manager, respectively, of VistaREIT, Inc., which may give rise to conflict of interest. The Company believes, however, that sufficient safeguards are in place under the provisions of the relevant Fund Management Agreement and Property Management Agreement in managing any actual or potential conflict of interest in respect of our Company and our Properties. In addition, each of the Fund Manager and the Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company. *See also "The Fund Manager and the Property Manager—Fund Manager—Conflict of Interest" and "The Fund Manager and the Property Manager—Property Manager—Conflict of Interest".*

Our Fund Manager may not implement our Company's investment policies or successfully implement our Company strategy.

Our Company's investments and acquisitions will be determined by our Fund Manager in accordance with this REIT Plan and our investment strategy. The Fund Manager will have the overall responsibility for the allocation of the Company's assets to the allowable investment outlets and selection of income-generating real estate in accordance with the Company's investment strategies. Notwithstanding the written instructions of the Company, the Fund Manager has the fiduciary responsibility to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions.

There is no assurance that the Fund Manager will be able to successfully implement and execute our investment strategy or that it will be able to acquire assets to grow our portfolio. There are also risks and uncertainties arising from the selection of investments including the risk that the costs of undertaking an acquisition may exceed original estimates or that occupancy levels and rents of acquired assets will yield the intended return on investments.

We believe that these risks could be addressed by our Fund Manager's legal and fiduciary obligation to act on behalf of and in the best interest of our Company and the provision of our investment strategy as described in this REIT Plan. See "*The Fund Manager and the Property Manager—Our Fund Manager*" on page 151.

The Properties are being utilized in a highly regulated environment and it is affected by the development and application of regulations in the Philippines.

The Properties are being utilized in a highly regulated environment and is subject to national and local laws and regulations for building standards, human health and safety, sanitation, environmental protection, and power generation. We are also required to maintain licenses, permits and other authorizations, including those relating to certain construction activities for our Properties, and are also required to obtain and renew various permits, including business permits and permits concerning, for example, health and safety and environmental standards. Our licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. If we fail to meet the terms and conditions of any of our licenses, permits or other authorizations necessary for our operations, these may be suspended or terminated, leading to temporary or potentially permanent closing of our Properties, suspension of construction activities or other adverse consequences. In addition, we cannot be certain 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. We regularly monitor our permits and approvals to ensure that all are properly renewed and maintained. See "*Regulatory and Environmental Matters*". There can be no assurance that we will continue to be able to renew the necessary licenses, permits and other authorizations for our Properties as necessary or that such licenses, permits and other authorizations will not be revoked. If we are unable to obtain or renew them or are only able to do so on unfavorable terms, this could have an adverse effect on our business, financial condition and results of operations.

There are also laws and regulations that govern the classification of land available for property development, foreign exchange restrictions, property financing, taxation, acquisition and development of land, and foreign ownership restrictions. See "*Regulatory and Environmental Matters*."

Failure to comply with the various regulatory requirements and authorizations may result in the imposition of fines and penalties, implementation of remedial measures, or the suspension or termination of our permits and licenses which may lead to the closure or cessation of operations in our Properties.

Furthermore, there can be no assurance that changes in legislation or regulations, or changes in their interpretation or enforcement that are applicable to the Company or the Properties will not increase the costs of conducting its business above currently projected levels or require future capital expenditures.

To mitigate this risk, the Company believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner.

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

The Company's revenues are from lease payments for the Properties. As such, the Company is dependent on the operations of its lessees, including their successful management of their 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.

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. In addition, the Company's Lessees may not be able to properly maintain and operate their 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 power plants, and maintain their relationships with their customers and third-party service providers, increase the efficiency and production capabilities of their 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 Properties which are largely composed of guaranteed base lease payments that are independent of the operating performance of the relevant lessee's power plants. However, the Company's Lessees, as power plant operators, are subject to risks inherent in the 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 is exposed to concentration risk as all its lease income is currently, and post-Offering, is expected to be, derived from lessees within the PAVI Group*.**

Post-Offering, assuming the full exercise of the overallotment option, proceeds from the Offer would be allocated by the Sponsors towards funding the acquisition and preparatory development of 14 sites, three of which are already under construction (one site in Camarines Norte, one site in Camarines Sur, and one site in Bataan). Following the acquisition of any one site, the Sponsors intend to conduct preparatory development activities necessary to convert the acquired lands into areas suitable for solar farm installations, such as preliminary permitting, land-use conversion, rezoning or other similar activities. Thereafter, the Sponsors shall infuse these assets into the Company via asset-for-share swap or other equivalent transactions, having regard to friction costs typically associated with such asset infusions. Contemporaneous with or immediately following acquisition of these assets by the Company, these assets which will now form part of the Company's expanded asset portfolio, will then be leased to PAVI Green for the latter to use for its solar farms presently in development. The Company expects to maintain operational flexibility and may, in the future, include in its asset portfolio income-generating real estate that would be leased to or utilized by other infrastructure units of the PAVI Group or even by those parties outside of the PAVI Group. Depending on prevailing market conditions and other factors, the Company will evaluate each opportunity and act accordingly.

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

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

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

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

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

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

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

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

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

After the Offering (and assuming the Overallotment Option is fully exercised), the Sponsors shall aggregately own approximately [51.04%] of the Shares of the Company. Each of the Sponsors is directly or indirectly wholly owned by PAVI. There is no assurance that PAVI or its shareholder will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of PAVI or its shareholder may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and PAVI or its shareholder 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 PAVI or its shareholder 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 will be managed through a Related Party Transaction Review and Compliance Committee which will be established to review all related party transactions to be entered into by the Company. Further, the Fund Manager and Property Manager are required to establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company. See "*Related Party Transactions*", "*The Fund Manager and the Property Manager – The Fund Manager—Conflict of Interest*" and "*The Fund Manager and the Property Manager – The Property Manager —Conflict of Interest*" on pages 153 and 158, respectively, of this REIT Plan.

Divestment by the Sponsors or the ultimate parent, PAVI, could inhibit the Company's growth.

Upon completion of the Offer, the Sponsors will continue to be majority shareholders in the Company, with a direct shareholding of [51.04]% in the aggregate, assuming the Overallotment Option is fully exercised. If the Sponsors were to divest of their ownership in the Company, the ability of the Company to grow would be affected because the relationship with the Sponsors and the PAVI Group provides the Company with access to other properties for potential acquisition and inclusion in its property portfolio. To manage this risk, the Company continues to maintain a close relationship with the Sponsors which intend to maintain ownership of at least a majority of the capital stock of the Company. In the unlikely event of divestment, the Company expects to be self-sufficient and would continue to pursue its investment strategies. Please see the section entitled "Business and Properties – Investment Policy" in this REIT Plan

The PAVI Group is active in many regulated sectors and failure to adequately anticipate and/or address regulatory changes may adversely affect the group.

The PAVI Group is active in many regulated sectors and failure to adequately anticipate and/or address regulatory changes may adversely impact the PAVI Group. The PAVI Group engages in the following sectors: power systems infrastructure, water distribution technologies, ICT (information, communications, and technology), and realty and entertainment, and certain of its business activities are in regulated industries that regularly undergo a significant amount of regulatory and/or political changes. While PAVI and the members of the PAVI Group have dedicated systems, resources, and personnel to monitor, study and influence policymaking in their respective industries in the Philippines, PAVI cannot fully ensure the accuracy of such studies or the effectiveness of such attempts in a constantly shifting environment. Any failure to accurately predict or successfully influence or address policy outcomes may have a material adverse effect on the PAVI Group's businesses, financial condition and results of operations.

To mitigate this risk, PAVI actively monitors the regulatory landscape for current regulations and any changes that may have an impact on its existing and potential markets. PAVI also regularly identifies, monitors, and evaluates new policy issues across sectors and industries.

Members of the PAVI Group are subject to specific industry risks

Members of the PAVI Group are subject to specific industry risks. The PAVI Group operates in several key sectors: power systems infrastructure, water distribution technologies, ICT (information, communications, and technology), and realty and entertainment. These various industries have inherent risks, which ultimately exposes the PAVI Group.

Below are some of the key risks that members of the PAVI Group face in their day-to-day operations:

- high level of competition;
- slowdown in business activity due to global financial and local political, socio-economic turmoil, and security concerns;
- lack of skilled and properly trained workforce to deploy to its various business operations;
- risks associated with information and technology infrastructure;
- risks associated with market disruptors and changes or shifts in technology and market preferences;
- non-compliance to, or breach of, regulatory limits imposed on some of its highly regulated businesses;
- changes in tax policies, government regulations, laws, or the interpretation thereof, and sudden shifts in government policies and initiatives that could adversely affect various businesses;
- loss of key personnel or the inability to attract and retain them;
- litigation risks both on business dealings with the private and public sectors, which could result in financial losses or harm its businesses;

- natural catastrophes;
- shortages in raw materials, or the increase in the prices thereof, that can limit the production and operations of some of subsidiaries and affiliates; and
- inability to implement growth strategies across the PAVI Group's various business segments, including, but not limited to, realizing value from its various acquisitions and business integrations, securing of business contracts, concessions, and business partnerships, completing its business expansion plans, etc.

To mitigate such risks, PAVI ensures that each of the operating companies within the PAVI has a full management team which is responsible for having their own plan to manage risks.

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, including members of the PAVI Group. Furthermore, at this time, the Company's revenues are derived from lease agreements with SIPCOR and CAMPCOR, which are both related parties. These agreements and the Company's other related party transactions are described in greater detail under the section entitled "*Related Party Transactions*" in this REIT Plan and the notes to the Company's financial statements appearing elsewhere in this REIT Plan. Such interdependence may mean that any material adverse changes in the operations or financial condition of related parties could adversely affect the Company's results of operations.

The Company expects that it will continue to enter into transactions with related parties, including with respect to the properties which the Company will acquire from, and lease to, Affiliates of the Sponsors. See "*Use of Proceeds*" and "*Certain Agreements Relating to the Company and the Properties"* on page 78 and 178, respectively, of this REIT Plan for more information. These transactions may involve potential conflicts of interest which could be detrimental to the Company or its Shareholders. However, under the REIT Law, any related party transaction of the Company must comply with certain minimum requirements which include (a) full, fair, timely, and accurate disclosures to the PSE and SEC of the identity of the parties, their relationship with the Company, and other important terms and conditions of the transaction; (b) fair and reasonable terms, including the contract price; (c) approval by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all Independent Directors of the Company; (d) a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and (e) any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the Company.

Furthermore, under Section 50 of the Tax Code, 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. In addition, related party transactions shall be subject to review of the Related Party Transactions Committee. See the sections entitled "*Related Party Transactions*" and "*Board of Directors and Senior Management*" on pages 219 and 171 of this REIT Plan.

The Villar Family's political involvement may have negative indirect effects on the Company.

Each of the Sponsors is directly or indirectly wholly-owned by PAVI, which is the investment holding company of Mr. Manuel Paolo A. Villar. Manuel Paolo A. Villar is the son of Spouses Manuel B. Villar, Jr. and Cynthia A. Villar who own and control the Villar Group of Companies (the "**Villar Group**"). The Spouses Manuel B. Villar, Jr. and Cynthia A. Villar and the Villar Group have no ownership interest nor involvement in the business and affairs of PAVI.

While Manuel Paolo A. Villar is not, the other members of the Villar family have been and are currently involved in Philippine politics. Manuel B. Villar, Jr., patriarch of the Villar Family, was until June 30, 2013, a Senator of the Philippines who also ran for President in the May 2010 elections. Although Manuel B. Villar, Jr. is no longer a Senator, his wife Cynthia was elected Senator in the 2013 Philippine elections and reelected in the May 2019 elections (and presently serves as such). Their son, Mark A. Villar, was also elected Senator in the recent 2022 national elections, and their daughter Camille has been reelected Congresswoman for the lone district of Las Piñas City in the same elections. Given the Villar family's involvement in politics, allegations of conflicts of interest, improper influence, or corruption on the part of members of the Villar family may have an adverse effect on the PAVI Group's and the Company's business and goodwill.

The Company believes this risk can be managed through the Company's strengths and strategies. For a more detailed discussion please refer to the Company's Competitive Strengths on page 136 of this REIT Plan. However, there is no assurance that the Company can provide an effective mitigation to such risk.

Legal and other proceedings

The Company may, from time to time, be involved in disputes with various parties in the operations of its businesses, including those relating to commercial or contractual matters, and may be subject to investigations by regulatory and administrative bodies. 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, we may also have disagreements with regulatory bodies in the course of operations, which may subject us to administrative proceedings and decisions that may result in penalties or other liabilities. Any of these outcomes could materially and adversely affect the Company's business, financial condition, and results of operations.

In the event that we become involved in future litigation or other proceedings or be held responsible in any future litigation and proceedings, we will endeavor to amicably settle the legal proceedings and in the event of any adverse ruling or decision, diligently exhaust all legal remedies available to us.

There may be direct competition between the Company and the Sponsors

The Sponsors are engaged in operation of power generation facilities. As a result, there may be circumstances where the Company competes directly with the Sponsors for property acquisitions, which could lead to lower revenue and slower portfolio growth and could adversely affect distributions to the Company's Shareholders. There can be no assurance that the interests of the Company will not conflict with, or be subordinated to, those of the Sponsors in such circumstances. See "*Business and Properties—Competitive Strengths*" on page 136, respectively, of this REIT Plan. The Company, however, believes that this risk is mitigated by policies adopted by the Sponsors to continuously support the expansion and growth of the Company's Properties, including, but not limited to, investment of the proceeds from the Secondary Offer and sale of Option Shares in case Overallotment Option is exercised, in income generating real estate properties which shall be eventually transferred to and shall form part of the Company's Properties. For further discussion, see "*Use of Proceeds*" and *Annex A (Reinvestment Plan)*.

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

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

To manage these risks, the Company believes that its lessees have had, and continue to maintain, strong and stable relationships with their customers.

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

The Selling Shareholders have identified 14 renewable energy projects in their reinvestment plan that are mostly in site selection or pre-development stages. The expected net proceeds from the sale of the Offer Shares will cover only a portion of the Selling Shareholders' funding requirements in such projects.

While the Selling Shareholders believe they can conclude the technical and legal due diligence and proceed to acquire the relevant properties and parcels of land for eventual inclusion in the Company's portfolio within one year from date of its receipt of proceeds from the Offer, such projects may encounter delays or might not advance past the site selection stage depending on the outcomes of negotiations with prospective landowners. To manage the foregoing risk, the Selling Shareholders may reallocate the earmarked proceeds to other properties identified in its reinvestment plan. For a more detailed discussion on the use of net proceeds by the Selling Shareholders, see *Annex A (Reinvestment Plan)* of this REIT Plan.

The Properties are subject to the risk of losing revenue in the event they are rendered inoperable for an indefinite time period due to force majeure events, and the Property Manager and the Lessees may be required to undertake significant repair and replacement works.

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

To manage these risks, the Lessees, who are responsible for securing the relevant insurance policies and undertaking any repair or maintenance works on the Properties leased from the Company, maintain comprehensive insurance policies that cover business interruption. [The insurance policies also cover risks of certain force majeure events up to the full replacement cost of the power plants operating on the Properties.] However, there can be no assurance that the Lessees' insurance policies will cover repair and replacement costs, whether partially or fully, which could materially affect the Company's or its Lessees' business, prospects, financial condition, results of operations and cash flows. See "*Business and Properties –Insurance"* on page 144 of this REIT Plan.

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

The Company expects its Lessees to keep the 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.

Any significant increase in operations and maintenance costs may reduce the net operating revenue generated by the Lessees from their respective power plants, and may affect the business, prospects, financial condition, results of operations and cash flows of the Lessees. In turn, these may affect the lease income that may derived by the Company, and may decrease the amount of Distributable Income of the Company available to its shareholders.

To manage these risks, 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 power plants. In addition, dependence on revenues of the Lessees is managed by land lease rental rates for its Properties that are largely composed of guaranteed base lease which is independent of the operating performance of the relevant lessee's power plants.

The Lessees are subject to stringent regulatory monitoring and rigorous bidding regulations with respect to the award of power supply contracts

The Company's lease revenues are correlated to the amount of electricity generated and sold by Lessees operating on the Leased Properties, which in turn, would depend on power supply agreements that the Lessees are able to maintain and secure.

The energy sector is highly regulated in the Philippines, and is subject to stringent regulations with respect to the conduct of bidding processes for the award of power supply agreements. Due to the competitive nature of bidding and awarding of power supply contracts, there is no assurance that the Company's Lessees will always be successful in such bids for power supply agreements, which would affect the Lessees' ability to pay rent to the Company.

The Company believes it is able to manage these risks through its lease rental structure for its Leased Properties, particularly having a guaranteed annual base rental rate which is independent of the relevant lessee's revenues from power supply agreements for the current fiscal year. However, the Company's Lessees are subject to risks inherent in the 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's power plant assets are subject to the risk of losing revenue in the event they are rendered inoperable for an indefinite time period due to force majeure events, and the Company and the Lessees may be required to undertake significant repair and replacement works.

The operations of the 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 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.

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

To manage these risks, the Company and its Lessees maintain comprehensive insurance policies that cover business interruption. The insurance policies also insures against, but not limited to "all risks" of sudden and accidental physical loss or damage to real or personal properties or to the insured properties and interests of every kind and description used for in connection with the ownership, maintenance and operation of the relevant Properties from whatever cause not specifically excluded in the policy. Pursuant to the REIT Regulations, each Property is covered up to the market replacement value and at the time of the loss, with such value to be determined at the time of loss (according to a formula prescribed under the relevant insurance coverage) and loss of rental.

However, there can be no assurance that the Company's or its Lessees' insurance policies will cover repair and replacement costs, whether partially or fully, which could materially affect the Company's or its Lessees' business, prospects, financial condition, results of operations and cash flows. See "*Business and Properties – Insurance"* on page [170] of this REIT Plan.

The Lessees rely on third-party suppliers for its diesel supply for its powerplant facilities, which have been generally subject to increasing prices.

The diesel used for the powerplants assets of SIPCOR and CAMPCOR, who are the Sponsors and Lessees of the Company, have been continuously sourced from third-party suppliers for the past years. Given that the Lessees are reliant on its third-party suppliers for diesel, the rising costs of diesel spurred by various global events such as the COVID-19 pandemic and the Russian-Ukraine conflict had resulted in a general increase to the Lessees' overall costs for continued operations.

The Company's revenues are correlated to the amount of electricity generated and sold by the power plants operating on the Leased Properties and the Properties to be Acquired, which may be adversely affected by the rising diesel costs for the continued operation of the power plant assets by the Lessees.

The Lessees are able to manage this risk through certain provisions in the relevant Power Supply Agreements (PSA) which allow the Lessees to effectively pass on the costs of fuel to their consumers, who will ultimately shoulder such costs (and any increase therein). In particular, the PSAs entered into by SIPCOR with PROSIELCO allow SIPCOR to recover fuel cost fees that take into account the price of diesel fuel oil for a particular period. Similarly, the PSA of CAMPCOR with CELCO also includes provisions which allows CAMPCOR to recover fees based on the cost of fuel for a certain period.

The Company also believes it is able to manage these risks through its lease rental structure for its Leased Properties, in particular, having a guaranteed annual base rental rate which is independent of the relevant lessee's revenues from power supply agreements for the current fiscal year.

Certain portions of the land underlying the SIPCOR Properties are not owned by the Company, and certain portions of such land do not have registered title named under the party from whom the Company leases the same.

The lease agreements between the Company as lessee and National Power Corporation ("NPC") as lessor, cover parcels of land (with an aggregate area of 9,478 sq.m.) that form part of the properties subleased to SIPCOR. However, such parcels of land that the Company subleases to SIPCOR has no registered title in the name NPC. The Company recognizes that NPC has no registered title in its name over such leased area.

Under Philippine Law, a land title issued by the Register of Deeds shall be deemed as conclusive ownership over a piece of land against the whole world. Given that the NPC does not have registered title over the land it is currently leasing to the Company, which is, in turn, subleased to SIPCOR, the Company runs the risk of the plot of land being subject to any conflicting claim or ownership dispute, should another person claim that he or she owns the land.

To manage these risks, the Company will continue to monitor the NPC's efforts in perfecting its ownership through registration with the Registration of Deeds of the property during the term of the agreement. The Company believes it is also able to manage this risk through contractual remedies and safeguards in its contracts, which includes NPC's warranty that it has been in exclusive and peaceful possession over the same from the time of its acquisition.

The parcels of land lease by the Company from NPC are subject to increased lease rates in the next few years.

The Company leases from National Power Corporation ("NPC") as lessor, certain parcels of land (with an aggregate area of 9,478 sq.m.) that form part of the properties subleased to SIPCOR. Based on the terms of the relevant lease agreements, the annual rent is subject to a 20% increase every five years from the inception of the contract, and every five years thereafter.

The Company's operational expenses depend on the rental rates provided by NPC. Any material increase in NPC rates in the future could adversely affect the Company's business.

Nevertheless, the Company is able to manage the risk on increasing lease rates considering that the 20% incremental increase every 5 years is already fixed by the terms of the contract and could not be unilaterally increased by NPC. Moreover, the Company endeavors to negotiate with the NPC to retain a reasonable rate of escalation for rental rates upon renewal of the lease terms.

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 is required to maintain and renew annually its general business permit issued by the relevant local government unit.

Meanwhile, the lessees are required to maintain business licenses, as well as various regulatory permits and other authorizations, and is also required to obtain and renew such permits, including permits concerning, for example, health and safety, environmental standards. The 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 lessees fail to meet the terms and conditions of any of its licenses, permits or other authorizations necessary for 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, with respect to its general business license issued by the relevant local government unit, or its lessees, with respect to its various regulatory permits, 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 and Lessees' failure to obtain, maintain, or renew, the material licenses, permits and certifications, as listed under "***Business and Properties – Regulatory Compliance***" on page [171] of this REIT Plan, could have an adverse effect on the Company's business, financial condition and results of operations and with respect to the Lessee, subject the concerned Lessee to the payment of fines or charges imposed by the relevant regulatory agency.

To manage this risk, the Company and the Property Manager intend to work together to ensure that the Company's and Lesees' licenses and permits are renewed on time, and that the Company and Lessees complies with the terms and conditions of its licenses and permits. The Property Manager is tasked with maintaining appropriate oversight over the operations of the lessees, including with respect the timing of lease payments made to the Company. The Property Manager also has an in-house legal and compliance department which monitors the renewal of, and compliance with, the permits and licenses of the Lessees of the Company.

As of the date of this REIT Plan, the Company and its Lessees have acquired, maintained, or are in the process of renewing its regulatory permits and licenses in the ordinary course of business. The Company or its Lessees have also not received any citations with respect to its regulatory permits and licenses.

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, lessees, and other stakeholders.

Our business activities and assets are based in the Philippines, therefore, any downturn in the Philippine economy could have a material adverse impact on our business, financial condition, results of operations, and prospects.

The Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso, and the imposition of exchange controls. We cannot assure prospective investors that one or more of these factors will not negatively impact the Philippine energy market. 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' power plants and, consequently, could have a material adverse effect on the business, operations, and financial condition of the Company.

From mid-1997 to 1999, the economic crisis in Asia adversely affected the Philippine economy, causing a significant depreciation of the Philippine Peso, increases in interest rates, increased volatility and the downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. These factors had a material adverse impact on the ability of many Philippine companies to meet their debt-servicing obligations. Over the last several years, the government instituted several reforms in the fiscal and banking sectors, among others, that strengthened the country's economic fundamentals.

In 2020, the COVID-19 pandemic crippled the global economy, including that of the Philippines. COVID-19 was declared as a pandemic by the World Health Organization and spread globally over the course of 2020. Countries around the world have taken numerous measures in varying degrees to contain the spread of COVID-19, including community quarantine or lockdowns, social distancing directives, suspension of operations of non-essential businesses and the imposition of travel restrictions which greatly affected businesses, eventually leading to a global economic recession. The Philippine government implemented a prolonged lockdown in 2020, considered one of the strictest in the world, to control the spread of the virus but at the great expense to the economy. The Philippine economy contracted by -9.6% year-on-year in 2020, its steepest economic contraction on record. The figure was also the country's first economic recession in more than two decades when the economy posted a negative GDP growth of 0.5% back in 1998.

However, hopes of a gradual recovery of the domestic economy remained afloat at the start of 2021 as the country began to adjust and cope up with the effects of the pandemic and given the accelerated rollout of COVID-19 vaccines which commenced in March 2021. Despite posting a negative GDP growth of 3.9% during the 1Q 2021 in view of the prolonged effect of the pandemic, the Philippine economy managed to stage a rebound in 2Q 2021 with GDP expanding by 12.0% year-on-year as the government tried to balance the need to address the pandemic situation and the need to restore jobs and incomes among the working population by loosening mobility restrictions during the period. Positive GDP growth was likewise sustained for the succeeding quarters of the year with the economy growing at 6.9% and 7.7% year-on-year during the 3Q and 4Q of 2021, respectively. The country's GDP grew by 5.6% year-on-year in 2021, exceeding Government's adjusted target of 5.0% to 5.5% for the year. During 4Q 2021 or prior to the spread of the highly transmissible COVID-19 Omicron variant, the country saw a sharp decline in COVID-19 cases, encouraging most businesses to open at near or full capacity during the period.

For 2022, the inter-agency Development Budget Coordination Committee ("**DBCC**") forecasts the Philippine GDP to grow by 6.5% to 7.5% in 2022. This bodes well for the Company as the Philippines' demand for electricity is highly correlated with its economic growth.

Amid improved vaccination rates and better management of the pandemic, many countries are expected to stage economic recoveries, including the Philippines. According to the International Monetary Fund ("**IMF**"), the Philippines' GDP is expected to reach ₱ 20.62 Trillion (USD 406.11 Billion) at current prices in 2022, growing at a CAGR of 5.5% between 2016 and 2026. Philippine economic growth will be driven primarily by infrastructure spending and sustained public projects, with the current Marcos administration vowing to continue its predecessor's "Build, Build, Build" infrastructure program.

The PSA reported FY2021 inflation settling at an adjusted average of 3.9%. This was primarily driven by higher food prices caused by supply disruptions and agricultural damage from the typhoons that struck the country. In particular, Typhoon Odette (Rai), which hit the Philippines in December 2021, was the Philippines' 15th tropical cyclone in 2021 and caused ₱ 13.3 Billion worth of agricultural goods, the final tally of the Department of Agriculture showed.

As of July 31, 2022, year-to-date average inflation is currently at 4.7% due to the immediate impact of the Russia-Ukraine war. The DOF however, still maintains that they are confident that the government will be able to keep inflation within the target range of 2% to 4%.

Since the beginning of 2022, the BSP has raised interest rates by 225 basis points (bps) to combat inflation caused by multiple factors, including the Russia-Ukraine war. Meanwhile, the U.S. Federal Reserve has also hiked interest rates by 75 bps or three-quarters of a point in September 2022, with the central bank signaling further rate hikes based on its dot plot for 2022 and 2023.

The Philippine peso breached the ₱ 59-to-dollar level for the first time in September 2022. The Philippine government, however, reassured that the Government is coordinating with its economic managers to assess the peso's impact on inflation.

Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to grow its business, and its ability to implement the Company's business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Factors that may adversely affect the Philippine economy include: decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally; scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally; exchange rate fluctuations and foreign exchange controls; rising inflation or increases in interest rates; levels of employment, consumer confidence and income; changes in the Government's fiscal and regulatory policies; Government budget deficits; adverse trends in the current accounts and balance of payments of the Philippine economy; public health epidemics or outbreaks of diseases, such as re-emergence of

Middle East Respiratory Syndrome-Corona virus (MERS-Cov), Severe Acute Respiratory Syndrome (SARS), avian influenza (commonly known as bird flu) or H1N1, and COVID-19, or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia; natural disasters, including but not limited to tsunamis, typhoons, volcanic eruptions, earthquakes, fires, floods and similar events; political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and other regulatory, social, political or economic developments in or affecting the Philippines.

Any downturn in the Philippine economy may have a negative impact on consumer sentiment and general business conditions in the Philippines, which may materially reduce the revenues, profitability and cash flows of the Company.

Political instability in the Philippines may have a negative effect on the Philippine economy and business environment which could have a material adverse impact on our business.

The Philippines has from time to time experienced political and military instability. In recent history, there has been political instability in the Philippines, including impeachment proceedings against two former presidents and the chief justice of the Supreme Court of the Philippines, hearings on graft and corruption issues against various government officials, and public and military protests arising from alleged misconduct by previous and current administrations. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. An unstable political environment may negatively affect the general economic conditions and operating environment in the Philippines, which in turn could have a material adverse effect on the business, operations, and financial condition of the Company.

In addition, the Company may be affected by political and social developments in the Philippines, including changes in the political leadership.

The Company may also be affected by changes in government policies in the Philippines. Such regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact the Company's business.

There can be no assurance that the current or any new administration will continue to implement social and economic policies that promote a favorable and stable macroeconomic and business environment. Policy instabilities or fundamental change of policy directions, including those with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and the loss of investor confidence in the Philippines. Any potential instability could have an adverse effect on the Philippine economy, which may impact our business, prospects, financial condition and results of operations.

Natural or other catastrophes, including severe weather conditions, may materially disrupt our operations and financial condition.

The Philippines has experienced several major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt our operations, and consequently, may adversely affect our business, financial condition and results of operations.

Acts of terrorism could destabilize the country and could have a material adverse effect on our assets and financial condition.

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine army has been in conflict with various groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines as well as clashes with separatist groups. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country.

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 our business and materially and adversely affect our 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 our 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.

Competing and overlapping territorial claims by the Philippines, the PRC and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflict.

The PRC 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 tensions 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 international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of the PRC 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 tribunal 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 the PRC is invalid. The Government, under the current administration, has taken measures to de-escalate tensions concerning the territorial dispute with the PRC.

There is no guarantee that the territorial dispute between the Philippines and other countries, including the PRC, would end or that any existing tension will not escalate further, as the PRC has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors may adversely affect the Company's operations. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions or suspension of visa-free access and/or overseas Filipinos permits. Any such developments could materially and adversely affect the Company's business, financial condition and results of operations.

Further escalation and widening of the Russian-Ukraine conflict can lead to potential global political, security and economic disruption which might affect, directly or indirectly, countries such as the Philippines.

On February 24, 2022, Russia launched a large-scale invasion of Ukraine. Russian President Vladimir Putin authorized what the Russian government called as a "special military operations" in Ukraine with missile and artillery attacks, striking major Ukrainian cities including capital, Kiev. The unprovoked invasion caused an uproar globally particularly from the European Union-member countries as well as the United States, Canada, Japan, Australia, among others.

The ongoing crisis between Russia and Ukraine has caused jitters in the global economy particularly on the energy and the financial markets given the geo-political and market uncertainties associated with the conflict and the severity of sanctions imposed on Russia by the US and its allies. President Vladimir Putin recently said that sanctions imposed by the West on Russia are akin to a declaration of war and warned that any attempt to impose a no-fly zone over Ukraine would lead to catastrophic consequences for the world. Likewise, fears that the crisis might further escalate and widen are seen to make the global markets anxious and unsteady which may lead to potential adverse implications on the global political, security and economic landscapes, unless a clear direction towards de-escalation is agreed upon.

There can be no assurance that the ongoing conflict between Russia and Ukraine will not further escalate and widen to into a full-fledged war involving NATO member countries including the US and its allies. Any such developments could have a negative effect, directly or indirectly, on the Philippine economic and business environment and eventually on the Company's business, financial condition and results of operations.

Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

The Philippines is currently rated investment grade by major international credit rating agencies such as Moody's, Standard & Poor's and Fitch. In May 2020, the Philippines received its first credit rating outlook downgrade in 15 years after Fitch lowered the country's credit outlook to stable from positive due to the economic fallout from the COVID-19 pandemic. As of July 16, 2020, Moody has affirmed the Philippines Baa2 rating with stable outlook. On January 10, 2021, Fitch affirmed the Philippines' long-term foreign-currency issuer default rating at BBB, noting that the outlook is stable. On July 12, 2021, however, Fitch revised the outlook of the Philippines to negative, although its long-term foreign-currency issuer default rating remained at BBB. The change in outlook was attributed to the potential scarring effects, and possible challenges associated with unwinding the exceptional policy response to the COVID-19 health crisis and restoring sound public finances as the pandemic recedes. As of May 28, 2021, S&P maintained its BBB+ long-term credit rating for the Philippines with a stable outlook, and its A-2 short-term credit rating for the Philippines. As of February 17, 2022, Fitch affirmed its rating at BBB while retaining the negative outlook, citing the downside risks to economic recovery and increased infrastructure spending that may hold back the country's growth potential. While Moody's and S&P retained the sovereign rating and stable outlook, no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. And while the Marcos administration has publicized a goal of attaining an A-level credit rating from these agencies, the Company cannot provide assurance of effective mitigation. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the 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.

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 our 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 US$1.00 in July 1997 to ₱56.18 to US$1.00 by December 2004. As of December 31, 2018, the Philippine Peso was at ₱52.72 per US$1.00 and appreciated to ₱48.04 per US$1.00 as of December 31, 2020, based on BSP data. As of September 29, 2022, the BSP reference rate was US$1.00=₱58.97. In addition, fluctuations in the exchange rate between the Philippine Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Shares listed on the PSE. Such fluctuations will also affect the amount of foreign currency received from any sale of the Offer Shares, and the conversion of cash dividends or other distributions paid by the Company in Pesos.

RISKS RELATING TO THE OFFER AND THE OFFER SHARES

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained in this REIT Plan;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;

- understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and

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

There has been no prior market for the Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall. Additionally, the market price of the Shares may be volatile, which could cause the value of investors' investments in the Shares to decline.

The Shares will be listed and traded on the PSE. In general, transfers of the Offer Shares will be made solely through the PSE. The Philippine securities market is smaller and less liquid than the securities markets in the United States and in certain European and Asian countries. Further, the Company recognizes that its market capitalization may be relatively smaller as compared against its regional peers, which may further affect its liquidity and offer price once listed as there may be a significant difference between the buying prices and the selling prices of the Shares.

Although the Shares will be listed on the PSE and since there has been no prior trading in the Shares, there can be no assurance that an active trading market for the Offer Shares will be developed or sustained in the long run, nor that the price per share will not decline less than the Offer Price. Until the Listing Date, the listing and trading of the Offer Shares on the PSE will not commence. During this intervening period, the investment in the Offer Shares will be illiquid.

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

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

The market price of the Offer Shares could be affected by several factors, including:

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

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

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

While the Company does not have any guarantee on the share prices and its liquidity, it will follow transparent corporate practices to ensure that material information is available and delivered in a timely manner to all the relevant parties.

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

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

The Company does not, as a matter of course, make public projections as to future financial or operational results due to the inherent unreliability of such projections. The Company has prepared the Projections solely for the purpose of complying with requirements of the Philippine SEC and the Company's independent auditor, Punongbayan & Araullo, has examined the Profit Forecast and Profit Projection of the Company in accordance with Philippine Standard on Assurance Engagements (PSAE) 3400, *The Examination of Prospective Financial Information*. However, there can be no assurance that the Projections and the assumptions used in preparing them are reasonable or that they can or will be achieved. All information and assumptions used in the preparation of the Projections are as of May 31, 2022 and do not reflect the actual results of the Company or events following such date. There can be no assurance that since the date of the Projections, there has not been, and will not be, any change, development, event or circumstance that has arisen which may cause the actual financial and operational results of the Company to differ significantly from the Projections. The forecasts contained in the Projections are subject to significant business, macroeconomic and competitive uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the Company's control. Depending upon operating, macroeconomic and other business conditions, the Company may adapt or vary its operating, financing and other business decisions in ways which could cause the Company's actual financial results to materially vary from those set out in the Projections. The Company's business involves a significant number of risks, uncertainties, contingencies and other factors that could cause its future performance, financial condition and results of operations to vary significantly from the Projections and therefore the Company cannot provide any assurance that the Projections will accurately reflect its future results. The Company has no obligation to update the Projections even in the event of material changes to the Company's operational and financial outlook or to the assumptions used in the Projections. None of the Company, any of its advisors, or the Sole Issue Manager, Underwriter and Bookrunner, accepts any responsibility for the forward-looking statements and forward-looking financial information contained in the Projections. As a result, investors should not rely on the Projections when making a decision to invest in the Shares. In addition, the commissioned industry report prepared by Frost & Sullivan on the renewable energy market in the Philippines attached to this REIT Plan, reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is not indicative of future economic and market conditions applicable to the Company.

There can be no guarantee that the Offer Shares will be listed on the PSE.

Purchasers of Offer Shares will be required to pay for such Offer Shares on the Trading Participants and Retail Offer Settlement Date, which is expected to be on or about [•] and on the Institutional Offer Settlement Date, which is expected to be on or about [•]. There can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

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

In order to finance the expansion of our business and operations, the Board will consider the funding options available to them at the time, which may include the issuance of new shares. If additional funds are raised by us through the issuance of new equity or equity-linked securities other than on a pro rata basis to existing shareholders, the percentage ownership of existing shareholders may be reduced, shareholders may experience subsequent dilution or such securities may have rights, preferences and privileges senior to those of the Offer Shares.

Further, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Shares or our ability to raise capital in the future at a time and at a price we deem appropriate.

The PSE rules require existing shareholders owning at least 10% of the outstanding shares of a company not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the shares. In addition, all shares issued or transferred within 180 days prior to the commencement of the Offer at an issue price less than the price per Offer Share shall be subject to a lock-up period of at least 365 days from the date that full payment is made on such Shares, as required by the PSE. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

Moreover, a listed company on the PSE shall be prohibited from offering additional securities, except offerings for stock dividends and employee stock option plans, within 180 calendar days from the date of initial listing.

Except for such restrictions, there is no restriction on our ability to issue Shares or the ability of any of our shareholders to dispose of, encumber or pledge, their shares, and there can be no assurance that we will not issue shares or that such shareholders will not dispose of, encumber or pledge, their shares.

Property yield on the Properties is not equivalent to distribution yield on the Shares.

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

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

The issue price of the Shares in the Offer may be substantially higher than the net tangible book value of net assets per share of the outstanding Shares. Therefore, purchasers of Offer Shares may experience immediate and substantial dilution and our existing shareholders may experience a material increase in the net tangible book value of net assets per share of the shares they own. See "*Dilution*" on page 86 of this REIT Plan.

There can be no assurance that we will be able to pay dividends or maintain any given level of dividends.

The Net Operating Income earned from real estate investments depends on, among other factors, the amount of Rental Income received, and the level of property, operating, and other expenses incurred. If the Properties do not generate sufficient Net Operating Income, our income, cash flow, and ability to make distributions will be adversely affected. There is no assurance that the Company will be able to pay or maintain dividends. In addition, there is no assurance that the level of dividends will increase over time, that we will continue to be able to negotiate contractual increases in rent under the leases of the Properties, that the increases in rent will not be lower than the inflation rate, or that the receipt of rental revenue in connection with expansion of the Properties or future acquisitions of properties will increase our Company's cash available for distribution to shareholders.

Our Company faces risks arising from compliance with the requirements to pay out its Distributable Income to Shareholders.

We are required by the REIT Law to distribute annually a total of at least 90.0% of our Distributable Income as dividends to Shareholders. If the required pay out from our Company's Distributable Income is greater than its cash flow from operations, the Company may need to borrow in order to comply with the REIT Law. In the event of any change in tax law or policy which results in certain expenses of our Company ceasing to be adjustable, the impact may be to cause our Company's required pay out from the Distributable Income to exceed its cash flow from operations. In the event our Company fails to distribute dividends as required under the REIT Law, we may be subject to increased tax liability and potential tax penalties. The failure to cure such a breach within thirty (30) days from the time of the occurrence of the event will subject the Company to income tax on its taxable net income as defined in Chapter IV, Title II of the Tax Code, as amended, instead of its taxable net income as defined in the REIT Law. As such, dividends distributed by our Company may be disallowed as a deduction for purposes of determining taxable net income. See "*Regulatory and Environmental Matters—Real Estate Laws—Taxation of REITs*" on page 190.

In addition, a violation of the REIT Law may result in the imposition of a fine or cause the imprisonment of the officers of the Company. Under the REIT Law, a fine of not less than ₱200,000 nor more than ₱5 million or imprisonment of not less than six (6) years and one (1) day nor more than 21 years, or both at the discretion of the court, shall be imposed upon any person, association, partnership or corporation, its officer, employee or agent, who acting alone or in connivance with others, violates any of the provisions of the REIT Law. If the offender is a corporation, partnership or association or other juridical entity, the penalty may, at the discretion of the court, be imposed upon such juridical entity and/or upon the officer or officers of the corporation, partnership, association or entity responsible for the violation, and if such officer is an alien, he shall in addition to the penalties prescribed, be deported without further proceedings after service of sentence. Such prosecution and conviction of the offender under the REIT Law and the imposition of the above penalties shall be without prejudice to the administrative, civil and criminal liabilities of the offender under the SRC.

The Shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution and related statutes restrict land ownership to Philippine Nationals. The term "Philippine National" as defined under the Foreign Investments Act, 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 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.

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

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

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

Our corporate affairs are governed by our Articles of Incorporation and By-Laws and the Corporation Code. The laws of the Philippines relating to the protection of interests of minority shareholders differ in some respects from those established under the laws of more developed countries. Such differences may mean that our minority shareholders may have less protection than they would have under the laws of more developed countries. The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or the United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

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

The Company is required to maintain a minimum public ownership of 33.33%.

Under the REIT Law and SEC Memorandum Circular No. 1, Series of 2020 (the "**Revised REIT IRR**"), a REIT must be a public company and to be considered as such, a REIT, must: (a) maintain its status as a listed company; and (b) upon and after listing, have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT or subject to 33.33% minimum public ownership requirement (MPO).

In the event the REIT becomes non-compliant with the MPO, it will be suspended from trading for a period of not more than six months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the PSE. In addition, the sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subject to capital gains tax and documentary stamp tax.

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

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

Delisting and its Tax Consequences

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

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

RISKS RELATING TO THE PRESENTATION OF INFORMATION IN THIS REIT PLAN

Certain information contained herein is derived from unofficial publications.

Certain information in this REIT Plan relating to the Philippines, the industry in which the Company competes, and the market in which the Company operates, including statistics relating to market size, is derived from various Government and private publications. This REIT Plan also contains industry information prepared from available public sources and independent market research conducted by Frost & Sullivan to provide an overview of the market in which the Company operates. The information contained in that section might not be consistent with other information regarding the Philippine real estate industry. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by the Company and the Sole Issue Manager, Underwriter and Bookrunner, [and the Participating Underwriter/s] or any of their respective Affiliates or advisers, and might not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines. In particular, the section entitled "*Industry Overview*" in this REIT Plan do not present the opinions of the Company, the Sole Issue Manager, Underwriter and Bookrunner, [and the Participating Underwriter/s] or any of their respective Affiliates. Prospective investors are cautioned accordingly.

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

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

USE OF PROCEEDS

The Company will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. However, with the completion of the Offer, the Company may be entitled to avail of tax incentives under the REIT Law. For further discussion, please refer to section on "*Regulatory and Environmental Matters – Real Estate Laws – Taxation of REITs*". Moreover, as a listed company, the Company would be able to broaden its funding options by having the ability to raise equity capital from public investors. This access to the equity markets is particularly important for the Company given its growth plans, and is in line with the Company's goal to be one of the country's leading energy and infrastructure REITs.

Total gross proceeds from the Firm Shares, based on an Offer Price of up to [₱2.00] per Offer Share, will be approximately ₱2,800,000,000.00 and the estimated net proceeds, after deducting the applicable underwriting and selling fees, commissions, and expenses for the Firm Shares, will be approximately [₱2,685,935,512.52].

Assuming full exercise of the Overallotment Option, the gross proceeds from the sale of the Firm Shares and the Option Shares is estimated to be approximately [₱3,220,000,000.00] and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholders, is estimated to be approximately [₱3,091,245,592.52].

Taxes, underwriting and selling fees and certain other fees and expenses pertaining to the Offer Shares shall be chargeable against the proceeds from the sale of the Offer Shares of the Selling Shareholders and none of it is chargeable against the Company.

The proceeds will not be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advance or otherwise.

EXPENSES PAYABLE BY THE SELLING SHAREHOLDERS

Estimated fees, commissions and expenses relating to the Offer Shares are as follows:

	Estimated Amounts (₱)	
	Firm Shares	**Firm Shares and Option Shares (assuming full exercise of the Overallotment Option)**
Estimated gross proceeds from the sale of the Offer Shares	[2,800,000,000.00]	[3,220,000,000.00]
Less:		
Underwriting and selling fees for the Offer Shares being sold by the Selling Shareholders	[68,084,800.00]	[79,137,520.00]
Fees to be paid to the PSE Trading Participants(1)	[5,600,000.00]	[5,600,000.00]
Taxes to be paid by the Selling Shareholders (Stock Transaction Tax)	[16,800,000.00]	[19,320,000.00]
Crossing Expenses (2)	[7,448,000.00]	[8,565,200.00]
SEC registration, filing, and legal research fee	1,805,068.92	1,805,068.92
PSE filing fee (inclusive of Valued Added Tax)	7,366,618.56	7,366,618.56
Estimated professional fees	[4,460,000.00]	[4,460,000.00]
Accounting Fees	[3,000,000.00]	[3,000,000.00]
Consultancy/Advisory Fees	-	-
Stock and Transfer and Receiving Agency Fees	[1,060,000.00]	[1,060,000.00]

Securities Depository Fee	[400,000.00]	[400,000.00]
Estimated other expenses[3]	[2,500,000.00]	[2,500,000.00]
Total estimated expenses	[114,064,487.48]	[128,754,407.48]
Estimated net proceeds from the sale of the Offer Shares	[2,685,935,512.52]	[3,091,245,592.52]

(1) This fee, which is inclusive of VAT, will be paid separately in addition to the underwriting and selling fees.
(2) Crossing expenses include the PSE Transaction Fee, Clearing and Settlement Fee (SCCP Fee), and Brokers' Commission.
(3) Estimated other expenses include fees for roadshow expenses, publication, and other third-party services (e.g.LSI application processing fees, and printing, publication, and out-of-pocket expenses) that the Selling Shareholders expect to incur in relation to the Offer.

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above. The estimated amounts used to determine the estimated net proceeds are presented in this REIT Plan for convenience only. Estimated other expenses include fees for roadshow expenses, publication, and other third-party services (e.g. stock transfer, receiving agency, LSI application processing fees, and printing, publication, and out-of-pocket expenses) that the Selling Shareholders expect to incur in relation to the Offer.

To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders and shall remain part of the issued and outstanding shares of the Company.

The entire proceeds from the Offer Shares will be used by the Selling Shareholders in accordance with the reinvestment plan. In accordance with the REIT IRR, the proceeds from the Offer Shares may be reinvested in income-generating assets in the Philippines within one year from the receipt thereof. Pending the use of such proceeds, the Selling Shareholders may invest the net proceeds in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn interest at prevailing market rates subject to compliance with and as permitted by the REIT Law. For a more detailed discussion on the use of net proceeds by the Selling Shareholders, see Annex A (Reinvestment Plan).

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Selling Shareholders' current plans and anticipated expenditures. In the event there is any change in the Selling Shareholders' reinvestment plan, including force majeure, market conditions and other circumstances, the Selling Shareholders will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is in the best interest of the Selling Shareholders.

The Selling Shareholders' cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Selling Shareholders' management may find it necessary or advisable to alter its plans.

DIVIDENDS AND DIVIDEND POLICY

REIT LAW DISTRIBUTION REQUIREMENTS

The REIT Law provides that a REIT, to be entitled to the tax benefits under the REIT Law and to maintain its status as a public company, is directed to distribute annually a total of at least 90.0% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are reinvested by the REIT within one year from the date of the sale) ("**Distributable Income**") as dividends to its shareholders. Such distribution must be no later than the last working day of the fifth (5^{th}) month following the close of the fiscal year of the REIT subject to the following, as provided under Section 7 of the REIT Law and Section 4 of the Revised REIT IRR:

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

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

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

(d) A REIT may declare either cash, property, or stock dividends; provided that, in addition to the requirements of the Corporation Code, the declaration of stock dividends must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT and subject to approval of the SEC within five working days from receipt of the request for approval. If the SEC does not act on said request within such a period, the same shall be deemed approved.

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

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

1. Unrealized foreign exchange gains, except those attributable to cash and cash equivalents;

2. Fair value adjustment or the gains arising from marked-to-market valuation which are not yet realized;

3. If and when applicable, fair value adjustment of investment property resulting to gain;

4. The amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized;

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

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

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

(i) Depreciation on revaluation increment (after tax);

(ii) Adjustment due to any of the prescribed accounting standard which results to a loss; and

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

RECORD DATE AND PAYMENT DATE

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

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

Pursuant to the “Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends” of the SEC, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than 18 trading days after the record date (the “Payment Date”); provided that in the case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends’ listing date. If the stock dividend shall come from an increase in capital stock, all stock dividends shall be credited to PDTC for immediate distribution to its participants not later than 20 trading days from the record date set by the SEC, which in no case shall be later than the stock dividends’ listing date.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP.

OUR COMPANY’S DIVIDEND POLICY

As of the date of this REIT Plan, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company’s shareholders may be entitled to receive at least 90.0% of the Company’s annual Distributable Income. The Company intends to declare and pay out dividends of at least 90% of distributable income on a quarterly basis each year.

Since its incorporation on March 4, 2022, our Company did not have any business operation until the infusion of assets by the Sponsors into the Company under the Property-for-Share Swap. On July 11, 2022, the Company’s Board of Directors approved the declaration of cash dividends amounting to ₱2 million for shareholders on record as of July 11, 2022 which was paid on August 29, 2022.

Following the Offer, the Company intends to maintain a quarterly cash dividend payout ratio of at least 90.0% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Corporation Code, among others, the terms and conditions of the Company’s outstanding loan facilities in the event the Company incurs indebtedness, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, when there is need for special reserve for probable contingencies. The Company intends to declare and pay out dividends of at least 90% of distributable income on a quarterly basis each year.

The failure to distribute at least 90.0% of the annual Distributable Income will subject the Company, if such failure remains unremedied within thirty (30) days, to income tax on the taxable net income as defined in Chapter IV, Title II of the Tax Code, instead of the taxable net income as defined in the REIT Law. Accordingly, dividends distributed by our Company may be disallowed as a deduction for purposes of determining taxable net income. Additionally, other tax incentives granted under the REIT Law may be revoked, and the failure to distribute at least 90.0% of the annual Distributable Income may be ground to delist the Company from the PSE.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There were no securities sold by the Company within the past three (3) years which were not registered under the SRC, except for the following:

Name of Security Sold	Underwriters	Date of Sale	Amount of Securities	Basis for Exemption[14]	Persons to whom Securities were Sold	Nature of Transaction	Amount Received by Registrant
Common Shares	N/A	March 4, 2022	5,000	Section 10.1 (k) of the SRC	Prime Asset Ventures, Inc. – 5,000 common shares	Original issuance of shares	Php 5,000
Common Shares	N/A	May 31, 2022	3,288,664,000	Section 10.1 (k) of the SRC	S.I. P0wer Corporation - 1,654,856,000 common shares Camotes Island Power Generation Corporation - 1,633,808,000 common shares	Original issuance of shares	PhP 8,221,660,000

14 Under Section 10.1(k) of the SRC, the sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period is exempt from registration. Within a twelve-month period, the Issuer sold the following securities to less than twenty (20) persons: 5,000 shares to PAVI, 1,654,856,000 shares to SIPCOR, and 1,633,808,000 shares to CAMPCOR.

DETERMINATION OF THE OFFER PRICE

The Offer Price has been set at up to ₱[2.00] per Offer Share. The final Offer Price will be determined through a book-building process and discussions among the Company, the Selling Shareholders, and the Sole Issue Manager, Underwriter and Bookrunner. Since the Offer Shares have not been listed on any stock exchange, there has been no market price for Shares derived from day-to-day trading.

The factors that will be considered in determining the Offer Price are, among others, our after-tax earnings, our ability to generate earnings and cash flows, our short and long term prospects, the market value of the Properties and its net asset value, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer, the market price of comparable listed companies and the dividend yields of comparable listed REIT companies in the Philippines. The Offer Price may not have any correlation to the actual book value of the Offer Shares.

The appraised values of the Properties are contained in the Valuation Reports attached to this REIT Plan and prepared by Asian Appraisal. In preparing the Valuation Reports, the Valuer made multiple assumptions containing elements of subjectivity and uncertainty. Asian Appraisal had considered International Valuation Standards (IVS), in choosing the right valuation approaches and methods for an asset, to find the most appropriate method under certain circumstances, considering that no one method is suitable in every possible situation. Therefore, the selection process utilized by Asian Appraisal had considered, at a minimum: (a) the appropriate basis(es) of value and premise(s) of value, determined by the terms and purpose of the valuation assignment; (b) the respective strengths and weaknesses of the possible valuation approaches and methods; (c) the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market; and (d) the availability of reliable information needed to apply the method(s).

The valuation was made on the basis of market value. As required by the government regulatory bodies in charge of REITs, Valuation Reports using two (2) approaches were prepared. The Valuer adopted two valuation methods: the income approach and the cost approach. The cost approach was adopted due to the heterogeneous character of the assets, scarcity of comparable electricity generating plants being offered for sale or recently sold in the real estate market, special purpose utility and availability of market based comparable on land and cost of comparable structures and plant machinery and equipment. The properties, being under leasehold are income producing, thus the income approach using the Discounted Cash Flow Analysis was used in the valuation due to the availability of rental data, lease contracts and other terms and conditions set forth under the said contract. Based on the Valuation Reports, the income approach "*provides an indication of value by converting future cash flow to a single current value*", as such, the value of an asset is determined by reference to the value of income, cash flow, or cost saving generated by the asset.

The valuation methodologies applied yielded different sets of values. The Valuer is of the view that between the two (2) methods, the Cost Approach is less reliable since it does not take into account the various synergy among the asset components, income yield and investment capabilities, since the focus is solely on the market value of the independent components. Thus, for the final conclusion of value, the Valuer adopted the income approach since this methodology has taken into the account the income producing capability of the asset, the utility of the assets into its highest and best use, availability and reliability of the rental data and other information which have a direct effect on the cash flows or income stream, and other relevant facts. Therefore, the value determined through the Income Approach was found to be more fair and reliable.

CAPITALIZATION

The following table sets out the Company's capitalization and indebtedness as of May 31, 2022 (i) on an actual basis that gives effect to the REIT Formation Transactions, and (ii) as adjusted to give effect to the Offer at an Offer Price. The table should be read in conjunction with the Company's interim audited financialstatements, unaudited pro forma financial information, and the notes thereto included in this REIT Plan. Other than as described below, there has been no material change in the Company's capitalization since May 31, 2022.

	As of May 31, 2022	
	Actuals that gives effect to the REIT Formation Transactions	As adjusted to give effect to the REIT Formation and the Offer
INDEBTEDNESS		
Trade and other payable	-	-
Income tax payable	-	-
Lease liabilities	6.56	6.56
Due to related parties	54.39	54.39
Deferred tax liability	-	-
Total Indebtedness	60.95	60.95
EQUITY		
Capital stock	3,288.67	3,288.67
Additional Paid-in Capital	5,328.95	5,328.95
Deposit for Future Subscription	-	-
Retained earnings	8.70	8.70
Total Equity	8,626.32	8,626.32
TOTAL CAPITALIZATION(1)	8,687.27	8,687.27

Notes:

(1) Total capitalization is calculated as the sum of total indebtedness and total equity. No additional shares will be issued resulting to similar capitalization for Actuals that give effect to the REIT formation transactions and as adjusted to give effect to the REIT formation and the offer since this a secondary offering.

(2) Figures are based on the interim audited financial statements of the Company as of May 31, 2022.

NET ASSET VALUE

The following table shows the Company's computation of (i) the Net Asset Value per share that gives effect to the REIT Formation Transactions, and (ii) the Net Asset Value aftergiving effect to the REIT Formation Transactions and the Offer.

The Net Asset Value is computed by reflecting the fair market values of total assets and investible funds held by the Company, less total liabilities. Net Asset Value per share shall be computed by dividing Net Asset Value bythe total outstanding shares of the Company.

The following table should be read in conjunction with the Company's interim audited financial statements, and the notes thereto included in this REIT Plan.

	As of May 31, 2022	
	Actuals that gives effect to the REIT Formation Transactions(1)	As adjusted to give effect to the REIT Formation and the Offer
Cash and Cash Equivalent	0.01	0.01
Trade and Other Receivables	-	-
Property, Plant and Equipment – Net(2)	910.74	910.74
Investment Properties(2)	7,762.93	7,762.93
Other Assets	13.60	13.60
Total Assets	8,687.27	8,687.27
Trade and Other Payables	-	-
Due to Related Parties	54.39	54.39
Income Tax Payables	-	-
Lease Liability – Current portion	0.23	0.23
Lease Liability net of current portion	6.33	6.33
Total Liabilities	60.95	60.95
Net Asset Value	8,626.32	8,626.32
Issued and Outstanding Common Shares	3,288,669,000	3,288,669,000
Net asset value per share	2.62	2.62

Notes:

(1) *Figures are based on the interim audited financial statements of the Company as of May 31, 2022. No additional shares will be issued resulting to similar net asset value for Actuals that give effect to the REIT formation transactions and As adjusted to give effect to the REIT formation and the offer since this a secondary offering.*

(2) *Property, plant and equipment, right of use assets and investment properties were booked at fair values based on the independent property valuation report of Asian Appraisal.*

The following table should be read in conjunction with the Company's interim audited financial statements, unaudited pro forma financial information, and the notes thereto included in this REIT Plan.

	As of May 31, 2022	
	As adjusted to give effect to the REIT Formation Transactions(1)	As adjusted to give effect to the REIT Formation and the Offer

Cash and Cash Equivalent	391.06	391.06
Trade and Other Receivables	44.25	44.25
Property, Plant and Equipment - Net(2)	910.74	910.74
Investment Properties(2)	7,762.93	7,762.93
Other Assets	66.95	66.95
Total Assets	9,175.93	9,175.93
Trade and Other Payables	57.23	57.23
Income Tax Payables	12.16	12.16
Deferred tax Liability	77.69	77.69
Lease Liability - Current portion	0.23	0.23
Lease Liability net of current portion	6.33	6.33
Total Liabilities	153.63	153.63
Net Asset Value	9,022.30	9,022.30
Issued and Outstanding Common Shares	3,288,669,000	3,288,669,000
Net asset value per share	2.74	2.74

Notes:

(1) Figures are based on the pro forma financial information of the Company as of May 31, 2022. No additional shares will be issued resulting to similar net asset value for Actuals that give effect to the REIT formation transactions and As adjusted to give effect to the REIT formation and the offer since this a secondary offering.

(2) Property, plant and equipment, right of use assets and investment properties were booked at fair values based on the independent property valuation report of Asian Appraisal.

DILUTION

Each investor should be aware that if it invests in the Offer Shares, its interest will be diluted in each Offer Share to the extent of the difference between the offer price per Offer Share and the Company's net asset value per Share after the Offer. As of May 31, 2022, based on the interim audited financial statements, the Company's Net Asset Value per Share was ₱2.62, with same Net Asset Value per Share after the REIT Formation Transactions. The Net Asset Value is computed by reflecting the fair market values of total assets and investible funds held by the Company, less total liabilities.

After giving effect to the sale of the Firm Shares (at an Offer Price of up to [₱2.00]), and after deducting estimated discounts, commissions, fees and expenses of the Offer, the Net Asset Value per Share would be [₱2.62] per Offer Share. At the Offer Price of [₱2.00], the Offer Shares will be purchased at a discount of [₱0.62] to the Net Asset Value per Share.

The following table illustrates the dilution on a per Share basis based on an Offer Price of [₱2.00] per Offer Share,assuming full exercise of the Over-allotment Option. The Over-allotment Option will not result in any dilution on a per Share basis, as all Option Shares are being offered by the Selling Shareholder.

Offer Price per Offer Share	₱	2.00
Net Asset Value per Share as of May 31, 2022	₱	2.62
Net Asset Value per Share as adjusted after the Offer	₱	2.62
Dilution to investors in the Offer	₱	-0.62

The following table sets out the shareholdings, and percentage of Shares outstanding, of existing shareholders and IPO investors of the Company immediately after completion of the Offer, assuming full exercise of the Over- allotment Option.

	Number of Shares	%
Existing shareholders	1,678,669,000	51.0%
IPO investors	1,610,000,000	49.0%
Total	3,288,669,000	100.0%

The following table sets out the shareholdings, and percentage of Shares outstanding, of existing shareholders and IPO investors of the Company immediately after completion of the Offer, assuming the Over-allotment Option isnot exercised:

	Number of Shares	%
Existing shareholders	1,888,669,000	57.4%
IPO investors	1,400,000,000	42.6%
Total	3,288,669,000	100.0%

See "*Risk Factors – Risks Relating to the Offer Shares and an Investment in the Company – Future sales of Shares in the public market may adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings*" and *"—Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer*" in this REIT Plan.

SELECTED PRO FORMA, INTERIM AND COMBINED CARVE-OUT FINANCIAL INFORMATION

The following tables present summary of pro-forma and interim financial statements of the Company as at May 31, 2022 and combined carve-out statements of financial position of Properties as at December 31, 2021, 2020 and 2019 and the combined carve-out statements of comprehensive income and combined carve-out statements of cash flows for the years then ended and has been prepared solely for the inclusion in the REIT Plan. The unaudited pro-forma financial information has been prepared in accordance with Section 9, Part II of the Revised Philippine Securities Regulation Code Rule 68 ("SRC Rule 68") while the audited combined carve-out financial statements and interim audited financial statements have been prepared in accordance with Philippine Financial Reporting Standards.

The unaudited pro-forma financial information has been prepared on a cost basis except for Investment Properties which are accounted for under fair value method of accounting, with changes in fair value being recognized in profit or loss and Property and Equipment which are accounted under revaluation model and any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Surplus account in the pro forma condensed statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. On a yearly basis, an amount from the Revaluation Surplus account is transferred to Retained Earnings account for the depreciation relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in Revaluation Reserves account relating to them are transferred to Retained Earnings account. The pro-forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.

The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note [●] of the Pro-Forma Condensed Financial Information occurred at an earlier date. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note [●] of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.

Punongbayan & Araullo has conducted its assurance 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 Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the pro forma condensed financial information on the basis of the applicable criteria described in Note [●] to the pro-forma condensed financial information. For purposes of this engagement, Punongbayan & Araullo is 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 has it, in the course of this engagement, separately performed an audit or review of the interim financial information used in compiling the pro-forma condensed financial information.

Punongbayan & Araullo has conducted its audits of the combined carve-out financial statements of the Properties and interim financial statements of the Company in accordance with Philippine Standards on Auditing (PSAs).

PRO-FORMA CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	May 31, 2022
	Php'000
	Unaudited
Rental Income	245,854
Cost of Rentals	28,938
Gross Profit	**216,916**
Other Operating Expenses	1,815
Operating Profit	**215,102**
Finance Costs	(193)
Fair Value Gains (Losses) on Investment Properties	(79,910)
Profit Before Tax	**134,999**
Tax Expense (Income)	25,995
Net Profit	**109,004**
Other Comprehensive Income	4,272
Total Comprehensive Income	**113,276**
Basic and Diluted Earnings per Share	₱0.0794

PRO-FORMA CONDENSED STATEMENT OF FINANCIAL POSITION

	For the period ended May 31, 2022
	Php'000
	Unaudited
ASSETS	
CURRENT ASSETS	
Cash	391,062
Trade receivables	44,249
Total Current Assets	**435,312**
NON-CURRENT ASSETS	
Trade receivables	66,947
Property and equipment - net	910,740
Investment properties	7,762,930
Total Non-current Assets	**8,740,617**
TOTAL ASSETS	**9,175,929**
LIABILITIES & EQUITY	
CURRENT LIABILITIES	
Trade and other payables	57,231
Lease liability	230
Income tax payable	12,156
Total Current Liabilities	**69,617**
NON-CURRENT LIABILITY	
Lease liability	6,327
Deferred tax liabilities - net	77,688
Total Non-current Liabilities	**84,016**
Total Liabilities	**153,633**

EQUITY	
Capital stock	3,288,669
Additional paid-in-capital	5,071,142
Revaluation surplus	137,720
Retained earnings	524,765
Total Equity	**9,022,296**
TOTAL LIABILITIES AND EQUITY	**9,175,929**

PRO-FORMA CONDENSED STATEMENT OF CASH FLOWS

	For the period ended May 31, 2022 ₱ thousands (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	134,999
Adjustments for:	
Fair value losses (gains) on investment properties	79,910
Depreciation and amortization	21,345
Finance cost	193
Operating profit before working capital changes	236,447
Increase in trade receivables	(40,152)
Increase (decrease) in trade and other payables	(721)
Cash generated from operations	195,574
Cash paid for income taxes	(54,096)
Net Cash From Operating Activities	141,478
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of capital stock	-
Interest paid	(193)
Lease payment	(90)
Net Cash Used in Financing Activities	(283)
NET INCREASE IN CASH	**141,196**
CASH AT BEGINNING OF PERIOD	249,866
CASH AT END OF PERIOD	**391,062**

SELECTED INTERIM FINANCIAL INFORMATION

INTERIM STATEMENT OF FINANCIAL POSITION

	For the five months ended May 31, 2022 ₱ thousands (Unaudited)
ASSETS	
CURRENT ASSETS	
Cash in bank	5
NON-CURRENT ASSETS	
Investment properties	7,762,930

Property and equipment - net	910,740
Deferred Tax Asset	13,598
Total Non-current Assets	8,687,268
TOTAL ASSETS	**8,687,273**
LIABILITIES & EQUITY	
CURRENT LIABILITIES	
Due to ultimate parent company	54,390
Lease liability	230
Total Current Liabilities	54,620
NON-CURRENT LIABILITY	
Lease liability	6,327
Total Liabilities	**60,948**
EQUITY	
Capital stock	3,288,669
Additional paid-in-capital	5,328,953
Retained earnings	8,702
Total Equity	8,626,324
TOTAL LIABILITIES AND EQUITY	**8,687,273**

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the five months ended May 31, 2022 ₱ thousands (Unaudited)
Income	-
Expense	
Taxes and licenses	(4,895)
Loss Before Tax	(4,895)
Tax Income	13,598
Net Profit	8,702
Other Comprehensive Income	-
Total Comprehensive Income	**8,702**
Basic and Diluted Earnings per Share[(1)]	**0.2328**

[(1)] based on the weighted average outstanding shares taking into account actual number of days outstanding:

	No. of Shares	*Days Outstanding*	*Weighted Ave Shares*
1st issuance of shares	*5,000*	*88 (from March 4)*	*5,000*
Additional shares	*3,288,664,000*	*1 (from May 31)*	*37,371,182*
Total	*3,288,669,000*		*37,376,182*

INTERIM STATEMENT OF CASH FLOWS

	For the five months ended May 31, 2022 ₱ thousands (Unaudited)
CASH FLOWS FROM PRE-OPERATING ACTIVITIES	

Loss before tax	(4,895)
Increase in due to ultimate parent company	54,391
Net Cash from Pre-operating Activities	49,495
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of stock issue costs	(49,495)
Proceeds from issuance of shares	5,000
Net Cash in Financing Activities	(44,495)
NET INCREASE IN CASH	5,000
CASH A BEGINNING PERIOD	-
CASH AT END OF PERIOD	**5,000**

SELECTED COMBINED CARVE-OUT FINANCIAL INFORMATION

COMBINED CARVE OUT STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31		
	2019	**2020**	**2021**
		₱ thousands	
Sale of electricity	409,050	388,857	400,675
Cost of electricity	349,599	303,779	284,754
Gross profit gross	59,452	85,078	115,921
General and administrative	28,058	29,015	23,815
Operating profit operating	31,394	56,063	92,106
Other Income (Charges)-net			
Other Income	15,531	18,863	15,825
Finance Costs	(15,269)	(11,832)	(8,279)
Finance Income	46	61	36
Other Expense	(12)	(6)	(11)
Foreign currency loss-net	(490)	-	-
	(193)	7,087	7,571
Profit before tax	31,200	63,150	99,677
Tax Expense	(5,579)	(6,001)	(24,451)
Net Profit	25,621	57,149	75,226
Other Comprehensive Income	-	-	-
Total Comprehensive Income	**25,621**	**57,149**	**75,226**

COMBINED CARVE OUT STATEMENTS OF FINANCIAL POSITION

	For the years ended December 31		
	2019	**2020**	**2021**
		₱ thousands	
A S S E T S			
CURRENT ASSETS			
Cash	91,104	21,331	3,383

Trade & other receivables	119,932	127,456	166,889
Inventories	21,213	23,246	66,753
Prepayments and other current Assets	112,450	81,037	76,825
Total Current Assets	**344,699**	**253,071**	**313,850**
NON-CURRENT ASSETS			
Property, plant and equipment- net	308,318	329,273	343,028
Right-of-use assets	6,813	6,251	5,770
Deferred tax assets	257	250	222
Other non-current assets	2,585	2,160	-
Total Non-current Assets	**317,974**	**337,935**	**349,020**
TOTAL ASSETS	**662,673**	**591,006**	**662,870**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade & other payables	111,471	92,714	170,673
Interest-bearing loans	52,000	52,000	78,000
Lease Liabilities	188	201	215
Total Current Liabilities	**163,660**	**144,915**	**248,888**
NON-CURRENT LIABILITIES			
Interest-bearing loans	130,000	78,000	-
Lease Liabilities	6,849	6,647	6,432
Total Non-current Liabilities	**136,849**	**84,647**	**6,432**
Total Liabilities	**300,508**	**229,563**	**255,320**
EQUITY			
Invested Equity	**362,165**	**361,443**	**407,550**
TOTAL LIABILITIES & EQUITY	**662,673**	**591,006**	**662,870**

COMBINED CARVE OUT STATEMENT OF CASH FLOWS

	For the years ended December 31		
	2019	**2020**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	31,200	63,150	99,677
Adjustments for:			
Depreciation and amortization	17,392	17,643	19,180
Interest Expense	15,269	11,832	8,279
Interest Income	(46)	(61)	(36)
Operating profit before working capital changes	63,815	92,564	127,099
Increase in trade and other receivables	(29,283)	(7,523)	(39,433)
Increase in inventories	(5,172)	(2,033)	(43,507)
Decrease (increase) in prepayments and other current assets	(31,267)	31,413	4,213
Decrease (increase) in other non-current assets	(2,585)	425	2,160
Increase (decrease) in trade and other payables	38,610	(18,718)	62,551
Cash generated from operations	34,117	96,127	113,083
Interest received	46	61	36
Cash paid for income taxes	(5,709)	(5,980)	(9,203)
Net Cash from Operating Activities	**28,455**	**90,208**	**103,916**
CASH FLOWS FROM AN INVESTING ACTIVITY			
Acquisitions of property and equipment	(1,037)	(38,036)	(32,453)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing loans and borrowings	(45,500)	(52,000)	(52,000)
Net contributions to (distributions of) invested equity	89,679	(57,871)	(29,118)

Interest paid	(14,956)	(11,395)	(7,614)
Repayment of lease liabilities	(668)	(678)	(678)
Net Cash From (Used In) Financing Activities	**28,555**	**(121,944)**	**(89,410)**
NET INCREASE (DECREASE) IN CASH	**55,972**	**(69,772)**	**(17,948)**
CASH AT BEGINNING OF YEAR	35,131	**91,104**	**21,331**
CASH AT END OF YEAR	**91,104**	**21,331**	**3,383**

SELECTED OPERATING AND FINANCIAL INFORMATION

	For the years ended December 31		
Key Financial Ratios	**2019**	**2020**	**2021**
EBITDA margin	15.7%	23.8%	31.7%
Current ratio	2.11	1.75	1.26
Debt-to-Equity	0.50	0.36	0.19
Return on Asset	3.9%	9.7%	11.3%
Return on Equity	7.1%	15.8%	18.5%

Notes:

7) EBITDA margin is derived by dividing EBITDA by Sale of Electricity. EBITDA margin indicates the company's overall profitability.

8) 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.

9) Debt-to-equity ratio is derived by dividing the Company's total debt by total equity. Debt to equity ratio measures the degree of the Company's financial leverage.

10) Return on asset is derived by dividing net profit by the Company's total assets.

11) Return on equity is derived by dividing net profit by average shareholder's equity.

12) These ratios are derived using the combined carve out statements of financial position for the years ended December 31, 2019, 2020 and 2021 and the combined carve out statements of comprehensive income for the years ended December 31, 2019, 2020 and 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Prospective investors should read this discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Selected Pro Forma, Interim and Combined Carve-Out Financial Information" and with the unaudited pro forma financial statements as of May 31, 2022 and for the period ended May 31, 2022 and for the year ended December 31, 2021 (the "Unaudited Pro Forma Financial Statements"), including the notes relating thereto, appearing in Appendix A-1 of this REIT Plan.

Our Audited Combined Carve-out Financial Statements included in this REIT Plan were prepared in compliance with PFRS. The Audited Combined Carve-out Financial Statement has been prepared by separating the historical financial information pertaining to the Properties under the Property-for-Share Swap out of the Sponsor's audited financial statements in accordance with PFRS. The *PFRS does not provide specific guidance for the preparation of the Audited Combined Carve-out Financial Statements and there can be no assurance that our future performance will be consistent with the past financial information presented in the Audited Combined Carve-out Financial Statements. For further discussion on the risks associated with the foregoing, please refer to our discussion under Risk Factors – Risks Relating to our Operations.*

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. 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" on pages 47 to 66 of this REIT Plan. See also "Forward-Looking Statements" on page 19 *of this REIT Plan.*

Unless otherwise stated, the financial information of the Company used in this section has been derived from the Pro Forma Condensed Financial Information and Independent Auditors' Report included elsewhere in this REIT Plan

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 Energy Real Estate Portfolio

The expansion of the Company's income-generating 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 Properties in 2021.

On a pro forma basis, and including revenue from the Properties, the Company's net income was ₱549.2 million and ₱113.3 million, for the year ended December 31, 2021 and the five months ended May 31, 2022, respectively.

Regulatory Environment

The Company and the Company's Lessees are subject to and relies on a number of Government regulations and initiatives affecting the energy industry, including incentives granted to 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.

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

In terms of competition, the Company is well positioned due to the organization's ability to identify key risk, perform analysis, and its ability to adopt strategies relevant to the development of social and missionary electrification projects.

While there is competition as the energy business becomes more in demand, especially with regard to the acquisition of large tracts of land which may be suitable for the development of energy projects, the Company believes that its current assets are sufficient to meet such demand, for the time being.

Furthermore, to distinguish itself from its Competitors, the Company prides itself on being able to add to the development of rural areas as part of its social and missionary electrification initiatives. The Company also advocates for growth in such communities, providing low cost alternatives to better support them, which also, results in higher energy demand. The Company believes it is a cost-efficient operator, and in terms of drive, it has an established policy or practice which enables it to take on challenges that others find too risky to pursue.

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.

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 renewable energy power industry, the Lessees' main competitors are WEnergy, One Renewable, Petroenergy Resources Corporation, Solar Para Sa Bayan, InFunde Development, and Pilipinas Shell Foundation.

In respect of other REITs with a similar portfolio, the Company's main competitor is Citicore Energy REIT Corp.

For further discussion, please refer to the "Industry Overview" section on page 122 of this REIT Plan.

KEY FINANCIAL AND OPERATING INFORMATION

PRO FORMA EBITDA AND CORE NET INCOME

Core Net Income ("**Core Net Income**") represents net profit after adding back non-cash transactions such as fair value losses (gains) on investment properties. Adjusted Earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") represents net profit after adding finance costs, tax expense, depreciation and amortization, and straight lining of rental income. Core Net Income and Adjusted EBITDA are not required by, and are not measures of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider Core Net Income and Adjusted EBITDA in isolation or as alternatives 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 Adjusted EBITDA calculation methods, the Company's implementation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. The chart below sets out the Company's Core Net Income and Adjusted EBITDA calculations for the periods noted:

	December 31, 2021	**May 31, 2022**
	Php	Php
	Unaudited	Unaudited
NET PROFIT	**412,614**	**109,004**
Add/(Less):		
Fair Value Gains (Losses)		
on Investment Properties	(212,110)	79,910
CORE NET INCOME	**200,504**	**188,914**
Finance Costs	477	193

Tax Expense (Income)	123,871	25,995
Depreciation and Amortization	41,157	21,345
Straight Lining of Rental Income	(42,340)	(24,608)
Adjusted EBITDA	**323,669**	**211,840**

Key Financial and Operating Data

Key Financial Ratios	**December 31, 2021**	**May 31, 2022**
Adjusted EBITDA margin(1)	83.7%	86.2%
Current ratio(2)	3.68	6.25
Total liabilities to Equity(3)	0.02	0.02
Return on Asset(4)	4.5%	2.9%
Return on Equity(5)	4.6%	2.9%

Notes:

1) *Adjusted EBITDA margin is derived by dividing Adjusted EBITDA by rental income. Adjusted EBITDA margin indicates the company's overall profitability. Adjusted EBITDA is derived by adding back Finance Costs, Tax Expense, Depreciation, impact of straight lining on Rental Income and Fair Value Gains/Losses to the Net Profit.*
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) *Total liabilities to equity ratio is derived by dividing the Company's total liabilities by total equity. Total liabilities to equity ratio measures the degree of the Company's financial leverage. .*
4) *Return on asset is derived by dividing net income by the Company's total assets.*
5) *Return on equity is derived by dividing net income by average shareholder's equity.*
6) *These ratios are derived using the pro forma statements of financial position as of December 31, 2021 and the pro forma statements of comprehensive income for the years ended December 31, 2021, and the five months ended May 31, 2022.*

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 2 to the Company's interim audited financial statements included in this REIT Plan.

Company as a lessee

The Company recognizes a right-of-use asset and a lease liability at lease inception and its lease recognition policy is in accordance with PFRS, 16.

Lease payments received are recognized as an income on a straight-line basis over the lease term. Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Company as lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term. In computing the straight-line basis, the Company only considers the Guaranteed Annual Base Lease.

Revenue from rentals also include revenue from lease of the Company's freehold and leasehold which is recognized on the straight-line basis over the lease term based on the provision of the covering lease contract, plus any variable component which are measured based on the actual results for the period as mutually agreed by the contracting parties.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

DESCRIPTION OF STATEMENTS OF KEY LINE ITEMS

The tables below set out the total comprehensive income of the Company for the year ended December 31, 2021 and for the five months ended May 31, 2022 based on the Company's Pro Forma Financial Statements.

Pro forma Statements of Total Comprehensive Income

	December 31, 2021	**May 31, 2022**
	Php'000	Php'000
	Unaudited	Unaudited
Rental Income	386,799	245,854
Cost of Rentals	53,695	28,938
Gross Profit	**333,104**	**216,916**
Other Operating Expenses	8,252	1,815
Operating Profit	**324,851**	**215,102**
Finance Costs	(477)	(193)
Fair Value Gains (Losses)		
on Investment Properties	212,110	(79,910)
Profit Before Tax	**536,485**	**134,999**
Tax Expense (Income)	123,871	25,995
Net Profit	**412,614**	**109,004**
Other Comprehensive Income	136,596	4,272
Total Comprehensive Income	**549,209**	**113,276**
Basic and Diluted Earnings per Share	₱0.1876	₱0.0794

See "*Business and Properties – The Properties*" for a breakdown of income and other financial information of each Property. See "*Summary Pro Forma Financial Information*", "*Selected Pro Forma Financial*

Information" and the unaudited pro forma financial information and the notes thereto included in this REIT Plan.

Rental Income

The Company's rental income pertains to income from the lease of properties to the Lessees who operate power plants on such leased properties. The rental income includes the effect of straight-line basis of accounting over the lease term, in compliance with PFRS 16 "Leases". In computing the straight-line basis, the Company only considers the Guaranteed Annual Base Lease.

Cost of rentals

The Company's cost of rentals represents cost related to the leased properties such as depreciation and amortization, fund management fee, property management fee, business local tax and insurance.

Other operating expenses

The Company's other operating expenses mainly relates to professional fees and other expenses.

Fair value gains (losses) on investment properties

The Company's fair value gains (losses) on investment properties mainly relates to mark to market adjustments on the investment properties. The company uses fair value accounting for its investment properties.

RESULTS OF OPERATIONS

	For the period ended			
	May 31, 2022	**December 31, 2021**	**Increase (decrease)**	**% Change**
	Php	Php		
	Unaudited	Unaudited		
ASSETS				
CURRENT ASSETS				
Cash	391,062	249,866	141,196	56.5%
Trade receivables	44,249	28,705	15,544	54.2%
Total Current Assets	**435,312**	**278,571**	**156,740**	**56.3%**
NON-CURRENT ASSETS				
Trade receivables	66,947	42,340	24,608	58.1%
Property and equipment - net	910,740	926,390	(15,650)	-1.7%
Investment properties	7,762,930	7,842,840	(79,910)	-1.0%
Total Non-current Assets	**8,740,617**	**8,811,570**	**(70,952)**	**-0.8%**
			-	
TOTAL ASSETS	**9,175,929**	**9,090,141**	**85,788**	**0.9%**
LIABILITIES & EQUITY				
CURRENT LIABILITIES				
Trade and other payables	57,231	57,952	(721)	-1.2%
Lease liability	230	215	15	7.0%
Income tax payable	12,156	17,627	(5,471)	-31.0%
Total Current Liabilities	**69,617**	**75,795**	**(6,177)**	**-8.2%**
NON-CURRENT LIABILITY				
Lease liability	6,327	6,432	(105)	-1.6%
Deferred tax liabilities - net	77,688	98,894	(21,206)	-21.4%
Total Non-current Liabilities	**84,016**	**105,326**	**(21,311)**	**-20.2%**
			-	
Total Liabilities	**153,633**	**181,121**	**(27,488)**	**-15.2%**

EQUITY				
Capital stock	3,288,669	3,288,669	-	0.0%
Additional paid-in-capital	5,071,142	5,071,142	(0)	0.0%
Revaluation surplus	137,720	136,596	1,124	0.8%
Retained earnings	524,765	412,614	112,152	27.2%
Total Equity	**9,022,296**	**8,909,020**	**113,276**	**1.3%**
TOTAL LIABILITIES AND EQUITY	**9,175,929**	**9,090,141**	**85,788**	**0.9%**

Five months ended May 31, 2022

	May 31, 2022	
	Php	%
	Unaudited	
Rental Income	245,854	100.0%
Cost of Rentals	28,938	11.8%
Gross Profit	**216,916**	**88.2%**
Other Operating Expenses	1,815	0.7%
Operating Profit	**215,102**	**87.5%**
Finance Costs	(193)	-0.1%
Fair Value Gains (Losses) on Investment Properties	(79,910)	-32.5%
Profit Before Tax	**134,999**	**54.9%**
Tax Expense (Income)	25,995	10.6%
Net Profit	**109,004**	**44.3%**
Other Comprehensive Income	4,272	1.7%
Total Comprehensive Income	**113,276**	**46.1%**

Rental Income

The Company's rental income amounted to ₱245.9 million for the five months ending May 31, 2022 which was generated from existing leased properties.

Cost of rentals

The Company's cost of rentals for the five months ended May 31, 2022 amounted to ₱28.9 million or 11.8% of rental income, which represents cost related to the leased properties such as depreciation and amortization, fund management fee, property management fee, business local tax and insurance.

Gross Profit

The Company's gross profit stands at ₱216.9 million for the five months ended May 31, 2022 or a gross margin of 88.2%.

Other operating expenses

The Company's other operating expenses consisted primarily of professional fees and other expenses totaling to ₱1.8 million or 0.7% of rental income for the five months ended May 31, 2022.

Fair Value Losses on Investment Properties

The Company's recorded fair value losses on investment properties amounting ₱79.9 million for the five months ended May 31, 2022 is primarily due to the decrease in the Company's fair value of investment properties for the period.

Tax Expense

The Company's tax expense was at ₱26 million or an effective tax rate of 19.3% for the five months ended May 31, 2022, due to the nontaxable fair value gains on ROUA for the period.

Net profit

As a result of the foregoing, the Company's net profits amounted to ₱113.3 million or a net profit margin of 46.1% for the five months ended May 31, 2022.

Year ended December 31, 2021

	December 31, 2021	
	Php '000	%
	Unaudited	
Rental Income	386,799	100.0%
Cost of Rentals	53,695	13.9%
Gross Profit	**333,104**	**86.1%**
Other Operating Expenses	8,252	2.1%
Operating Profit	**324,851**	**84.0%**
Finance Costs	(477)	-0.1%
Fair Value Gains (Losses) on Investment Properties	212,110	54.8%
Profit Before Tax	**536,485**	**138.7%**
Tax Expense (Income)	123,871	32.0%
Net Profit	**412,614**	**106.7%**
Other Comprehensive Income	136,596	35.3%
Total Comprehensive Income	**549,209**	**142.0%**

Rental Income

The Company's total rental income totaled ₱386.8 million for the year ended December 31, 2021 generated from existing and additional leased property for the year.

The Company's rental income is assumed to be based on the leases entered into by the Company with its lessees over the Properties.

Cost of rentals

The Company's cost of rentals amounted to ₱53.7 million or 13.9% of rental income for the year ended December 31, 2021. Cost of rentals include depreciation and amortization, fund management fee, property management fee, business local tax and insurance.

Gross Profit

The Company's gross profit was ₱333.1 million or gross profit margin of 86.1% for the year ended December 31, 2021.

Other operating expenses

The Company's other operating expenses was at P8.3 million or 2.1% of rental income for the year ended December 31, 2021 which consist of professional fees and other fees.

Fair Value Gains on Investment Properties

The Company's fair value gains on investment properties amounted to ₱212.1 million for the year ended December 31, 2021as the Company elected to subsequently measure the investment properties at fair value.

Tax expense

The Company's tax expense was at ₱123.9 million or an effective tax rate of 23.1% for the year ended December 31, 2021 due to the nontaxable fair value gains on ROUA for the year.

Net Profit

As a result of the foregoing, the Company's net profit stood at ₱ 549.2 million or 142% of rental income for the year ended December 31, 2021.

FINANCIAL POSITION

Pro forma Statements of Financial Position

	For the period ended	
	December 31, 2021	**May 31, 2022**
	Php '000	Php '000
	Unaudited	Unaudited
ASSETS		
CURRENT ASSETS		
Cash	249,866	391,062
Trade receivables	28,705	44,249
Total Current Assets	**278,571**	**435,312**
NON-CURRENT ASSETS		
Trade receivables	42,340	66,947
Property and equipment - net	926,390	910,740
Investment properties	7,842,840	7,762,930
Total Non-current Assets	**8,811,570**	**8,740,617**
TOTAL ASSETS	**9,090,141**	**9,175,929**
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Trade and other payables	57,952	57,231
Lease liability	215	230
Income tax payable	17,627	12,156
Total Current Liabilities	**75,795**	**69,617**
NON-CURRENT LIABILITY		
Lease liability	6,432	6,327
Deferred tax liabilities - net	98,894	77,688
Total Non-current Liabilities	**105,326**	**84,016**
Total Liabilities	**181,121**	**153,633**
EQUITY		
Capital stock	3,288,669	3,288,669
Additional paid-in-capital	5,071,142	5,071,142
Revaluation surplus	136,596	137,720
Retained earnings	412,614	524,765
Total Equity	**8,909,020**	**9,022,296**
TOTAL LIABILITIES AND EQUITY	**9,090,141**	**9,175,929**

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

	For the period ended			
	May 31, 2022	December 31, 2021	Increase (decrease)	% Change
	Php	Php		
	Unaudited	Unaudited		
ASSETS				
CURRENT ASSETS				
Cash	391,062	249,866	141,196	56.5%
Trade receivables	44,249	28,705	15,544	54.2%
Total Current Assets	**435,312**	**278,571**	**156,740**	**56.3%**
NON-CURRENT ASSETS				
Trade receivables	66,947	42,340	24,608	58.1%
Property and equipment - net	910,740	926,390	(15,650)	-1.7%
Investment properties	7,762,930	7,842,840	(79,910)	-1.0%
Total Non-current Assets	**8,740,617**	**8,811,570**	**(70,952)**	**-0.8%**
			-	
TOTAL ASSETS	**9,175,929**	**9,090,141**	**85,788**	**0.9%**
LIABILITIES & EQUITY				
CURRENT LIABILITIES				
Trade and other payables	57,231	57,952	(721)	-1.2%
Lease liability	230	215	15	7.0%
Income tax payable	12,156	17,627	(5,471)	-31.0%
Total Current Liabilities	**69,617**	**75,795**	**(6,177)**	**-8.2%**
NON-CURRENT LIABILITY				
Lease liability	6,327	6,432	(105)	-1.6%
Deferred tax liabilities - net	77,688	98,894	(21,206)	-21.4%
Total Non-current Liabilities	**84,016**	**105,326**	**(21,311)**	**-20.2%**
			-	
Total Liabilities	**153,633**	**181,121**	**(27,488)**	**-15.2%**
EQUITY				
Capital stock	3,288,669	3,288,669	-	0.0%
Additional paid-in-capital	5,071,142	5,071,142	(0)	0.0%
Revaluation surplus	137,720	136,596	1,124	0.8%
Retained earnings	524,765	412,614	112,152	27.2%
Total Equity	**9,022,296**	**8,909,020**	**113,276**	**1.3%**
TOTAL LIABILITIES AND EQUITY	**9,175,929**	**9,090,141**	**85,788**	**0.9%**

Assets

The Company’s total assets amounted to ₱9.2 billion as of May 31, 2022, which was ₱85.8 million or 0.9% higher than the Company’s total assets of ₱9.1 billion as of December 31, 2021.

Cash

The Company’s cash increased by 56.3% to ₱391.1 million as of May 31, 2022, compared to ₱249.9 million as of December 31, 2021, due to cash generated from the Company’s operations.

Trade receivables (including non-current portion)

The Company’s trade receivables (including non-current portion) increased by 58.1% to ₱111.2 million as of May 31, 2022, compared to ₱71.0 million as of December 31, 2021, due to recorded rental income for the period.

Property and equipment – net

The Company's property and equipment – net amounted to ₱910.7 million as of May 31, 2022, decreased by 1.7% compared with ₱926.4 million as of December 31, 2021 due to the depreciation for the period.

Investment properties

The Company's investment properties, which comprise of lands (including land subject to right-of-use of asset) and buildings leased out to power plant operators, amount to ₱7.7 billion as of May 31, 2022 decreased by 1.0% compared with ₱7.8 billion as of December 31, 2021 due to fair value adjustment for the period.

Liabilities

The Company's total liabilities amounted to ₱153.6 million as of May 31, 2022 or 15.2% lower than the Company's total liabilities of ₱181.1 million as of December 31, 2021.

Trade and other payables

The Company's trade and other payable decreased by 1.2% from ₱58.0 million as of December 31, 2021, to ₱57.2 million as of May 31, 2022 as a result of assumed payment of accrued operating expenses.

Lease liability (including non-current portion)

The Company's lease liability – including non-current portion decreased by 1.64% from ₱6.6 million as of December 31, 2021, to ₱6.5 million as of May 31, 2022 due to amortization for the year.

Income tax payable

The Company's income tax payable decreased by 31% from ₱17.6 million as of December 31, 2021, to ₱12.2 million as of May 31, 2022, primarily due to the tax impact of pro forma adjustments to current taxable income for the period.

Deferred tax liabilities - net

The Company's deferred tax liabilities - net decreased by 27.3% from ₱98.9 million as of December 31, 2021, to ₱77.7 million as of May 31, 2022 arising from the impact of straight-line recognition of rental income, revaluation surplus and fair value gains (losses).

Equity

The Company's Equity stands at ₱9.02 billion as of May 31, 2022, which increased by ₱113.3 million or 1.3%, from ₱8.91 billion as of December 31, 2021, mainly relating to net income for the period.

For the period ended May 31, 2022, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations, except for the recovery as a result of the opening up of the economy. The Company is not aware of events that will cause a material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

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

There are no material commitments for capital expenditures.

LIQUIDITY AND CAPITAL RESOURCES

For the year 2021 and for the five months ended May 31, 2022, the Company's principal sources of liquidity were cash flows from operations. As of May 31, 2022, the Company had cash and cash equivalents totaling ₱391.1 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 statements of cash flows for the periods indicated and should be read together with the Company's statements of cash flows included in the Pro Forma Financial Statements.

	For the period ended	
	2021	**2022**
	Php '000s Unaudited	
Net Cash From Operating Activities	141,478	250,539
Net Cash Used in Financing Activities	(283)	(673)

INDEBTEDNESS

As of May 31, 2022, the Company did not have any outstanding loan payables.

CAPITAL EXPENDITURES

There were no significant capital expenditure for the Properties for the year ended December 31, 2021, and for the five months ended May 31, 2022.

The Company also does not expect any significant capital expenditure for the Properties for Forecast Period 2022, Projection Year 2023. Any significant capital expenditure is expected to come from future injection of land or property or both based on the investment plan of the Company.

Although these are the Company's current plans with respect to capital expenditures, such plans may change as a result of a change in circumstances and the actual amount of expenditures may vary from the planned amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As the Company continues to grow its portfolio, it may incur additional capital expenditure.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the contractual maturities of the Company's financial liabilities, including interest payments and excluding the impact of netting agreements as of May 31, 2022:

In ₱ thousands	**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**
Lease liabilities						215	1,021	904	4,417	6,558
Accounts payable and accrued expenses										0
Due to related party		54,391								54,391
Total	0	54,391	0	0	0	215	1,021	904	4,417	60,949

As of May 31, 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 May 31, 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 unconsolidated Subsidiaries.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below. The Company's Board has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, security prices and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk arises primarily from its cash in banks and trade and other receivables. Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before availing of local bank lines.

Financial Risk Disclosure

Other than the impact of COVID-19 to the business which is disclosed in Note 26 to the interim financial statements, there are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity revenue in any material way.

Moreover, there are no significant elements of income or loss from the Company's continuing operations. The Company does not anticipate having any cash flow or liquidity problems.

SEASONALITY

The Company's revenues (including rental payments from the Properties) are correlated to the amount of electricity generated by the power plants operating on the 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 year ended December 31, 2021, and for the five months ended May 31, 2022.

The Company believes that such seasonality is effectively managed as it and its lessees have installed systems to 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.

PROFIT FORECAST AND PROFIT PROJECTION

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

Punongbayan & Araullo relied on the financial projections provided by the Company. Notwithstanding the tasks performed by Punongbayan & Araullo during the engagement, the responsibility for the financial projections and the assumptions on which such projections are based rests with the Company. As the financial projections necessarily depend on subjective judgment, the projections carry substantial inherent uncertainties. Consequently, financial projections are not capable of being substantiated or audited in the same way as a financial statement which presents the results of a completed accounting period.

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

None of the Company, the Sole Issue Manager, Underwriter and Bookrunner, [the Participating Underwriter/s,], the Sponsors or any other party involved in the Offer guarantee the performance of the Company, the repayment of capital or the payment of any distributions, or any particular return on the Shares. The projected yields stated in the following table are calculated based on:

- *The Offer Price of up to ₱[2.00] per Offer Share; and*
- *The assumption that the Listing Date is November 17, 2022*

Such yields will vary accordingly if the Listing Date is not on November 17, 2022 , or for investors who purchase Shares in the secondary market at a market price that differs from the Offer Price. For the avoidance of doubt, Shareholders shall only be entitled to dividends of the Company if they are shareholders as of the record date of such dividend declaration. The following table shows the Company's projected Statements of Comprehensive Income and Distribution for the Forecast Period 2022 and Projection Period 2023. The financial year end of the Company is December 31. The profit forecast and profit projection may be different to the extent that the actual date of issuance of Shares is other than November 17, 2022, being the assumed date of the issuance of Shares for the Offer.

The Company is solely responsible for the profit forecast and profit projection, including the assumptions set out in the REIT Plan on which they are based.

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

FORECAST AND PROJECTED STATEMENTS OF TOTAL COMPREHENSIVE INCOME AND DISTRIBUTION

The Profit Forecast and Profit Projection are set forth below:

	Forecast Period 2022	**Projection Year 2023**
	(September 1 to December 31, 2022)	**(Full Year from January 1 to December 31, 2023)**
	(Unaudited) ₱ millions, except for dividends per share and illustrative price range per share	
REVENUE		
Rental Income		
Fixed Rental Income	**202.95**	**608.85**
COST AND EXPENSES		
Direct operating expenses	23.26	70.35
General and administrative expense	1.45	4.51
	24.71	**74.85**
OTHER INCOME (CHARGES)		
Interest and other financing charges	(0.15)	(0.45)
Fair value gain (loss)	(51.71)	(51.73)
	(51.86)	(52.18)
PROFIT BEFORE TAX	**126.38**	**481.82**
INCOME TAX		
Current	0.00	0.00
Deferred	0.00	0.00
	0.00	0.00
NET PROFIT	**126.38**	**481.82**
Distribution adjustments (6)	25.76	(10.20)
DISTRIBUTABLE INCOME	**152.13**	**471.62**
Dividend payout ratio (%) (2)	100%	100%
Dividends (3)	152.13	471.62
No. of outstanding shares (4)	3,288.67	3,288.67
Dividends per share	**0.0463**	**0.1434**
Annualized Dividends per share	0.1388	0.1434
Illustrative price range per share (₱)		
Offer Price	2.00	2.00
With 5% discount on Offer Price	1.90	1.90
With 10% discount on Offer Price	1.80	1.80
Dividend yield (%) (5)		
Offer Price	6.9%	7.2%
With 5% discount on Offer Price	7.3%	7.5%
With 10% discount on Offer Price	7.7%	8.0%

Notes:

(1) *The Profit Forecast and Profit Projection prepared by the Company pertain to the Properties as of the date of this REIT Plan.*

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

(3) *The dividends for the Forecast Period 2022 will be distributed to Shareholders, including investors in the Offering. Forecasted and projected dividends are based on adjusted funds from operations ("**AFFO**"). Refer to the discussion in the "Dividends" section below for the reconciliation of net income in accordance with PFRS to AFFO.*

(4) *No. of outstanding shares is 3,288,669,000 common shares as of the Listing Date.*

(5) *Dividend yield is derived by dividing dividends per share by the offer price per share. The number of outstanding shares at the end of Forecast Period 2022, and Projection Year 2023 is equal to 3,288,669,000.*

(6) *Distribution adjustments refer to the straight-line adjustments on lease income and fair value gain/loss on investment properties.*

ASSUMPTIONS

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

Revenue and Net Profit Contribution of Each Property

The forecast and projected contributions of each of the Properties to the Company's gross revenue and net profit are as follows:

Contribution to Revenue	Forecast Period 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ million)	**(%)**	**(₱ million)**	**(%)**
Properties				
SIPCOR Properties	99.13	48.8%	297.40	48.8%
CAMPCOR Properties	103.82	51.2%	311.45	51.2%
Total	202.95	**100.0%**	608.85	**100.0%**

Contribution to Net Profit	Forecast Period 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ million)	**(%)**	**(₱ million)**	**(%)**
Properties				
SIPCOR Properties	26.37	20.9%	182.17	37.8%
CAMPCOR Properties	100	79.1%	299.65	62.2%
Total	126.38	**100.0%**	481.82	**100.0%**

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

Contribution to Net Operating Income	Forecast Period 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ million)	(%)	(₱ million)	(%)
Properties				
SIPCOR Properties	43.55	30.3%	233.72	43.8%
CAMPCOR Properties	100.00	69.7%	299.65	56.2%
Total	143.56	**100.0%**	533.37	**100.0%**

REVENUES AND INCOME

Revenues comprise of rental income from the Properties.

Revenue

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

Contribution to Revenue	Forecast Period 2022 {Unaudited)		Projection Year 2023 {Unaudited)	
	(₱ million)	(%)	(₱ million)	(%)
Leased Properties				
SIPCOR Properties	99.13	48.8%	297.40	48.8%
CAMPCOR Properties	103.82	51.2%	311.45	51.2%
Total	202.95	**100.0%**	608.85	**100.0%**

The following assumptions have been made by the Company to project revenues:

Rental Income

- Rental Income presented above includes the effect of straight-line basis of accounting over the lease term, in compliance with PFRS 16. In computing the straight-line basis, the Company only considers the Guaranteed Annual Base Lease. For Forecast Period 2022 and Projection Year 2023, the Company recognized adjustments from straight-line method of ₱25.95 million (increase) and ₱61.93 million (increase), respectively.

- 100% of Rental Income (exclusive of straight-line rent) for the Forecast Period 2022 and Projection Year 2023 are based on executed contract of leases as of the date of the REIT Plan.The terms of the lease contracts range from 8 to 10 years.

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

Lease Period	Guaranteed Annual Base Lease (₱ Amount)		
	SIPCOR Properties	CAMPCOR Properties	Total
Year 2022	153,223,534	156,521,920	309,745,454
Year 2023	270,548,983	276,372,991	546,921,974
Year 2024	278,665,453	284,664,180	563,329,633
Year 2025	287,025,416	293,204,106	580,229,522
Year 2026	295,636,179	302,000,229	597,636,408

Year 2027	304,505,264	311,060,236	615,565,500
Year 2028	313,640,422	320,392,043	634,032,465
Year 2029	323,049,635	330,003,804	653,053,439
Year 2030	214,104,740	339,903,918	554,008,659
Year 2031	55,518,917	350,101,036	405,619,953
Year 2032		150,251,695	150,251,695

- The lease payment shall be based on the "Variable Base Lease" if the calculated lease is higher than the Guaranteed Annual Base Lease. Variable Base Lease is a percentage of the lessee's annual revenue from the Sale of Electricity as reported in its Annual Financial Statements for the relevant year.

- The Variable Base Lease is determined within 120 days from the end of the relevant year and is payable 30 days thereafter.

COST AND EXPENSES

Cost and expenses consist of cost of rentals and other operating expenses.

Cost of Rentals

	Forecast Period 2022	Projection Year 2023
	(Unaudited)	
	₱ millions	
Depreciation and amortization	17.18	51.55
Fund management fee	0.88	2.73
Property management fee	2.65	8.20
Taxes and licenses	1.77	5.47
Insurance	0.76	2.39
	23.26	**70.35**

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

Depreciation

Depreciation of the generation asset, which is accounted for under the revaluation model, is computed on the straight-line basis over its estimated remaining useful life.

Fund Management Fee

Under the Fund Management Agreement, the Fund Manager will receive equivalent 0.5% of the Company's Rental Income less straight-line adjustments, exclusive of value-added taxes (the "**Management Fee**").

The Fund Manager shall likewise be entitled to (i) an acquisition fee of 0.5% of the acquisition price of every acquisition made, exclusive of value-added taxes, and (ii) a divestment fee of 0.5% of the sales price for every property divested by it on behalf of the Company, exclusive of value-added taxes. The total amount of (x) fees paid under the Property Management Agreement; and (y) the Management Fee, acquisition fee, and divestment fee (collectively referred to as "**Fund Management Fee**"), paid to the Fund Manager, in any given year, shall not exceed 1.0% of the Net Asset Value of the properties under management.

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

Fund Management Fee & Other Fees (exclusive of VAT)	(0.5% x Rental Income less straight-line adjustments) + (0.5% of acquisition price, for every property acquisition) + (0.5% of sales price for ever property divested)

Property Management Fee

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Annual Rental Income less straight-line adjustments, exclusive of value added taxes, provided that the total of such fee (the "**Property Management Fee**") and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed.

Property Management Fee	=	Rental Income less straight-line adjustments x 1.50%

Taxes and licenses

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

Insurance

This represents payments for insurance of the Properties that the Company believes is consistent with industry practice in the Philippines and in such amounts and covering such risks as the Company believes are usually carried by companies owning similar properties in the same geographical areas as those in which the Company operates.

Other Operating Expenses

	Forecast Period 2022	Projection Year 2023
	(Unaudited)	
	₱ millions	
Professional fees	0.42	1.30
Board fee	0.15	0.47
Miscellaneous expenses	0.88	2.73
	1.45	**4.51**

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

Professional fees

This represents recurring expenses such as audit fees, tax and legal fees, and other expenses. These are based onprevailing rates and are adjusted for inflation at a rate of 4.2% per annum.

Board fees

This represents per diem fees of directors based on prevailing rates and is adjusted for inflation at a rateof 4.2% per annum.

Miscellaneous expenses

This represents other operating expenses the Company may incur such as communication, transportation, supplies, postage, etc.

FINANCING COSTS

Financing costs pertain to accretion cost on the balance of lease liabilities with reference to the incremental borrowing rates.

FAIR VALUE GAINS (LOSSES) ON INVESTMENT PROPERTIES

Fair value gains or losses pertains to changes in fair value of Investment Properties. Investment Properties are accounted for under fair value method of accounting.

PROVISION FOR INCOME TAX

The income from leased property will be taxed at 25% after the Company pays off dividends as a percentage ofdistributable income. For Forecast Period 2022 and Projection Year 2023, the Companywill be paying out 100% of its Distributable Income as dividends. The Company will be able to deduct dividend distributions from its taxable income pursuant to the implementing rules and regulations of the REIT Law, thus there is no provision for income tax in Forecast Period 2022 and Projection Year 2023. Please see "*Regulatory and Environmental Matters*" for more information.

CAPITAL EXPENDITURE

Capital expenditure incurred is expected to be capitalized as part of the Deposited Property. The Company does not forecast any significant capital expenditure for Forecast Period 2022 or Projection Year 2023.

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

DIVIDENDS

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

The Company believes that the use of FFO and AFFO, combined with the required PFRS presentations, improves the understanding of the Company's operating results among investors. AFFO is an important measurement because the Company's leases generally have contractual escalations of base rents that are not directly observable in the Company's statements of total comprehensive income due to application of straight-line method of recognizing rental income. Non-cash items such as depreciation on property, plant and equipment and fair value gain or loss 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 itsdividend-paying capability.

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

	Forecast Period 2022	Projection Year 2023
	(Unaudited)	
	₱ millions	

Net Profit	126.38	481.82
Distribution adjustments (2)	25.76	-10.20
Distributable Income	152.13	471.62
Depreciation and amortization	17.18	51.55
Funds from Operations (FFO)	169.32	523.17
Capital expenditures on existing investment properties and intangible assets	-	-
AFFO	**169.32**	**523.17**
AFFO payout ratio (3)	90%	90%
Dividends	**152.13**	**471.62**
Distributable Income	152.13	471.62
In excess of Distributable Income	0.00	0.00
Dividends as a percentage of Distributable Income **(4)**	**100%**	**100%**

Notes:

(1) Forecast Period 2022 assumes that the Company is listed starting September 1, 2022.

(2) Distribution adjustments refer to the straight-line adjustments on lease income and fair value gain/loss on investment properties.

(3) AFFO payout ratio is derived by dividing Dividends with their respective AFFO.

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

The REIT Law expects a REIT to distribute annually a total of at least 90% of its Distributable Income.

ACCOUNTING STANDARDS

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

The Company assumes that the change in applicable accounting standards or other financial reporting requirement will not have a material effect on the Profit Forecast and Profit Projection. Significant accounting policies adopted by the Company in the preparation of the Profit Forecast and Profit Projection are set out in the Interim Financial Statements of the Company as of and for the period ended May 31, 2022.

OTHER ASSUMPTIONS

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

- For the Forecast Period 2022 and Projection Year 2023, the Company used the terms and conditions of its existing lease contracts.
- The Company did not assume acquisition of new property for the Forecast Period 2022 and Projection Year 2023.
- The fair values of the investment property portfolio for Forecast Period 2022 are based on May 2022 appraisal report from Asian Appraisal and remain unchanged for the Projection Year 2023.
- There will be no pre-termination of any leases (unless notice has already been given).
- There will be no change in the applicable tax legislation, other applicable legislation, or regulatory or juridical interpretation of the same for the Forecast Period 2022 and Projection Year 2023, except as disclosed.
- All leases and licenses are enforceable and will be performed in accordance with their terms during the Forecast Period 2022 and Projection Year 2023.

SENSITIVITY ANALYSIS

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

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

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown. The results of the sensitivity analyses below are based on an assumed Offer Price of [₱2.00] per share.

Revenues

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

	Dividend yield pursuant to changes in revenues	
	Forecast Period 2022	**Projection Year 2023**
	(%)	
5.0% above base case	7.4%	7.8%
Base case	6.9%	7.2%
5.0% below base case	6.5%	6.7%

Cost and Expenses

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

	Dividend yield pursuant to changes in Costs and Expenses	
	Forecast Period 2022	**Projection Year 2023**
	(%)	
5.0% above base case	6.8%	7.1%
Base case	6.9%	7.2%
5.0% below base case	7.1%	7.3%

INDUSTRY OVERVIEW[15]

The information that appears in the executive summary of the independent market research report in this Industry Overview section, including all data (actual, estimates and forecasts) has been prepared by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in the Company. The Company believes that the sources of information contained in this Industry Overview are appropriate sources for such information and has taken reasonable care in reproducing such information. The Company has no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

The information prepared by Frost & Sullivan and set out in this Industry Overview and elsewhere in this REIT Plan and the commissioned industry report attached as Annex 3 to this REIT Plan has not been independently verified by the Company or the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s] 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.

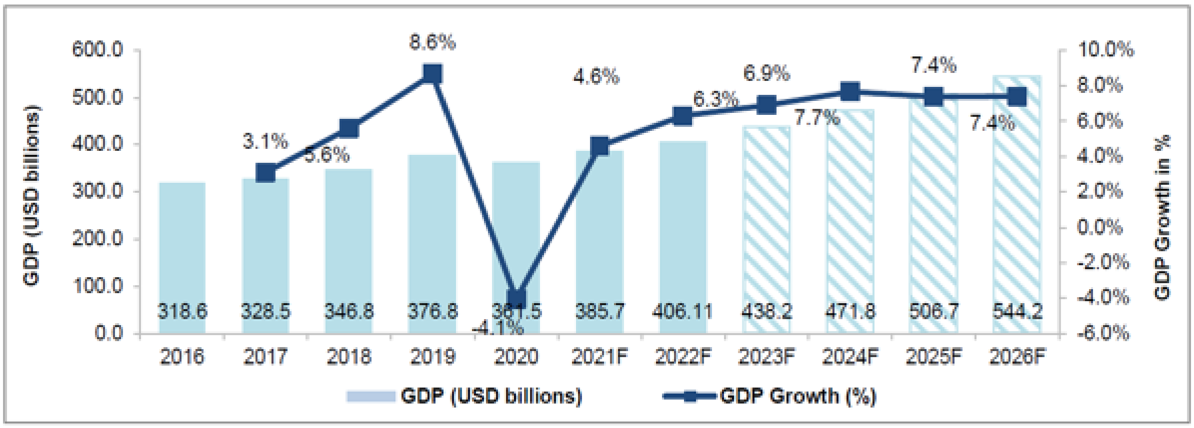
MACROECONOMIC OVERVIEW OF THE PHILIPPINES

Macroeconomic Overview

The year 2022 marked the unwinding of the pandemic and the reopening of the economy. Better management of the pandemic, including improved vaccination rates, is expected to restore the real GDP growth in many countries, including the Philippines. According to International Monetary Fund ("**IMF**"), the Philippines' GDP is expected to reach ₱20,618.20 billion (USD 406.11 billion) at current prices in 2022, growing at a CAGR of 5.5% between 2016 and 2026. Primary driver of the Philippine's economy will be boosted by infrastructure spending and sustained public projects. Contraction that occurred and temporary halting the industrial and manufacturing sectors are expected to normalize this year. Furthermore, robust domestic consumption and private spending are also expected to support the economy and projects stronger growth post-pandemic.

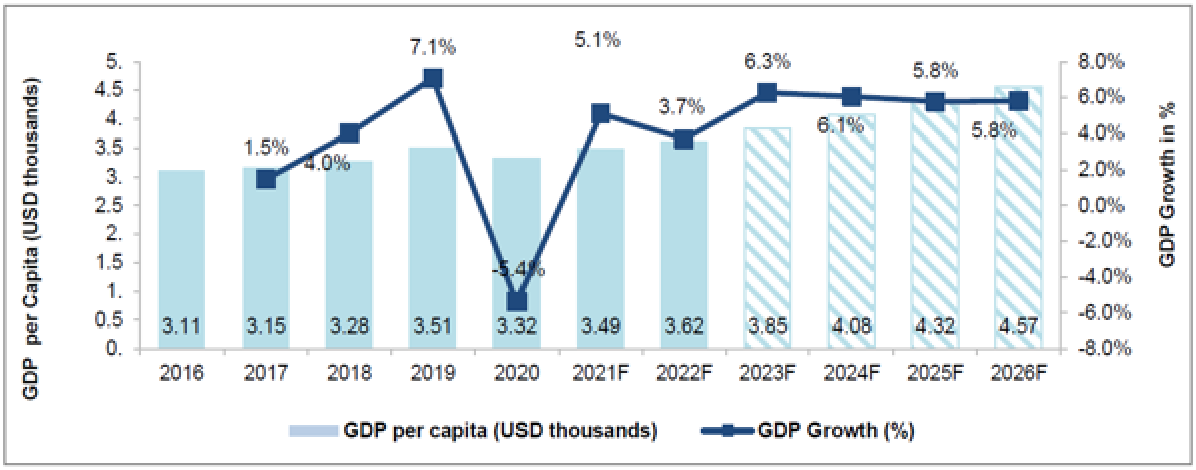
GDP and GDP Growth in the Philippines for the years 2016-2026F[16]

[15] Source: Power Generation Industry in the Philippines with Focus on Diesel/Heavy Fuel Oil Power Generation with Potential Expansion for Renewable Energy Development, Independent Market Research Report of Frost & Sullivan Pte. Ltd.
[16] Source: IMF World Economic Outlook; Frost & Sullivan



The GDP per capita of the Philippines was ₱177,289 (USD 3,492) in 2021. It is expected to reach ₱ 231,867 (USD 4,567) by 2026, growing at a CAGR of 3.9% between 2016 and 2026. This growth is expected to be driven by higher spending likely to occur in the post-pandemic period. In comparison, Metro Manila, Northern Mindanao, and the Davao region spearhead the per-capita contribution of the country's economy, attributing 255%, 104%, and 102% to the national average. In stark contrast, the three regions recording the lowest GDP per capita are Eastern Visayas, Bicol Region, and Bangsamoro, accounting for the 53%, 51%, and 33% of the national average, necessitating the need for the country to evenly develop their regions to increase national prosperity.

GDP per Capita and Growth in the Philippines for the years 2016-2026F[17]



Regions in the Philippines by GDP per Capita for the year 2020[18]

[17] Source: IMF World Economic Outlook; Frost & Sullivan
[18] Source: Philippine Statistics Authority; Frost & Sullivan

Rank	Region	GDP per Capita (in PHP)	% of National Average
1	National Capital Region (Metro Manila)	419,935	254.6%
2	Northern Mindanao	171,716	104.1%
3	Davao Region	168,112	101.9%
4	Cordillera Administrative Region	161,888	98.1%
5	Calabarzon	159,748	96.8%
6	Central Luzon	151,287	91.7%
7	Central Visayas	146,376	88.7%
8	Ilocos Region	113,452	68.7%
9	Mimaropa Region	107,716	65.3%
10	Western Visayas	107,623	65.2%
11	Soccsksargen	106,855	64.7%
12	Caraga	105,940	64.2%
13	Zamboanga Peninsula	104,307	63.2%
14	Cagayan Valley	100,361	60.8%
15	Eastern Visayas	87,149	52.8%
16	Bicol Region	84,090	50.9%
17	Bangsamoro	55,087	33.4%
	Philippine National Average	**164,919**	**100%**

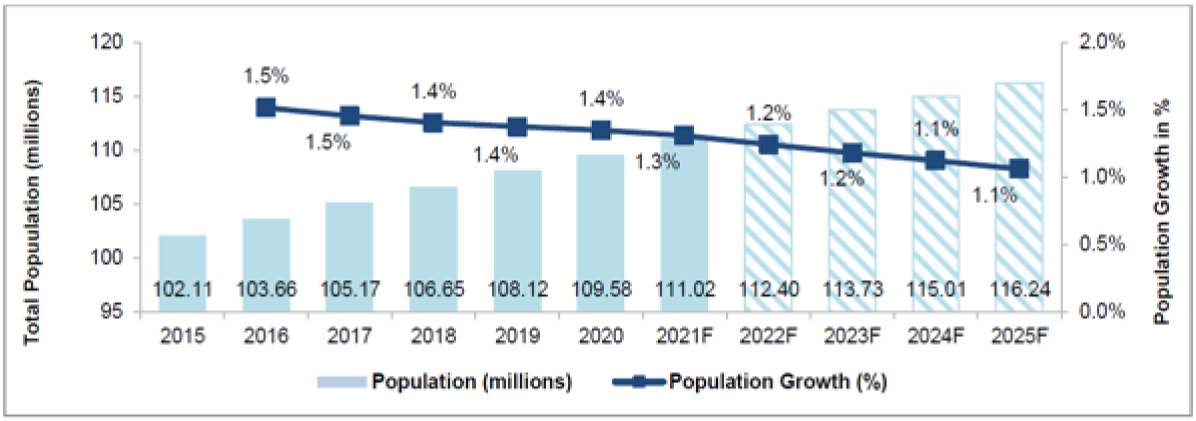
***Note**: Data for 2021 not available*

__Population__

Growth Trends

The Philippine's current population as of early 2022 stand at 111 million and projects a gradual softening in growth due to the increasing preference for smaller family sizes and various government health programs.

Total Population in the Philippines for the years 2015-2025F[19]



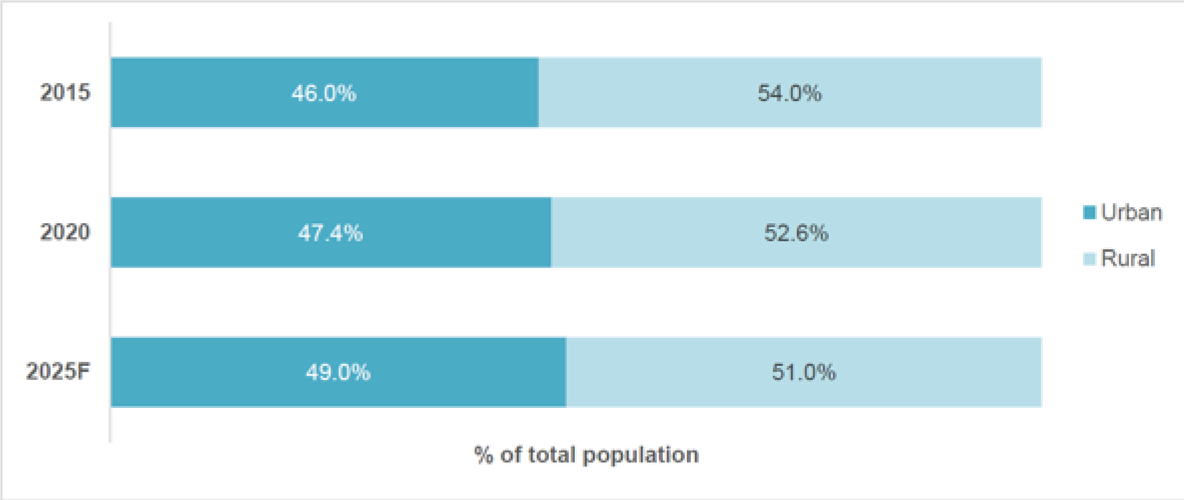
With a median age of 25.7 years, the Philippines population is relatively young, composing of productive and a growing working-age population. This increase in the working-age population implies a demographic precondition for greater productivity, given its potential to support the dependent population. This population category is expected to grow by 1 million in 2021, reaching 71.83 million, or 64.7%, of Filipinos between 15 and 64 years old.

[19] Source: World Bank, Philippine Statistics Authority; Frost & Sullivan

Urban-Rural Classification

Between 2015 and 2020, the number of urban families increased at a CAGR of 2.0% and is expected to grow an average of 1.9% by 2025[20]; in parallel, the percentage of Filipinos living in the city also rose from 46% (~47 million) in 2015 to 49% (~57 million) in 2025. The pace of urbanization is strongly correlated with economic efficiency and growth, especially around the central city hubs, such as Metro Manila, and middleweight regions and cross-border areas for trade-in logistics, such as Cebu. The economic benefits of urbanization are realized through economic concentration based on the high and increasing density of cities, which provides many opportunities for structural transformation of the economy.

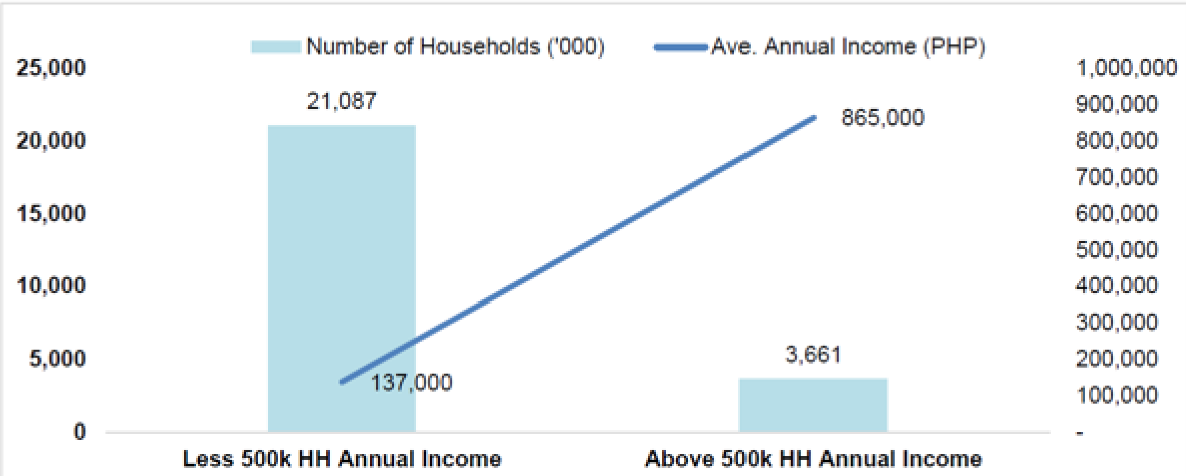
Urban and Rural Population in the Philippines for the years 2015, 2020, and 2025F[21]



Household Income

In 2018, the total number of Filipino households had reached 24.7 million, which was 8% higher than in 2015. There was also an increase in the average annual income of Filipino families from ₱ 268,000 in 2015 to ₱ 313,000 in 2018. The majority of Filipino households (85%) fall into the poor to middle-income class, with an average annual income of ₱ 137,000. In contrast, the upper-middle-income to wealthy family accounts for 15% of the total and has an average annual income of ₱ 865,000.[22]

Distribution of Households and Average Annual Income by Income Class in the year 2018[23]



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[20] Number of Urban families are estimated using a function of average household, total population, and urban penetration
[21] Source: ASEAN Sustainable Urbanization Strategy Report; World Bank; Frost & Sullivan
[22] PSA removes the 1%, considered ultra-rich in the computation of average income as it may distort the result
[23] Source: PSA; Frost & Sullivan

COVID-19 Implication

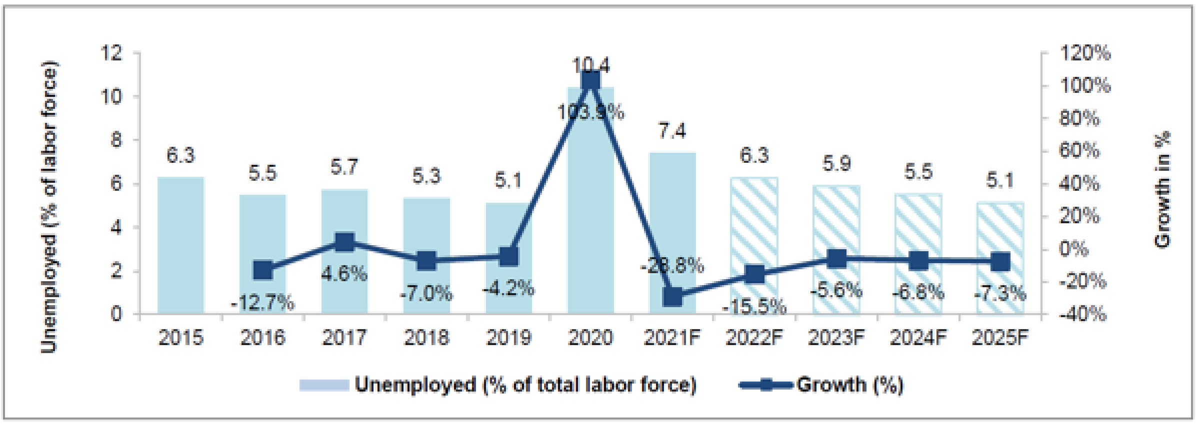
Impact on Businesses and Households

The first case of COVID-19 pandemic was first identified in the Philippine in January 2020. By March, the Philippine government promptly move to stem the spread of the pandemic by imposing "Enhanced Community Quarantine". In the following year, it put into force a larger scale of COVID-19 containment measures with varying degrees of strictness that lasted until the end of 2021 given the sudden surge in the number of positive case. By October 2021, the state capital had eased the lockdown, followed by nationwide restrictions lifted in November. Officials cited rising vaccination coverage as the primary reason for containing the highly communicable disease. The number of cases has fallen from a high of 20,000 average daily cases in September to an average of just 480 cases per day by year-end.[24]

During the height of the pandemic, 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. Noticeably, there was a decrease in consumption across all sectors. The recurring imposition of various community quarantine restrictions and physical distancing measures caused a great shift in favor of the residential sector as majority of economic sectors adapt alternative work arrangements and various "new normal" measures.

The Filipinos household income was negatively affected. The ADB reported that 85% of Philippine households experienced financial difficulty during the pandemic with noticeable impact to that of lower-income households. The disparity of the impact of the lockdown will likely result in broader income inequality post-pandemic. During the pandemic peaks, the unemployed population grew by approximately 104% in 2020, amounting to 10.4% of the labor force. As the threat of the pandemic wanes, and economic recovery begins, the PSA reported that the unemployment in the final month of 2021 has eased to 6.6% to 3.27 million.[25]

Unemployment in the Philippines for the years 2015-2025F[26]



Government Response

The government had swiftly blunted the adverse economic impact of the pandemic by putting into force several measures such Bayanihan Act I and II. The Republic Act No.11469 or the "Bayanihan to Heal as One Act." allowed the president to reallocate almost ₱ 289 billion (USD 5.67 billion) for the pandemic response, from the estimated ₱ 460 billion (USD 9.03 billion) 2020 national budget and mandated economic assistance for disadvantaged families and displaced workers. And, as the pandemic persisted, the subsequent "Bayanihan II Act" was signed into law and came into force from March 2021 to November 2021. It extended grace periods and allowed zero-interest instalments for rental payments and utility bills incurred by small businesses during the

[24] Worldometers
[25] Ramon Royandoyan. Unemployment eases in 2021 but still lags behind pre-pandemic levels. Philstar. https://www.philstar.com/business/2022/02/10/2159879/unemployment-eases-2021-still-lags-behind-pre-pandemic-levels
10 February 2022.
[26] Source: IMF World Economic Outlook; Frost & Sullivan

period of Enhanced Community Quarantine ("**ECQ**"). 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 initiatives employed by the government also include tax and financial measures such as the Corporate Recovery and Tax Incentives for Enterprises ("**CREATE**"). It 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.

At pandemic's peak, the Philippines' public health system struggled to cope with the continuous increase in cases, attributed to a shortage of health workers and poor health infrastructure. However, situations are much less severe towards year-end of 2021. In October, Manila had started to ease restrictions, and the government removed nationwide limits in November. The number of cases has fallen as more and more people receive vaccinations. Consequently, the healthcare system witnessed a decline in hospital utilization rate towards the end of the year.

Russia-Ukraine War

Impact of Russa-Ukraine War to the Philippine Economy

On 24th February 2022, Russia began its invasion of Ukraine. While the direct impact of the war is not expected to affect the domestic economy—neither country is a major trading partner of the Philippines— the spillover is immediate and overarching. Through its Department of Finance ("**MoF**"), the government cites four major channels that are likely to be impacted, i.e., the commodities market, the financial market and investments, and its impact on the country's fiscal health.[27]

The MoF, notably, emphasized the rising prices on the commodity as the first point of impact, particularly on the fuel and food prices. Russia is the largest exporter of natural gas and wheat, while Ukraine is the fourth largest exporter of corn. Both countries combined account for almost 80% of the world's sunflower oil used for cooking. Hence, the immediacy of the impact across the globe to both commodities has, thus far, been far-reaching. Frost and Sullivan noted that the prices of WTI crude oil have since risen sharply and closed at USD 113.19 per barrel as of 9th March 2022. Consequently, it has spilled to impact the gasoline price in the Philippine. The DOE reported that the gasoline's common pump price stood at ₱ 69.28/l as of March 7.

Secondly, the MoF also projects a surge in the interest rates and cost of borrowing following the invasion. The conflict will heighten the perception of risk in investment and, in turn, cause investors to seek investment in safer instruments such as US treasury bonds. Furthermore, investors tend to be more conservative and postpone their planned investment in a time of uncertainty. The MoF is of the opinion that should the situation persist and the war sustained, it will take some time for investor and consumer confidence to return to normal, hence impacting the overall business environment.

Finally, the MoF also highlighted the impact of Russia-Ukraine's conflict on the country's fiscal health. It outlined the measures needed to protect the vulnerable and most critical sectors. Key areas indicated are energy and utility which more likely to stretch the state's finance further through fuel subsidy and other means. For instance, the government is expected to have no choice but to increase the amount of fuel subsidies to public transportation because of rising input costs. Plus, during the period of uncertainties, the near-in strategic imperative for the government is to ensure energy security by expanding the buffer stock for oil, liquified petroleum gas ("**LPG**"), coal, and other types of inputs. Frost and Sullivan think such measures are likely to burden the government's fiscal budget.

[27] Department of Finance. Effects of Russia-Ukraine conflict temporary, measures in place to cushion its impact–Dominguez. https://www.dof.gov.ph/effects-of-russia-ukraine-conflict-temporary-measures-in-place-to-cushion-its-impact-dominguez/. 08 March 2022.

OVERVIEW OF THE ON-GRID POWER GENERATION INDUSTRY IN THE PHILIPPINES

Consisting of nearly 7,641 islands, the Philippines is broadly segmented into 3 main island regions: Luzon, Visayas, and Mindanao - each region serviced by a separate transmission grid. However, the grid in Mindanao region does not have an interconnection. There is an ongoing high voltage direct current system project to connect the power grids in Visayas and Mindanao region which is likely to be completed in Q1, 2022. The National Electrification Administration ("**NEA"**) estimates that there are still some 1,700 remote and isolated island barangays that are either unserved or underserved.[28]

On-Grid Power Generation Industry Overview

Power generation sector in the Philippines is highly dependent on imported fuels particularly coal from Indonesia. According to the DOE, the country's total import of coal was 29.5 million metric tons ("**MT**") and local production amounted to 13.3 million MT in 2020, which totaled 42.8 million MT. Of the total coal demand, the power generation industry alone consumed 29.8 million MT, equivalent to 90.6% of the total consumption in 2020.[29]

The Philippine National Oil Company was formed in 1973 as the country's custodian of the national oil and gas reserves. Indigenous gas reserves were developed to cater to the power sector and combined cycled gas turbine ("**CCGT**") power plants received gas supplies mainly from the Malampaya gas field (expected depletion by 2027).[30] To reduce the dependency on fossil fuels in the power generation sector, a 621 MW nuclear power plant was built at Bataan in 1984 but was never commissioned.[31]

For baseload power requirements, coal-fired and geothermal power plants have been used, whereas natural gas-fired power plants have been used as both mid-merit and peaking power plants. Besides, oil-fired and hydropower plants operate as peaking power plants. As the expected depletion of the Malampaya gas field is by 2027, the San Gabriel and Avion plants were built and came into commercial operations by 2016. The intent of building these plants is to switch 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.[32]

The power sector embarked on an extensive privatization exercise with the introduction of the Electric Power Industry Reform Act ("**EPIRA**") in 2001. EPIRA was instrumental in introducing competition in the power generation sector, led to market reforms and stimulated the growth of the RE sector. In 2008, the RE Act came into effect and feed-in-tariff scheme was introduced by the Energy Regulatory Commission ("**ERC**") in 2012. Since then, there has been significant headway in developing the country's indigenous RE resources. By the end of 2020, 29.1% (equivalent to 7.7 GW) of the 26.3 GW national installed capacity consisted of RE, primarily in the form of hydropower, geothermal, and solar power.[33] RE exceeded the contribution from natural gas-based (13.1%) and oil-fired power plants (13.0%).

Under EPIRA (Republic Act 9136), private power projects can be developed subject to the receipt of several permits and approvals from government-owned entities, such as the DOE, Department of Environmental & Natural Resources ("**DENR**"), and ERC, and the Department of Agrarian Reform. In addition, for grid connected projects, approval to connect to the transmission grid has to be obtained from the National Grid Corporation of the Philippines ("**NGCP**").

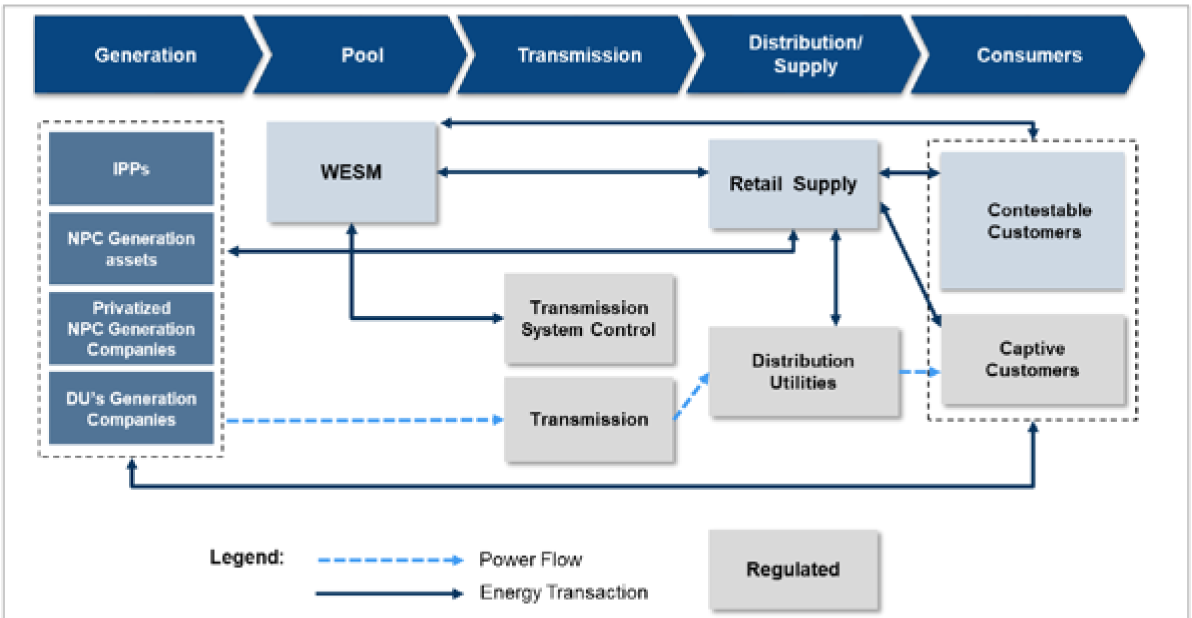
[28] Green Climate Fund "Transforming the Landscape for Off-Grid Electrification in the Philippines", June 2020
[29] DOE, "2020 Coal Statistics", (Accessed: February 2022)
[30] BusinessWorld, "Malampaya depletion is expected by 1st quarter of 2027", March 2021
[31] Reuters, "In power hungry Philippines, some advocate a nuclear revival," May 2018
[32] EWC, "Investor Presentation", March 2021
[33] Statistics of total installed capacity available on the DOE

Power Market Structure and Key Industry Stakeholders

Electricity Industry Structure of the On-grid Power Market in the Philippines as of the year 2020[34]

Governance	Generation	Transmission	Distribution	Supply
Department of Energy	NPC's Own Power Plants	National Transmission Corporation (Owner)	Distribution Utilities	Suppliers
Energy Regulatory Commission	NPC's Power Plants under ECA/PPA agreement with IPPAs appointed by PSALM Corporation	National Grid Corporation of the Philippines (Operator)		
	Distribution Utilities own Power Plants			
	Private Independent Power Producers			

Electricity Market Structure of the On-grid Power Market in the Philippines as of the year 2020[35]



Under the purview of EPIRA 2001, one of the goals for power market reforms was to stimulate the adoption of various RE sources and improve the competitiveness of the power market.[36] Therefore, the country's first Wholesale Electricity Spot Market ("**WESM**") was set up in Luzon and has been in commercial operation since June 2006. The Visayas grid was integrated into it on 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**").[37]

[34] Source: Frost & Sullivan
[35] Source: Frost & Sullivan
[36] NPC, "Republic Act No. 9136", (Accessed: February 2022)
[37] DOE, "Schedule of Public Consultations on RCOA Rules", October 2012

The DOE and the Philippine Electricity Market Corporation ("**PEMC**") were keen to commence WESM operations in Mindanao region and as such had introduced the Interim Mindanao Electricity Market ("**IMEM**") in November 2013. However, in 2014, this plan of IMEM was deferred because of various reasons, such as the lack of liquidity, payment issues, and grid interruptions.[38] The WESM in Mindanao was originally scheduled to be launched in June 2017 but was subsequently delayed to commence in June 2021. However, it was further delayed and commercial operation of the WESM in Mindanao is likely to commence in Q1 2022 to coincide with the completion of the Mindanao-Visayas Interconnection project.[39]

RCOA Membership in the Philippines as of Q3 2021[40]

Retail Membership	Registered
Retail electricity supplier	37
Local retail electricity supplier	15
Retail metering service provider	60
Contestable customer	1826
Directly connected contestable customer	34
Supplier of last resort	25

Competitive retail electricity market **("CREM")** was introduced in 2020 whereby the ERC granted a total of 42 retail electricity supplier licenses and authorized 25 local retail electricity providers. These suppliers can compete for the supply of electricity of contestable customers in the CREM. The CREM is where qualified contestable customers (those consuming 750 kW and above) have the option to choose their electricity service provider, either from a RES or from a Local RES, the competitive business segment of a distribution utility.[41] On February 2021, the ERC lowered the threshold for RCOA to 500kW-749kW level. As a result, there has been an increased volume of new contestable customers.[42]

Key Regulations

Green Energy Option Program ("GEOP")

GEOP is a voluntary RE policy mechanism to empower end users having an electricity consumption of at least 100 kW to source their electricity from qualified retail energy suppliers that generate power from RE. 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.

Renewable Portfolio Standards ("RPS") – For Grid Connected Projects

One of the non-fiscal incentives, RPS is applicable to all 3 grids: Visayas, Mindanao and 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). The DOE is proposing to hike this increment by more than double or 2.52% by year 2023.[43]

- ✓ 1 MWh = 1 RE Certificate, which are generated for compliance with RPS.

[38] ADB, "Philippines: Energy Sector Assessment, Strategy and Roadmap", October 2018
[39] Philstar, "WESM commercial operations in Mindanao deferred anew", January 2022
[40] IEMOP Quarterly Report Q4 2021
[41] Energy Regulatory Commission
[42] IEMOP Quarterly Report, Q4 2021, Accessed April 11 2022
[43] DOE to double RE incremental installations by 2023, Manila Bulletin, Accessed 11 April 2022

Green Energy Auction Program ("GEAP")

In December 2010, the DOE issued the guidelines for the revised Green Energy Auction Program to aid in achieving the country's RE goals.

The GEAP encompasses two major components: (1) The green energy tariff and (2) The green energy auction.

(1) The green energy tariff will provide price signals on the commercial value of electricity generated from RE facilities resulting from a competitive process, and set the benchmark price for DUs under the newly introduced Opt-in Mechanism. This mechanism will allow any DU to procure portions of the capacity auctioned to allow the DUs to procure supply in a competitive environment and, at the same time, comply with its minimum RPS requirements.

(2) The green energy auction will facilitate the determination of RE facilities that are eligible under the GEAP.

This program shall be administered by the DOE through the Green Energy Auction Committee ("**GEAC**"). The new guidelines also adopt certain mechanisms under the feed-in-tariff, such as central dispatch, to be sold through the WESM as priority dispatch.

The implementation of GEAP is to encourage greater private sector participation in power the generation sector through RE projects.

<u>Value Chain Analysis</u>

Key Entities in the Electricity Sector of the Philippines[44]

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.
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 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

[44] Source: Government of the Philippines

Entities	Acronyms	Brief Description
		NPC.
Independent Power Producers	**IPPs**	IPPs are power generating entities not owned by NPC.
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.
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.
National Transmission Corporation	**TRANSCO**	TRANSCO is a government agency created per EPIRA to own and operate the nationwide transmission system. In 2009, TRANSCO turned over the management and operation of its transmission system to NGCP via concession agreements but retained the ownership of transmission assets.
Power Sector Assets and Liabilities Management Corporation	**PSALM Corporation**	Created in 2001, PSALM Corporation is a government owned and controlled entity. 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.
Suppliers	**-**	Suppliers are any person or entity authorized by ERC to sell, broker, market, or aggregate electricity to the end users.
Wholesale Electricity Spot Market	**WESM**	The wholesale market for electricity created per EPIRA is governed by PEMC and operated by IEMOP.

<u>Industry Size and Growth Trends</u>

Long-Term Load/Power Demand Forecast in the Philippines for the years 2020-2040[45]

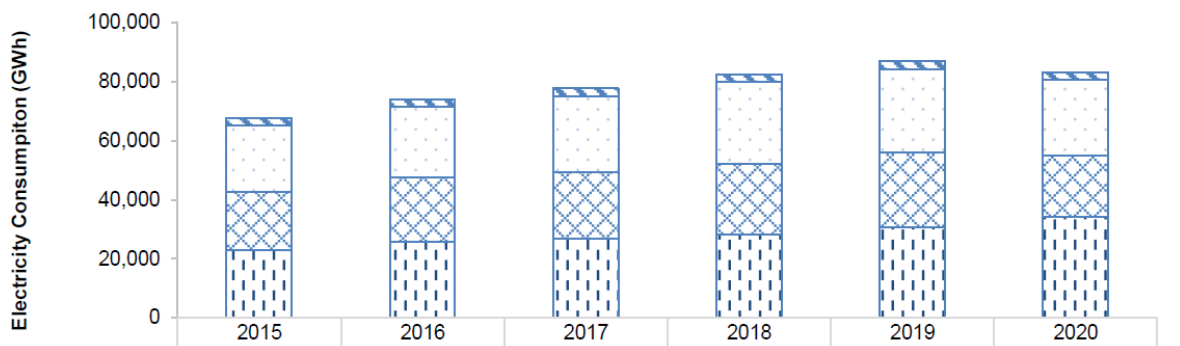
Power demand (peak load) forecast	CAGR (time period)
From 15,282 MW in 2020 to 54,655 MW in 2040 (reference scenario)	6.6% (2020 to 2040)

The peak demand for electricity is forecast to grow from 15,828 MW in 2020 to 54,655 MW in 2040 at a CAGR of 6.6%. However, peak demand growth varies between the 3 main grids; Mindanao exhibits the highest annual growth at 7.9%, followed by Visayas at 7.3% and Luzon at 6.2%.

[45] Source: Philippine Energy Plan 2020-2040

Electricity Consumption

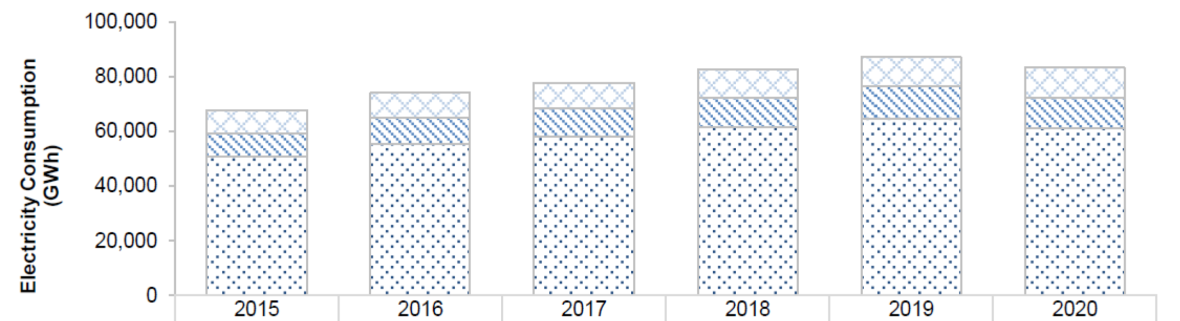
Total Electricity Consumption in GWh by Customer Segments in the Philippines for the years 2015-2020[46]



	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

The total (grid-connected) electricity consumption in the Philippines increased from 67,807.8 GWh in 2015 to 83,242.8 GWh in 2020 at a CAGR of 4.2%. From a consumption mix perspective, the residential customer segment constituted the highest at 41.2% of the total electricity consumption equivalent to 34,291.6 GWh, followed by the industrial customer segment at 30.7% (25,566.3 GWh) and commercial customer segment at 24.9% (20,727.1 GWh). The government through DOE has introduced demand-side management ("**DSM**") programs targeted at various customer segments to minimize electricity consumption, including the adoption of energy efficient appliances.

Total Electricity Consumption (GWh) by Region in the Philippines for the years 2015-2020[47]



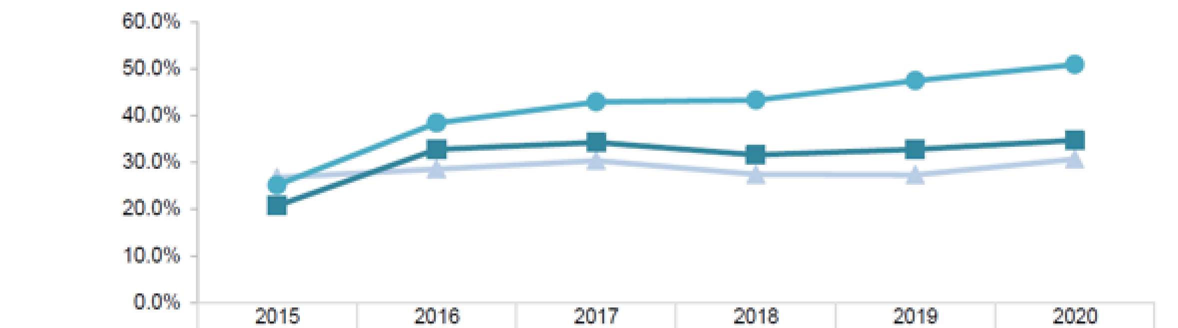
	2015	2016	2017	2018	2019	2020
Mindanao	8,453.2	9,140.5	9,496.6	10,244.4	10,787.2	10,790.5
Visayas	8,765.2	9,598.9	10,048.8	10,831.4	11,539.2	11,340.1
Luzon	50,589.3	55,413.1	58,247.4	61,541.3	64,791.6	61,112.1

In terms of geographic spread of electricity consumption, Luzon was the highest in the country at 73.4% followed by Visayas and Mindanao regions at 13.6% and 13.0% respectively.

[46] Source: DOE; Note: "Others" refers to public buildings and streetlights
[47] Source: DOE

Reserve Margin

Reserve Margin by Grid in the Philippines for the years 2015-2020[48]

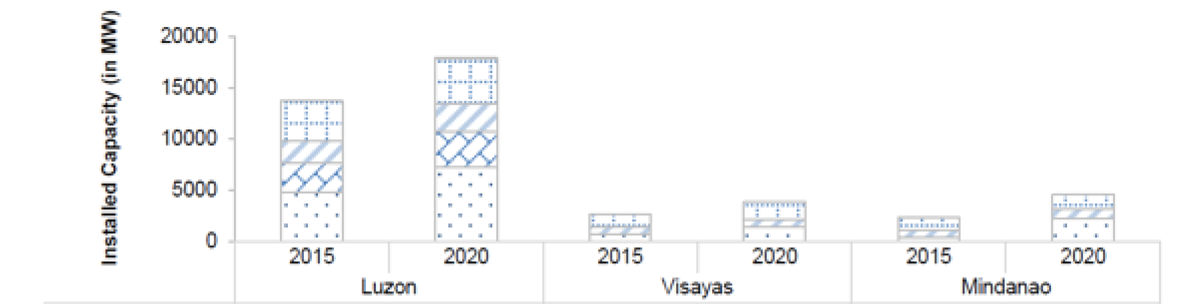


	2015	2016	2017	2018	2019	2020
Luzon	26.7%	28.5%	30.3%	27.4%	27.3%	30.6%
Visayas	20.7%	32.7%	34.2%	31.6%	32.7%	34.7%
Mindanao	25.1%	38.4%	42.9%	43.3%	47.5%	50.9%

The reserve margins across each of the 3 main grids have exhibited consistent growth from 2015 to 2020. 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% to 34.7% during the same time period. However, Mindanao had the largest excess of dependable capacity, having grown from a reserve margin of 25.1% in 2015 to 50.9% in 2020. As per NGCP, the country's average reserve margin was 18% before COVID-19. DOE is still working towards increasing the minimum reserve margin to 25% across grids to ensure reliable power supply.[49] On completion of the Visayas–Mindanao interconnection project, any surplus power generated in the Mindanao grid could be channelized for usage elsewhere.

Installed Capacity

Total Installed Capacity (in MW) by Region and Fuel Type in the Philippines for the years 2015 and 2020[50]



	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

Resource development and utilization policies in the country are unambiguous. As a result, the 3 regions are categorized with specific fuel mixes in the power generation sector as given below:

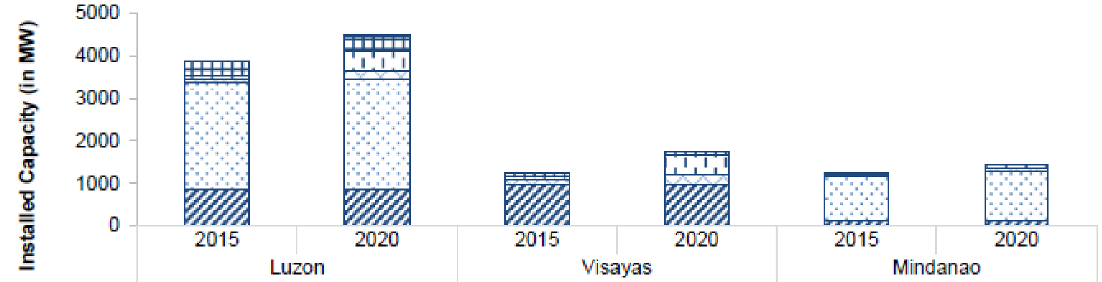
✓ In Luzon, natural gas sourced from the Malampaya gas field has been vital in developing their natural gas-fired power plants. The region has 5 operational power plants and this is likely to surge significantly in the next 10 years due to the expected boom in LNG imports.

[48] Source: DOE; Frost & Sullivan Analysis; Note: Reserve margin taken as the total dependable installed capacity minus the peak demand
[49] IEEFA, "Philippines Power Sector Can Reach Resilience by 2021", June 2020
[50] Source: DOE

- ✓ Traditionally until 2016, RE, in particular, geothermal energy has been the main source of power in Visayas region with significant reserves identified in Negros and Leyte. However since 2016, geothermal power capacity has been ousted by coal-fired power plants.

- ✓ In Mindanao, hydropower was the key source of power generation until 2015. But frequent power outages in the region pushed the government to develop large-scale coal-fired power plants to meet baseload capacity requirements. This move sharply increased coal-fired power capacity from a mere 382 MW in 2015 to 2,264 MW in 2020.[51]

Renewable Energy Installed Capacity Mix (in MW) by Region in the Philippines for the years 2015 and 2020[52]



	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

RE capacity additions in the power sector has grown strongly from 2015 to 2020 across all the main 3 regions supported by the government's fiscal and non-fiscal incentives introduced through the Republic Act 9513 (also known as the RE Act of 2008). Some of the non-fiscal incentives included the RPS, net-metering ("**NEM**"), feed-in-tariff ("**FIT**"), and GEOP.[53] In mid-2021, the FIT system was scrapped and RE plants are being subject to a competitive selection process where RE power will compete with other types of power plants and offer power at a least cost.

Historically, since EPIRA 2001, hydropower projects dominated the country's RE market with Luzon having the highest hydropower installed capacity base. However, hydropower capacity growth has been only marginal in Luzon - from 2,528 MW to 2,593 MW between 2015 and 2020 at a CAGR of 0.5% whereas solar power capacity has grown at a very high CAGR of 45.7% during the same time period. Besides, the country's first battery energy storage system ("**BESS**") project owned and operated by Masinloc Power Partners Co. Ltd., came online in June 2018 in the Luzon region.

Hydropower capacity is the dominant RE type in Mindanao region as well with an installed base of 1,165 MW by 2020. However, solar power capacity has increased sharply at a CAGR of 33.5% between 2015 and 2020.

In Visayas region, geothermal and solar power have been the two main sources of RE, with a total installed capacity of 955 MW and 476 MW respectively, by 2020. While the growth of geothermal, hydropower and wind power plant capacity additions have been marginal, solar power and biomass power capacity experienced strong growth at a CAGR of 44.7% and 16.3% respectively between 2015 and 2020.

Singapore-based Vena Energy is one of the leading players 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. Ayala Corp's ACEN is a 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. ACEN is looking to add 2,500 MW of solar and wind power across the Philippines by 2025, which would

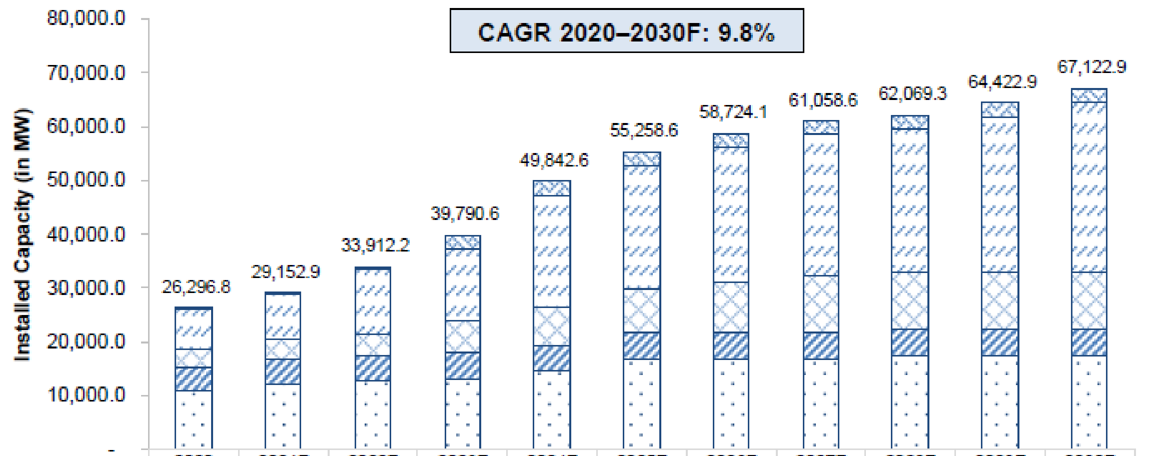
[51] ABS-CBN News, "Aquino vows no more power outages in Mindanao by 2015", April 2013
[52] Source: DOE
[53] DOE, "Status of Renewable Energy (RE) Policy Mechanisms", (Accessed: February 2022)

then effectively position the company to be among the leading players in RE.[54] Another home-grown company, Solar Philippines, is planning to deploy a total of 1 GW solar power capacity under various PPAs that were announced in December 2020.[55] Additionally, Solar Philippines has partnerships with KEPCO and Prime Infra in 2 separate solar power projects in the country.

Fiscal Policies to Promote Renewable Energy in the Philippines as of 2021[56]

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

Installed Capacity Forecast in the Philippines for the years 2020-2030F[57]



	2020	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total	26,296.8	29,152.9	33,912.2	39,790.6	49,842.6	55,258.6	58,724.1	61,058.6	62,069.3	64,422.9	67,122.9
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	12,205.1	13,208.5	20,886.1	22,914.0	25,179.6	26,314.0	26,626.8	28,980.4	31,680.4
Natural Gas	3,452.5	3,452.5	4,102.5	6,177.5	7,052.5	8,152.5	9,352.5	10,552.5	10,552.5	10,552.5	10,552.5
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	10,943.9	12,279.9	12,729.9	13,229.9	14,579.3	16,867.3	16,867.3	16,867.3	17,535.3	17,535.3	17,535.3

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%. RE is expected to be the biggest growth driver at 47.2%, coal at 26.1% natural gas at 15.7%, oil at 7.2%, and BESS at 3.8% during 2020 to 2030. From an estimated additional installed capacity equivalent to 40,826.1 MW from 2021 to 2030, 85.6% will be installed in the Luzon region, 10.7% in Visayas, and the residual 3.7% in the Mindanao region.

As per the latest proposed NREP 2020-2040 by the DOE, the target is to achieve 35% RE share in the power generation mix by 2030 and 50% share by 2040.[58] The expected additional capacity from RE sources totals 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. Based on the planned RE capacity additions that is expected to come online by 2030, 13,138.9 MW (54.7%)

[54] PV Magazine, "63 MW solar project completed in Philippines as part of 5GW renewables plan", July 2021
[55] PV Magazine, "Solar Philippines moves forward with 500MW solar park", June 2021
[56] Source: DOE
[57] 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; and (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.
[58] Philippine News Agency, "New RE plan targets 35% share of power generation by 2030", November 2021

is likely to be from solar power, 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.

Typically, RE roadmap excludes nuclear power into its policy development plans. In Philippines, the government created the Nuclear Energy Programme Implementing Organisation in 2016 and subsequently in 2019, the DOE signed a memorandum of intent ("**MoI**") with Russia-based Rusatom Overseas to undertake a prefeasibility study on building nuclear power plants based on small nuclear reactor technology.[59]

Next to RE market growth, natural gas-based power capacity is expected to grow with the second highest CAGR of 11.8% (from 3,452.5 MW in 2020 to 10,552.5 MW in 2030). In terms of geographical spread, Luzon region is likely to witness the development of new CCGT power plants during the forecast period. Natural gas-based power capacity is likely to gain traction backed by the scheduled completion of Pagbilao LNG import terminal and two other import terminals that have been included under the EPNS. In comparison with natural gas, growth of oil-fired based power plants is expected to be very marginal, peaking at 4,824.7 MW by 2030. DOE and other government stakeholders are committed to reduce diesel imports especially for grid-connected power, with the enforcement of the Tax Reform for Acceleration and Inclusion Law that levies excise tax on oil products since 2018.

[59] World Nuclear News, "Philippines progresses with plan for nuclear energy", October 2019

OVERVIEW OF THE OFF-GRID POWER GENERATION INDUSTRY IN THE PHILIPPINES

According to the DOE statistics, Philippines had 326 mini-grids with a total installed capacity of 530MW as of February 2020. Majority of these projects were built within the missionary electrification framework and dependent on highly volatile fossil fuels such as diesel or heavy fuel oil. More than 55.0% of the country's mini-grids supply electricity for less than eight hours a day as of December 2019.[60]

Off-grid power stations are typically stand-alone generation systems having no connection to the national grid. It is a form of decentralised power system where power that is produced is consumed locally at or near the consumers; it can either be utility or consumer owned. Several technologies can be leveraged for off-grid power such as solar PV, wind turbines, diesel generator sets, small hydropower, cogeneration, biomass power plants, etc. based on resource availability, technical and economic feasibility. Off-grid power are mostly supplied by Small Power Utilities Group under the NPC ("**National Power Corporation – Small Power Utilities Group**", or "**NPC-SPUG**"). The NPC-SPUG is a state-owned entity that pursues the government's missionary electrification plan that was initiated in 2001 to develop decentralized energy resources for consumers living in remote communities.

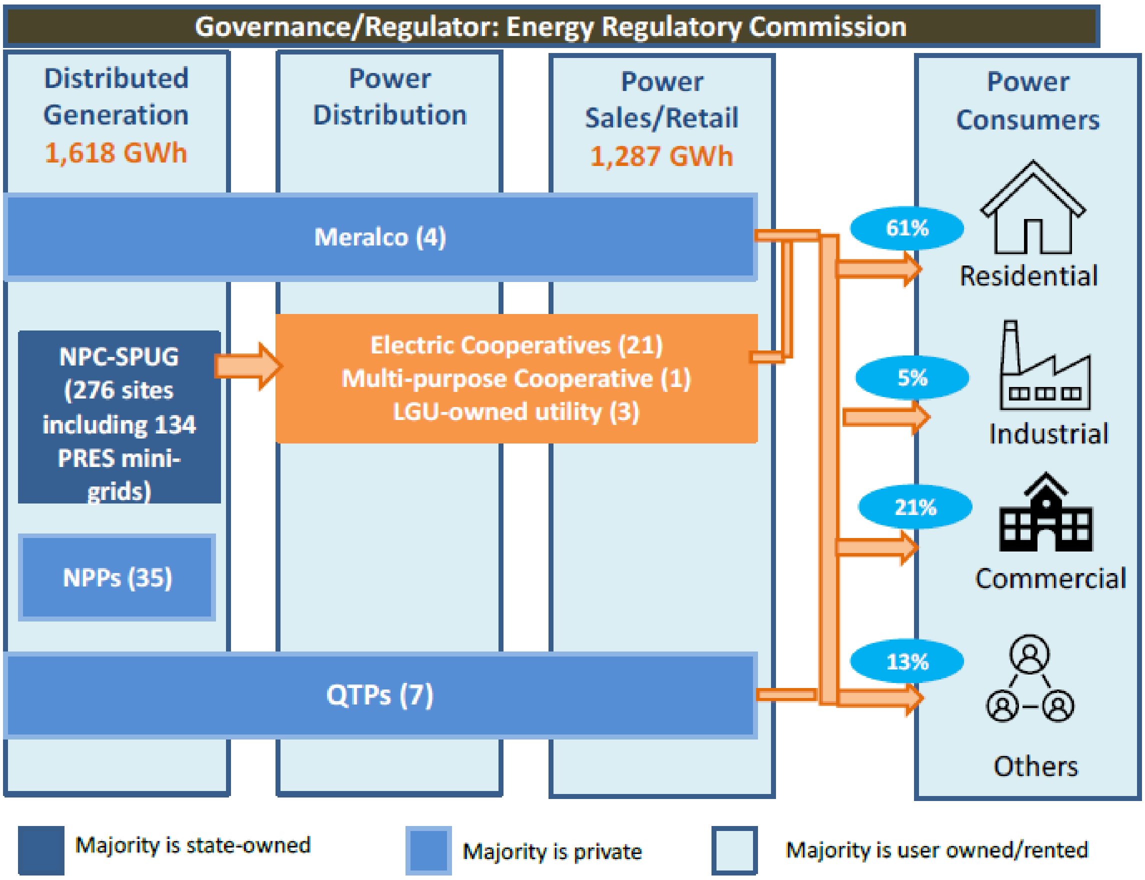
The transmission system including the substation assets in off-grid areas are owned, managed, and operated by the NPC-SPUG. The total transmission line length and substation capacity in 2020 reached 1,044 ckt-km. and 190 MVA, respectively.

There are 21 electric cooperatives in the country that serve smaller franchise areas that encompasses isolated and island grids. Most of the existing electric cooperatives are member-owned not-for-profit entities which are susceptible to financial risks. In the Philippines, there are exclusive off-grid electric cooperatives that serve the off-grid areas and some on-grid electric cooperatives serving off-grid areas in their service franchises.

Power Market Structure and Key Industry Stakeholders

Electricity Industry Structure for the Off-grid Power Market in the Philippines as of the year 2020[61]

[60] Department of Energy
[61] Source: Philippine Energy Plan (2020-2040); Frost & Sullivan; Note: PRES – Philippines Rural Electrification System



<u>**Value Chain Analysis**</u>

Key Entities in the Electricity Sector of the Off-grid Power Market[62]

[62] Source: Government of the Philippines

Entities	Acronyms	Brief Description
Energy Regulatory Commission	ERC	ERC was created under section 38 of EPIRA as an independent, quasi-judicial regulatory body.
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.
National Electrification Administration	NEA	NEA is a government owned and controlled corporation committed to the rural electrification program created by RA 6038 in 1969.
National Power Corporation	NPC	Established in 1936, NPC is relegated to missionary electrification by providing power, with the provision to operate transmission and distribution assets, in rural and remote off-grid areas in the Philippines. This has effectively reduced NPC's participation in the generation business through its small power utilities groups (SPUGs) across the country.
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. A major of them are government owned entities.
New Power Providers	NPPs	NPPs are private entities that manages and operates existing assets from the NPC-SPUG either by outright purchase or lease or by installation of new facilities. They are in-charge of power generation and require power purchase agreements (PPA) with the distribution unit.
Qualified Third Parties	QTPs	QTPs are private entities that generate and distribute electricity in remote villages and in off-grid areas where the franchised utility is not able to provide such services. They require a waiver from the electric cooperative originally handling the area.
Manila Electric Company	Meralco	The largest private distribution company in the Philippines covering 36 cities and 75 municipalities. Has microgrids outside its franchise area to serve off-grid communities. (Eg., Cagbalete Island and Verde Island)

Key Regulations

The Microgrid Law

Signed in January 2022, Republic Act No. 11646 or the Microgrid Systems Act allows microgrid systems providers **("MGSPs")** to provide integrated power generation and distribution services to distribution utilities in either unserved or underserved areas for a specific duration as stipulated in the service contract. MGSP are considered as public utility operators and they are mandated to secure an authority to operate ("**ATO**") from the ERC prior to its operation. One of the key provisions of this law is that it removes an existing prerequisite for MGSPs to acquire a waiver from a distribution utility to operate within its franchise area. The law mandates the ERC to facilitate a simplified and streamlined application process for MGSPs to reduce red tape and delays. In addition, ERC will be accountable for observing the compliance of all MGSPs with their obligations.[63] Aiming to accelerate electrification in the country, MGSPs will be allowed to operate in any area that have no electricity access or where the existing power connection does not provide 24/7 electricity supply.

2016-2020 Missionary Electrification Development Plan ("MEDP")

The DOE, in coordination with the NPC-SPUG, the National Electrification Administration (NEA), DUs, NPP, and QTP, pursuant to Rule 13 of the Implementing Rules and Regulations (IRR) of Republic Act No. 9136 or the EPIRA 2001, prepared the 2016-2020 Missionary Electrification Development Plan (2016 MEDP). It covers the development plans and programs of the Government to increase access to sustainable energy in off-grid areas in the country and improve the efficiency in the use of energy. MEDP mainly addresses the policies pertaining to the: (1) improvement of the Private Sector Participation (PSP) Program; (2) improvement of operations and services in missionary areas; (3) and the rationalization of Universal Charge for Missionary Electrification ("**UCME**").[64]

In December 2018, DOE announced to phase out the UCME gradually based on the economic conditions in the remote areas. This is supported by the annual increase in SAGR as approved under ERC Case No. 2018-048RC.

[63] Inquirer, "Duterte OKs law promoting use of microgrid systems for electrification", January 2022
[64] Department of Energy, Philippines

Renewable Portfolio Standards ("RPS") – For Off-grid Projects

Republic Act No. 9513 or Renewable Energy Act of 2008

Sec. 12, Chap IV of RA No. 9513 and Sec. 12, Rule 4, Part II of the RE Act IRR require that NPC-SPUG or its successor-in-interest and/or qualified third parties in off-grid areas, shall in the performance of its mandate to provide missionary electrification, source a minimum percentage of its total annual generation, upon recommendation by the National Renewable Energy Board ("**NREB**") from available renewable energy resources in the area concerned, as may be determined by DOE.[65]

The RPS Rules for Off-Grid Areas (Circular No. DC2018-08-0024) are adopted in order to contribute to the growth of the RE Industry in the Off-Grid and Missionary Areas by mandating electric power industry participants to source or produce a specified portion of their electricity requirements from eligible RE sources. The RPS Off-Grid Rules is intended to rationalize the efficient use of the UCME and improve self-efficiency in power generation through integration of RE in the supply mix in Off-Grid Access.[66]

The eligible RE facilities include the following technologies: solar power, wind energy, biomass power, waste-to-energy technology, ocean energy, geothermal energy, hybrid systems, run-of-river hydropower projects, impounding hydropower projects, etc. As per latest news report, DOE has suspended the first-year compliance period of RPS rules for off-grid areas until further notice pending resolution of various issues.[67]

Key Market Drivers

Increasing Rate of Urbanization

Philippines' population has grown from 102.1 million in 2015 to 109.6 million in 2020 at a CAGR of 1.4%. Of the total 2020 population, the urbanization rate of the country stood at 47.4%.[68] Population expansion combined with increasing urbanization will drive demand for additional power capacity across the 3 regions. As a result, the Philippines government, through NEA, is aiming to achieve 100% household electrification target by 2022.[69] The need to close electrification gap in many islands and isolated areas will continue to be a major driver for off-grid solutions, in particular cost-effective hybrid RE systems.

Power Market Reforms Generates Competitiveness

Power market reforms were introduced through EPIRA 2001. This laid the foundation for a more competitive electricity market that created a level playing field for both domestic and foreign players in the power generation sector. Some of the noteworthy policy mechanism that has been set out since the enactment of EPIRA in 2001 includes the net metering, RPS, the GEOP, Competitive Renewable Energy Zone, Renewable Energy Trust Fund ("**RETF**"), and REM. Specifically, on the RETF, the 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.[70] In addition, EPIRA 2001 has led to the privatization of power transmission operations and increased competition in the power distribution and retail segments.

EPIRA had some special provisions pertaining to rural and missionary electrification. It stated that a DU shall provide universal service within its franchise area, over a reasonable time, including unviable areas, as part of its social obligation. Rule 13 of this Act mentioned about obligations of SPUG that it should be responsible to provide electricity in areas that are not connected to the grid and cannot be serviced by DU and other qualified third parties.
Supportive Policy Framework

In June 2017, the government issued EO 30, which led to the formation of the Energy Investment Coordinating Council ("**EICC**") for the purpose of coordinating the nation's efforts in streamlining regulatory processes,

[65] Department of Energy, Philippines
[66] Department of Energy, Philippines, Circular No. DC2018-08-0024 of 2018
[67] "RE market operations for off-grid still frozen", published by Business World April 2021
[68] Data from the World Bank
[69] BusinessWorld, "DoE reaffirms 100% electrification goal", January 2019
[70] Eco-Business, "Govt establishing renewable energy trust fund", January 2015

requirements, and forms relating to the development of energy investments in the Philippines, including projects that are classified as Energy Projects of National Significance ("**EPNS**").[71]

In 2019, the government completed the signing of the Republic Act 11234, also known as the Energy Virtual One-Stop Shop ("**EVOSS**") Act 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.[72]

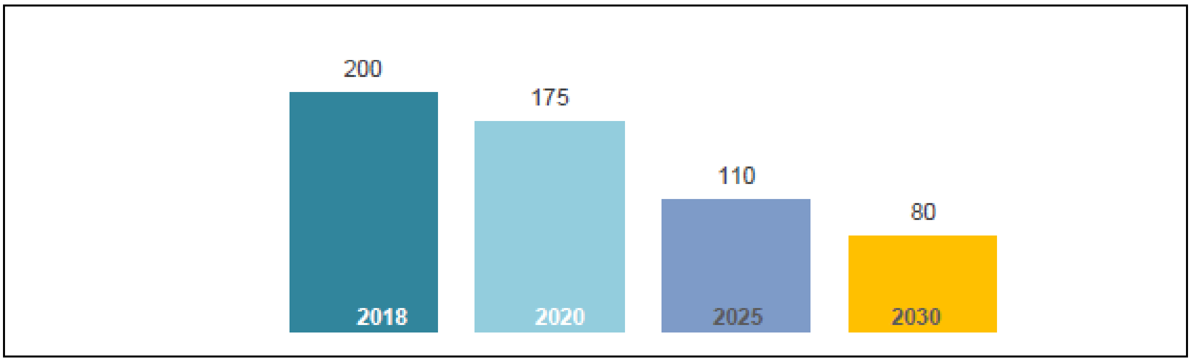
The urgency to enable the energy transition to a low-carbon market has driven national and subnational governments to promote favourable policies, regulations, and market incentives to foster the adoption of renewable distributed energy resources ("**DER**"). Besides financial incentives, permitting exceptions, simplification of grid connection processes, and product certification schemes are key to support DER development. In the next decade, favourable regulations will continue to expand across most countries, opening new markets and intensifying the penetration of DERs.

Declining Cost of Off-grid Power Technologies

Costs for DER or off-grid technologies have significantly declined over the past 5 years and continues to reduce further as the market benefits from economies of scale and high automation in the manufacturing processes. Non-technology costs are forecast to follow this trend as installation and operation & maintenance ("**O&M**") services gain maturity.

Energy storage technologies especially battery enables a more effective utilisation of RE assets as they can store electricity for future use at peak times/cloudy days. The cost of storage systems has declined by 40.0%-50.0% between 2014 and 2019.[73] These ESS technologies' costs are likely to decline further as the market matures. Despite the pandemic, global investments in ESS installations grew, driven by key markets such as China, the US and Europe in 2020-2021.

Average Price of Lithium-ion Battery (in $kWh) in the Asia Pacific Region for the years 2018-2030F[74]



Costs of solar modules have fallen by around 80% since 2010[75] and continues to fall as the module efficiency keeps improving, better economies of scale and growing project developers' experience.

Cost Differentiation for Diesel Power Generation vs Alternate Generation by Key NPC-SPUG Areas for the year 2017[76]

[71] DOE, "Executive Order No. 30", (Accessed: July 2021)
[72] Philippine News Agency, "EVOSS law to attract more energy investors, reduce power rates", March 2019
[73] "Global Solar PV Power Market, Forecast to 2025" by Frost & Sullivan, 2019
[74] Source: Frost & Sullivan
[75] "Renewable Power: Sharply Falling Generation Costs", published by IRENA, 2017
[76] Source: GIZ, SPUG-NPC, Solar Philippines, SolarNRG Philippines; Note: Data for 2021 not available

NPC-SPUG Area	True Cost of Imported Diesel (pesos/kWh)	Solar (pesos/kWh)	Solar + Battery (pesos/kWh)	Wind Power (pesos/kWh)
Romblon	28.03	22.03	18.53	22.03
Cebu	15.35	9.35	5.85	9.35
Palawan	14.93	8.93	5.43	8.93
Quezon	13.92	7.92	4.42	7.92
Mindoro	19.80	13.80	10.30	13.80
Basilan	13.7	7.7	4.2	7.7

Key Market Restraints

Access to Capital

Despite the fact that off-grid power solutions can provide a reliable and cost-predictable power supply, the cost to assess, design, and deploy them is considerably high for most end-users, which restricts higher adoption rates. Besides, the design and operation of stand-alone off-grid power stations and hybrid energy systems are heavily dependent on specific user requirements and market dynamics, thereby increasing the complexity of projects. Since off-grid power stations are not connected to the grid, storage of power becomes critical. Declining cost of batteries is likely to ease this challenge in the foreseeable future. In the meantime, system optimization will be vital to ensure off-grid systems continue to be affordable.

Plans to Develop Island Interconnection Projects is likely to Limit Investments

As per the Omnibus Guidelines for Off-Grid Areas, the DOE has proposed plans to develop new interconnection facilities that will connect off-grid islands to the main grid. This factor is likely to deter investments in developing off-grid power stations. However, the impact of this restraint is likely to be very low during the forecast period.

Key Island Interconnection Projects for the Philippines as of 2021[77]

Project Name	Estimated Time of Completion
Tacurong– Kalamansig 69 kV Transmission Line (To connect the off-grid part of southwestern area in Sultan Kudarat to the Mindanao Grid)	Aug 2022

Issues in Competitive Selection Process and Offtake Arrangements

The practice of competitive selection process in securing power supply agreements to improve power supply in off-grid areas is considered inappropriate and unnecessary.[78] For instance, NCIP certification requirement should be excluded in areas where no indigenous population lands are impacted.[79] These processes create confusion and delays timely project implementation. Regulators can consider other simplified alternatives such as cost benchmarking to verify the cost effectiveness of the project and reliability of the developer. Besides, currently, there are no incentives for island electric cooperatives to buy cheaper sources of power which tends to be biased against hybrid power projects. It has been suggested that electric cooperatives be exempted from competitive selection process if they were to produce electricity either on their own through a subsidiary or a joint venture arrangement.

Regulatory Obstacles Delays RE Projects Schedule

The regulatory procedures involved in mini-grid project allocation needs to be streamlined and efficient to ensure accountability and transparency in the process. Currently, RE project developers need to comply with unnecessary and sometimes repetitive procedures that hinders investment. Approvals are required from all levels of Government – barangay, municipal, provincial, regional and departmental authorities each with its own timelines and application requirements. There should be a single point of contact for RE project application processing and where appropriate should be exempted from getting regular permits. For instance, exemption from competitive

[77] Source: NGCP
[78] https://www.smart-energy.com/resources/reports-and-white-papers/mini-grids-phillipines-irena/, December 2017
[79] "Accelerating Renewable Mini-Grid Deployment: A study on the Philippines", IRENA, October 2017

selection process for NPPs and QTPs can be granted to projects under a certain threshold.[80] This will also shorten the processing time from the existing 2 years to around 8 months.

Industry Size and Growth Trends

Electricity Access

Electricity Access in the Philippines for the years 2018-2020[81]

	Household electrification level	
	2017	2020
Electric Cooperatives	83.6%	89.2%
MERALCO	97.7%	100.0%
Private DU	89.1%	97.08%

As of December 2017, 20.94 million households had access to 24/7 electricity out of the total 23.72 million households in the country.[82] The percentage of the population that has access to electricity grew from 89.1% from 2015 to 95.6% in 2019. Despite this high level of electrification, all customers especially in the off-grid areas do not get continuous and reliable power supply on a regular basis. Power outages and brownouts are common and still impacts several off-grid areas. Based on the 2015 census, there were 14.34 million households that needed electricity access; out of which 14.253 million households have received power access as of end-2020.The government is aiming to achieve 100% household electrification by June 2022.[83]

Household Electrification Development Plan ("**HEDP**") 2013-2017 was undertaken by DOE to promote both grid and off-grid electrification programs, which involved diverse industry stakeholders such as the NEA and NPC, through its SPUG power plants.[84]

Electricity Consumption in Philippines' Off-grid Areas

Demand and Consumption

Off-grid electrification is a key enabler for the Philippines to reach a sustainable energy future by powering the rural communities. An off-grid system can satisfy electricity demand through local power generation than on-grid technology. In the last five years, the shares of off-grid electricity consumption had climbed steadily from 1,020 GWh in 2015 to 1,481 GWh in 2020 (+7.7% CAGR).

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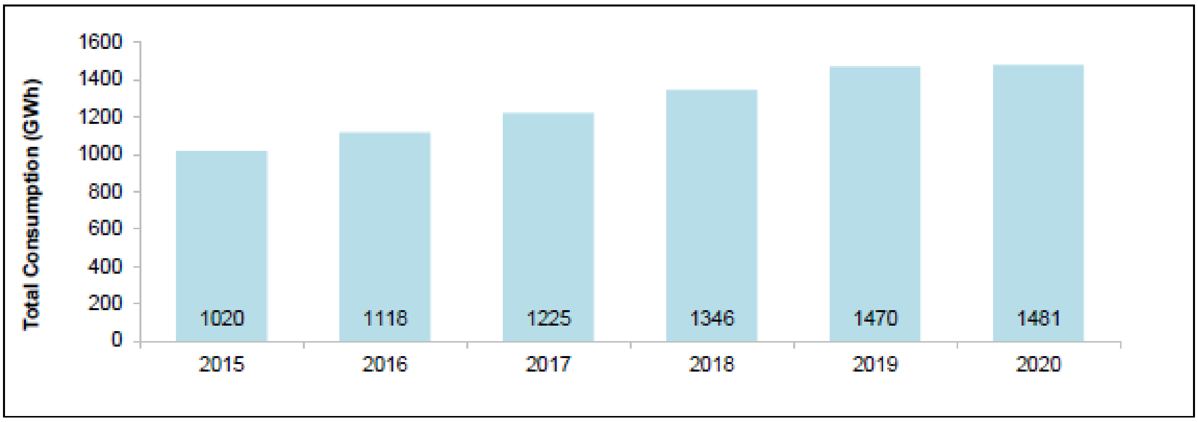
[80] "Philippines Mini-grid B2B Forum: Key Recommendations for Decision Makers', Alliance for Rural Electrification, October 2018
[81] Source: DOE, Business World Online; Note: Data availability up to 2019 only
[82] "Total Electrification Strategy for 100% Household Electrification of the Philippines by 2022", IRENA, November 2018
[83] Philstar, "DOE reviewing electrification targets", December 2021
[84] DOE, "Total Electrification by 2020 and its Support Program", June 2018

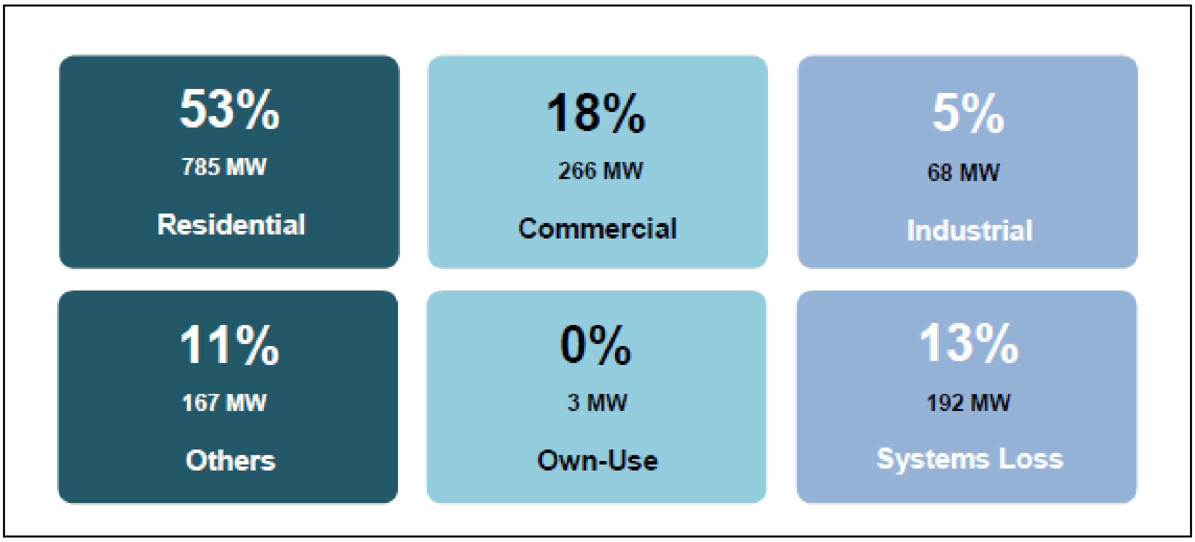
Off-grid Electricity Sales and Consumption in the Philippines for the years 2015-2020[85]



Given the geographic characteristic of the Philippines, on-grid connectivity imposes challenges. Philippine is an archipelagic country composing of more than 7,600 islands. Notably, building a transmission and distribution infrastructure that would connect remote islands to the main national grid is a significant constraint. Hence, off-grid electrification is often the only viable option.

Residential household and commercial are the two categories that bear the most significant electricity consumption of off-grid electricity. Both combined for roughly 70% of the total electricity generated. In 2020, residential accounted for 785 GWh (53%), a 9.8% increase from the previous year, whereas commercial approximated 18% of the total. Frost and Sullivan is of the opinion that the composition should hold and won't change by much going forward. The primary usage of off-grid for residential and commercial are natural. It was observed that off-grid often provides a more reliable power supply, i.e., transmission losses and outages are usually lessened, given that the system is decentralized from the primary grid.

Breakdown of Off-grid Electricity Consumption in the Philippines for 2020[86]



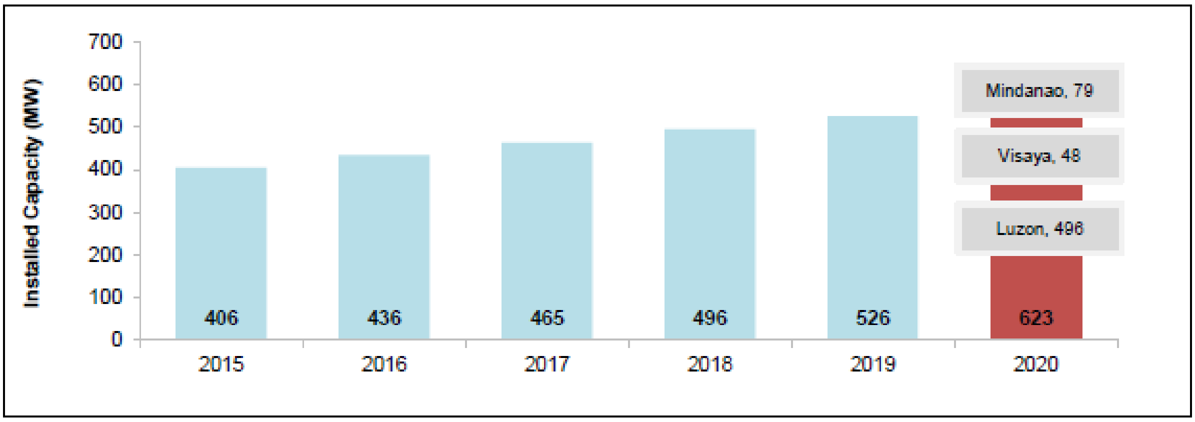
Installed Capacity in Philippine Off-grid Areas

Overall

Historically, off-grid installed capacity in the Philippine had grown at a CAGR of 8.9%, from 2015 to 2019. In 2020, the total installed in 281 small island and isolated grids ("**SIIGs**") increased by 18.5% from 526 MW in 2019 to 623 MW in 2020. The 18.5% increase can be attributed to the additional capacity of the existing New Power Providers ("**NPP**") and the NPC-SPUG.

[85] Source: Department of the Energy, Philippines; Frost & Sullivan; Note: Data availability up to 2020 only
[86] Source: DOE; Frost & Sullivan; Note: Data availability up to 2020 only

Off-grid Installed Capacity in the Philippines for the years 2015-2020[87]



The concentration of the off-grid installed capacity is still centered around Luzon economic areas. As the largest and most significant island in the Philippines where the nation's capital is situated, Luzon was and still is the primary driving force of the Philippine's economy. Approximately 80% of the total off-grid installed capacity is located in this area. Recently there has been an expansion of power generation as the government sets programs towards total electrification in the country. Hence, the focus toward power generation amongst remote areas such as Samar, Guiuan, and Camotes islands.

List of Existing Power Plants (Off-grid) in the Philippines as of the year 2020[88]

GRID	Capacity (MW)		Percent Share (%)	
	Installed	Dependable	Installed	Dependable
LUZON	495.708	364.601	79.6	79.9
VISAYAS	48.413	36.044	7.8	7.9
MINDANAO	78.928	55.895	12.7	12.2
TOTAL	623.049	456.541	100.0	100.0

<u>Industry Outlook</u>

Power sector growth will be mainly driven by RE capacity especially new solar power capacity based on the programs outlined in the NREP 2020-2040. The EVOSS system introduced by the government in 2019 is expected to be a strategic enabler in enhancing the entire application process of all types of power projects. From December 2021, under the GEOP, commercial and industrial customers can opt for 100% RE if their monthly average peak power demand is 100kW or higher. The government is also opening up the entire RE sector for 100% foreign ownership to attract foreign investments in capacity building efforts.[89]

- ✓ In 2019, the country's first floating solar farm of 200 kW was developed by SN Aboitiz Power Group. Floating solar farms are being explored through the utilization of existing hydropower dams.
- ✓ In October 2020, DOE allowed 100% foreign ownership on large-scale geothermal power projects.
- ✓ In June 2021, the Philippine Offshore Wind Roadmap project was launched by the government that will be financed by the World Bank Group through its Energy Sector Management Assistance Program.[90] So far, the DOE has awarded 5 offshore wind power projects with a combined capacity of 5 GW.

[87] Source: DOE; Frost & Sullivan; Note: Data availability up to 2020 only
[88] Source: DOE; Frost & Sullivan; Note: Data availability up to 2020 only
[89] Power Technology, "Governments across Southeast Asia accelerate renewable energy investment to revive the pandemic-hit economies", January 2021
[90] DOE, "DOE to Draw Up Offshore Wind Roadmap for the PH", June 2021

- ✓ Hybrid power plants that combine diesel generator sets with solar PV systems, battery energy storage and/or small wind turbines are also gaining traction for rural and isolated area electrification opportunities in the Philippines. This helps in optimizing the use of diesel fuel while reducing emissions.

- ✓ Floating solar power projects have been gaining traction in the country since 2019. Recently in February 2022, the Laguna Lake Development Authority (LLDA) has announced to initially offer 2,000 hectares of the Laguna de Bay for developing floating solar projects.

Apart from RE, the country's energy transition is likely to be supported with the increased usage of natural gas with the ongoing construction of LNG import terminals in the country. Natural gas-based power generation capacity is likely to peak by 2027, with 100% of new gas-fired capacity projected to be developed in the Luzon region. Small-scale LNG can be leveraged for power generation needs in off-grid areas as they are scalable based on demand requirements. LNG can be transported using small LNG tankers and/or trucks to remote areas.

As Philippines has the highest electricity price amongst the ASEAN countries, the government is evaluating the feasibility of including nuclear power for its low-carbon footprint and predictable supply cost. However, the possibility to commission the previously built nuclear power plant in Bataan is remote as that facility does not conform to the updated and prevalent international safety standards. DOE and the Russian State Atomic Energy Corporation (ROSATOM) are keen to jointly explore the feasibility of using small modular reactor technology in the Philippines.[91] In February 2022, an executive order was signed by the President to include nuclear power in the country's energy mix as coal-fired power plants are set for gradual phase-out. .Besides, energy security is gaining high priority due to the highly volatile nature of the oil & gas commodity that are impacted by geo-political shifts. Hence, low-carbon technologies would be increasingly gaining traction for both grid connected and off-grid power generation.

In terms of the country's power transmission and distribution assets, NGCP is fast-tracking the development of Mindanao-Visayas Interconnection project so that it can commence operation in 2022. The national smart grid policy framework was finalized by the DOE in 2020 which is likely to drive grid modernization projects in the country including the need to identify flexible power dispatch strategies to address volatile changes in power demand.

COMPETITIVE LANDSCAPE AND STRUCTURE

Some well-known developers of small projects for the missionary areas include WEnergy, One Renewable, Petroenergy Resources Corporation, Solar Para sa Bayan of Solar Philippines, InFunde Development, etc. Pilipinas Shell Foundation is developing 20 mini-grids targeting rural areas on the Palawan Island. Solar Para Sa Bayan was focused on developing solar-battery storage mini-grids in different small towns in the country. On Renewable focuses on both on-grid and off-grid solar PV and hybrid power projects, solar powered water pumps, and other services for remote areas. In Funde Development is a regional player mainly involved in developing microgrid projects.

Currently, the key industry players that are comparable with the Sponsors are identified below. These companies are usual competitors of the Sponsors in the competitive selection process of different electric cooperatives in the missionary areas.

1. DMCI Power Corporation – installed capacity of 136 MW, with revenue of ₱3,969 million revenue
2. Palawan Power Generation Inc (PPGI) - installed capacity of 19 MW, with undisclosed revenue
3. Sunwest Water and Electric Company, Inc. (SUWECO) – installed capacity of 32.2 MW, with undisclosed revenue
4. Power One Corporation – installed capacity of 21 MW, with undisclosed revenue
5. Mindoro Grid Corporation (MGC) – installed capacity of 12 MW, with undisclosed revenue
6. Delta P – installed capacity of 31 MW, with undisclosed revenue

SUWECO, PPGI, Power One, and MGC are all private limited company with undisclosed financials. Please note that capacity and revenue values are for the year ended 31 December 2020, consistent with Frost and Sullivan IMR Report.

[91] Philippine News Agency, "PH, Russia reaffirm efforts on potential use of small reactors", January 2022

THE SPONSORS

SIPCOR was incorporated in the Philippines and registered with the SEC in September 2011. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. Its power plant facilities currently have an aggregate installed capacity of 12,870 kW [for the Candanay Sur grid and the Lazi grid in Siquijor. SIPCPOR is a wholly-owned subsidiary of PAVI.

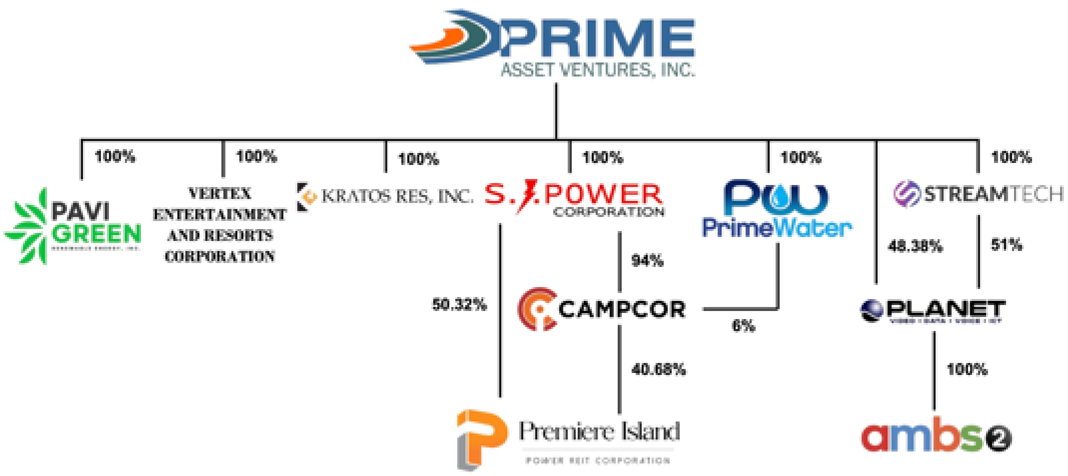
CAMPCOR was incorporated in the Philippines and registered with the SEC in September 2019. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. Its first power plant facilities have an aggregate installed capacity of 6,984 kW for the Camotes main grid, and 1,280 kW for the Pilar grid, both in the province of Cebu. CAMPCOR is the sole power provider for Pilar Island and Camotes Island.

The following diagram illustrates the structure of the Company and its Sponsors:

The Sponsors of PremiereREIT are direct or indirect subsidiaries of Prime Asset Ventures, Inc. ("**PAVI**").

PAVI was incorporated on August 18, 2011, as an investment and holdings company with a focus on building and developing community infrastructure. At present, PAVI holds significant investments in four core industries – power systems infrastructure, water distribution technologies, ICT (information, communications, and technology) and broadcasting, and realty and entertainment. PAVI is 100% Filipino-owned.

The diagram below illustrates the corporate structure of PAVI and its major subsidiaries:



PAVI's core businesses are summarized as follows:

Green Renewable Energy – PAVI Green Renewable Energy, Inc. (PAVI Green) was incorporated in May of 2021. It is engaged in the business of generating electricity from renewable sources such as bio-mass, solar, wind and hydro. It is also engaged in generation, trading, distribution, and supply of electricity. Currently, it operates in Municipality of Orion in Bataan, Municipality of San Vicente in Camarines Norte and City of Naga in Camarines Sur. PAVI Green is looking at investing in Solar Rooftop projects in, greater Manila Area. PAVI Green was also recently awarded 40 MW of solar capacity in the first round of the DOE's Green Energy Auction Program on July 24, 2022. It plans to put up 1,000 megawatts of renewable energy, aiming to be at the forefront in the clean energy industry.

Water Distribution Technologies – through PAVI's wholly-owned subsidiary, Primewater Infrastructure Corp. ("**PrimeWater**"). Incorporated in August 2006, PrimeWater is engaged in establishing, maintaining, operating, managing or supervising waterworks systems. PrimeWater also enters into service concession agreements and joint ventures with various local water districts which are government owned and controlled corporations for the financing, construction, development, rehabilitation, improvement, expansion, operation and maintenance of water supply system and septage facilities. With over 30 years of industry experience, PrimeWater has provided total professional water and sewage management solutions to all of its partner communities and water districts in 16 regions, 37 provinces, and 135 cities and municipalities from Cagayan Province in the north to Zamboanga Special Economic Zone in the south.

Power Systems Infrastructure – through wholly-owned subsidiaries and affiliates, including Kratos RES, Inc. ("**KRI**"), and the Sponsors. Incorporated in 2011, KRI is engaged in the business to purchase, supply, and deliver electricity. With promoting energy sustainability at the heart of its business, KRI also provides a broad range of comprehensive energy solutions to all its clients and partner communities. KRI currently supplies up to 43.8 Megawatts of retail electricity to its customers. The business of Kratos is the supply of retail electricity to contestable customers, most of which are malls, offices, complexes, and manufacturing facilities.

Information, Communications, and Technology (ICT) – through subsidiaries and affiliates, consisting of Advanced Media Broadcasting System Inc. ("**AMBS**"), Streamtech Systems Technologies, Inc. ("**Streamtech**"), Planet Cable, Inc. ("**Planet Cable**").

Incorporated in 1991, AMBS, which recently rebranded to AllTV is engaged in operating radio and television broadcasting stations across the Philippines. AMBS has been granted legislative franchise on June 15, 1995 for a term of 25 years (or until June 2020) by virtue of Republic Act No. 8061. The legislative franchise was extended for another 25 years (or until 2044) by virtue of Republic Act No. 11253 which took effect on March 30, 2019. It started airing on free and cable TV on September 13, 2022.

Originally established as cable and television systems operator in September 2000, Planet Cable since expanded its business holdings beyond traditional cable operations to providing internet data services and related technology infrastructure in partner communities all over the Philippines.

Streamtech was incorporated on August 4, 2016, to operate in the industry of both wired and wireless telecommunications system. Streamtech looks to provide connectivity solutions to communities all over the country with future projects covering fiber optics, mobile and cellular communications, and multichannel multipoint distribution systems.

Realty and Entertainment – through a wholly-owned subsidiary, Vertex Entertainment and Resorts Corporation ("**Vertex**"). Vertex was incorporated on June 26, 2018, to engage in the business of developing, managing, and operating integrated entertainment centers such as, but not limited to casinos, hotels, theaters, theme parks, and museums. On November 11, 2021, a Provisional License was executed between Philippine Amusement and Gaming Corporation and PAVI and Vertex as Licensees. The key components of the project include an integrated hotel, resort and casino at the Global South Complex along C5 Extension, Brgy. Manuyo 2, Las Piñas City, which will cover a total gross floor area of at least 250,000.00 m^2.

VERTEX ENTERTAINMENT AND RESORTS CORPORATION

BUSINESS AND PROPERTIES

OVERVIEW

Premiere Island Power REIT Corporation ("**PremiereREIT**" or the "**Company**") was formed as a REIT primarily to own and invest in income-generating assets that meet the Company's investment criteria. PremiereREIT is envisioned to be the power and infrastructure REIT platform of the PAVI Group and aims to be among the leading diversified power and infrastructure REITs in the Philippines in terms of portfolio, profitability, growth, sustainability, and dividend yield.

The principal investment mandate and strategy of the Company is to invest on a long-term basis in critical real estate and infrastructure that will not only expand its portfolio but enable the Company to attain its objective of meaningfully contributing to the promotion of clean, renewable and sustainable energy, as well as continue its progress on expanding social and missionary electrification.

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 once said properties are in operation. To meet the Company's investment criteria, a potential property should:

- be capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;

- may be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;

- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and

- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

The initial property portfolio of the Company consists, as of date, of land and power plant assets utilized in the power generation projects of the Sponsors. The properties used in the operation of the 12.8 MW heavy fuel oil (HFO)-fired power plants of SIPCOR located in Candanay Sur and Lazi, Siquijor ("**SIPCOR Power Plants**") consist of (a) power plants assets such as HFO diesel generator sets and perimeter fence; (b) building that houses physical structures such as an administrative office, control room, warehouse, guard house, staff house, material recovery facility, work shop, firefighting shed, fuel tank farm, and fuel pump station; and (c) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located (collectively, the "**SIPCOR Properties**"). The properties used in the operation of the 8.4 Mw power plants of CAMPCOR located in Poro and Pilar, Camotes Island, Cebu ("**CAMPCOR Power Plants**"), consist of (a) buildings or powerhouse stations that house physical structures such water treatment unit, staff house, radiator unit, fire pump house, guard house, oil-water separator, material recovery facility, reverse osmosis house, transformer house, warehouse, and administrative office; and (b) 16,406.5 sq.m. parcels of land owned by the Company where such buildings are located (collectively, the "**CAMPCOR Properties**", and together with the SIPCOR Properties, the "**Properties**").

All of the Properties are leased to the Sponsors and are being used by the latter to operate the SIPCOR Power Plants and the CAMPCOR Power Plants, with a total combined installed capacity of 21.2 Mw. The Properties which comprise the Company's initial portfolio, have an aggregate appraised value of ₱8,673,670,000.00 based on the Valuation Reports (the "**Valuation Report**") issued by Asian Appraisal Company, Inc. (the "**Property Valuer**").

The following table summarizes key information relating to the Company's Properties.

SIPCOR Properties

Property	Location	Area	Appraised Value (in ₱)	Rights of the Company	Lessee/ Sublessee	Operating Date[92]	Term of Lease/Sublease	Occupancy Rate	Rental Rate
Land	Candanay Sur, Siquijor, Siquijor	9,478 sq.m.	1,325,850,000	Leasehold Rights	SIPCOR	May 2022	8 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 26.59% of Revenues from Sale of Electricity as Variable Base Lease
Land	Barrio of Tignao, Lazi, Siquijor	3,000 sq.m.	1,003,310,000	Company-owned	SIPCOR	May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 8.41% of Revenues from Sale of Electricity as Variable Base Lease
Building	Candanay Sur, Siquijor, Siquijor	353.20 sq.m.	102,210,000	Company-owned	SIPCOR	May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 0.50% of Revenues from Sale of Electricity as Variable Base Lease
Powerplant Assets	Candanay Sur, Siquijor, Siquijor	607 sq.m.	910,740,000	Company-owned		May 2022	9 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 4.50% of Revenues from Sale of Electricity as Variable Base Lease

CAMPCOR Properties

[92] The operating date corresponds to the commencement of the lease between the Company and the Lessee.

Property	Location	Area	Appraised Value (in ₱)	Rights of the Company	Lessee	Operating date[93]	Term of Lease/Sublease	Occupancy Rate	Rental Rate[94]
Land	Brgy. Teguis, Poro, Camotes Island, Cebu	8,468 sq.m.	1,632,520,000	Company-owned	CAMPCOR	May 2022	10 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 15% of Revenues from Sale of Electricity as Variable Base Lease
	Upper Poblacion, Pilar, Cebu	7,938.5 sq.m.	1,530,440,000	Company-owned		May 2022		100%	
Building	Brgy. Teguis, Poro, Camotes Island, Cebu	577.3 sq.m.	1,271,250,000	Company-owned	CAMPCOR	May 2022	10 years, renewable for another 10 years upon mutual agreement of the parties	100%	The higher of: • Guaranteed Annual Base Lease, or • 10% of Revenues from Sale of Electricity as Variable Base Lease
	Upper Poblacion, Pilar, Cebu	244 sq.m	897,350,000	Company-owned		May 2022		100%	

Over the last 3 years, the Properties have enjoyed consistently 100% occupancy rate. Our Portfolio has a weighted average lease expiry ("WALE") of 9.25 years (by GLA) as of December 31, 2021. As of December 31, 2021, the following is a summary of the WALE of our Properties:

	List of Properties	GLA	Lease Term	Land Area for WALE
1	Poro, Cebu (land)	8,468	10	8,468
2	Poro Cebu (building)	577.3	10	577.3
3	Pilar, Cebu (land)	7,938.5	10	7,938.5
4	Pilar, Cebu (building)	244	10	244
5	Lazi, Siquijor (land)	3,000	9	3,000
6	Candanay, Siquijor (real right)	7,051	8	7,051
7	Candanay, Siquijor (real right)	2,427	8	2,427
8	Candanay, Siquijor (building)	353.2	9	353.2
9	Candanay, Siquijor (support facilities)	NA		
10	Lazi, Siquijor (machinery)	NA	9	607
11	Lazi, Siquijor (fence)	NA		
	Total			**30,666.00**

	WALE	**9.25 Years**

93 The operating date corresponds to the commencement of the lease between the Company and the Lessee.

94 Any reference to the 'Variable Base Lease' pertains to a specific percentage of the lessee's annual revenues from Sale of Electricity as reported in the latter's audited financial statements for the relevant year.

The Properties are leased to SIPCOR and CAMPCOR and are utilized for the power generation businesses of the latter. The Company benefits from the use by SIPCOR of the SIPCOR Properties, as well as the operation by SIPCOR of its power plants, through the lease rental rates which are equivalent to the higher of (i) the fixed rental amount based on a schedule of annual rental amounts agreed upon by the parties and set out in the lease agreement ("**Guaranteed Annual Base Lease**"); or (ii) a specific percentage of the lessee's annual revenues as reported in the latter's audited financial statements for the relevant year ("**Variable Base Lease**"). The revenues of SIPCOR and CAMPCOR are or will be derived from their respective offtake agreements with distribution utilities for the sale of electricity generated by SIPCOR and CAMPCOR, respectively.

As of the date of this REIT Plan, SIPCOR has existing power supply agreements with Province of Siquijor Electricity Cooperative, Inc ("**PROSIELCO**"), a duly enfranchised electric cooperative servicing several municipalities in the Province of Siquijor. Such power supply agreements have a term of 20 years, pursuant to which, SIPCOR shall supply to PROSIELCO 13,800 Mw of electricity for each 12-billing month period on a take-and-pay basis, plus an additional capacity of 6.402 MW with N-1 contingency and contracted capacity of 3 MW. On the other hand, CAMPCOR has committed to supply electricity to Camotes Electric Cooperative, Inc. ("**CELCO**"), a duly enfranchised electric cooperative servicing the municipalities of Camotes, Poro, San Francisco and Tudela in the province of Cebu. CAMPCOR's contracted capacity consists of 5.60 MW for Camotes and 0.90MW for the Pilar grid. The supply agreement with CELCO has a term of 15 years commencing from the commercial operations date.

There are no existing mortgages, liens or encumbrances over the Properties, and there are no planned major renovations in the near term. Please refer to the discussion under "*Legal Proceedings*" for details concerning a civil case between NPC and third-party claimants involving a portion of the parcel of land leased by the Company from NPC. Pursuant to the REIT Law, the total borrowing and deferred payments of the Company shall not exceed 35.0% of the Deposited Property.

In addition to the Properties, and following acquisition thereof by the Sponsors using the proceeds of the Offer, the Company intends to expand its property portfolio by acquiring critical real estate and infrastructure that may be devoted to renewable, social, and missionary power generation in alignment with its financial and strategic investment criteria, by acquiring the properties indicated below from the Sponsors (the "**Properties to be Acquired**"):

	PROJECT	**DESCRIPTION**	**MWDC**	**LOCATION**	**Status**
1	Bataan Solar Farm 1	Solar PV Farm	20.00	Bataan	on-going construction
2	Camarines Norte Solar Farm 1	Solar PV Farm	36.00	Camarines Norte	on-going construction
3	Camarines Sur Solar Farm 1	Solar PV Farm	50.00	Camarines Sur	on-going construction
4	Camarines Sur Solar Farm 2	Solar PV Farm	54.00	Camarines Sur	site selection, pre-development
5	Pangasinan Solar Farm 1	Solar PV Farm	140.83	Pangasinan	site selection, pre-development
6	Pangasinan Solar Farm 2	Solar PV Farm	132.00	Pangasinan	site selection, pre-development
7	Nueva Ecija Solar Farm	Solar PV Farm	379.20	Nueva Ecija	site selection, pre-development
8	Bulacan Solar Farm	Solar PV Farm	84.00	Bulacan	site selection, pre-development
9	Isabela Solar Farm 1	Solar PV Farm	108.96	Isabela	site selection, pre-development
10	Pangasinan Solar Farm 3	Solar PV Farm	382.80	Pangasinan	site selection, pre-development
11	Pangasinan Solar Farm 4	Solar PV Farm	115.20	Pangasinan	site selection, pre-development
12	Cagayan Solar Farm	Solar PV Farm	360.00	Cagayan	site selection, pre-development
13	Bataan Solar Farm 2	Solar PV Farm	123.60	Bataan	site selection, pre-development
14	Pangasinan Solar Farm 5	Solar PV Farm	48.00	Pangasinan	site selection, pre-development

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

STRENGTHS AND STRATEGIES

COMPETITIVE STRENGTHS

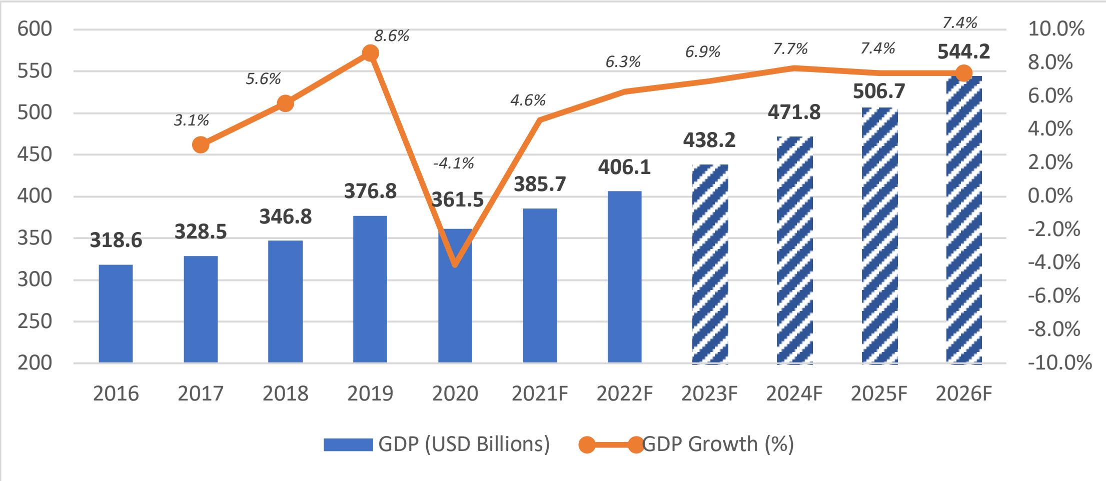
Our Company believes that it benefits from the following competitive strengths:

Bullish prospects in the Philippine Energy Sector

In March 2020, the COVID-19 pandemic had severely affected many economies, including the Philippines. The Philippine government swiftly put in place countermeasures to dampen the impact of the worldwide crisis, including the implementation of Republic Act No. 11469, also known as The Bayanihan to Heal as One Act or the Bayanihan Act. This law extended grace periods and allowed zero-interest installments for rental payments and utility bills incurred by small businesses at a time when the nation was at its strictest mobility restrictions. Companies were also entitled to carry over net operating losses as a deduction from gross income in the consequent years.

Based on data from the World Bank, the Philippines' GDP grew at a CAGR of 6.4% from 2009 to 2019. Despite the economy contracting by –9.5% year-on-year in 2020, the country's economy recovered and grew by 5.6% year-on-year in 2021, based on data from the Philippine Statistics Authority ("**PSA**"). Furthermore, the inter-agency Development Budget Coordination Committee ("**DBCC**") forecasts the Philippine GDP to grow by 6.5% to 7.5% in 2022. This bodes well for the Company as the Philippines' demand for electricity is highly correlated with its economic growth.

Amid improved vaccination rates and better management of the pandemic, many countries are expected to stage economic recoveries, including the Philippines. According to the International Monetary Fund ("**IMF**"), the Philippines' GDP is expected to reach ₱ 20.62 Trillion (USD 406.11 Billion) at current prices in 2022, growing at a CAGR of 5.5% between 2016 and 2026. Philippine economic growth will be driven primarily by infrastructure spending and sustained public projects, with the current Marcos administration vowing to continue its predecessor's "Build, Build, Build" infrastructure program.



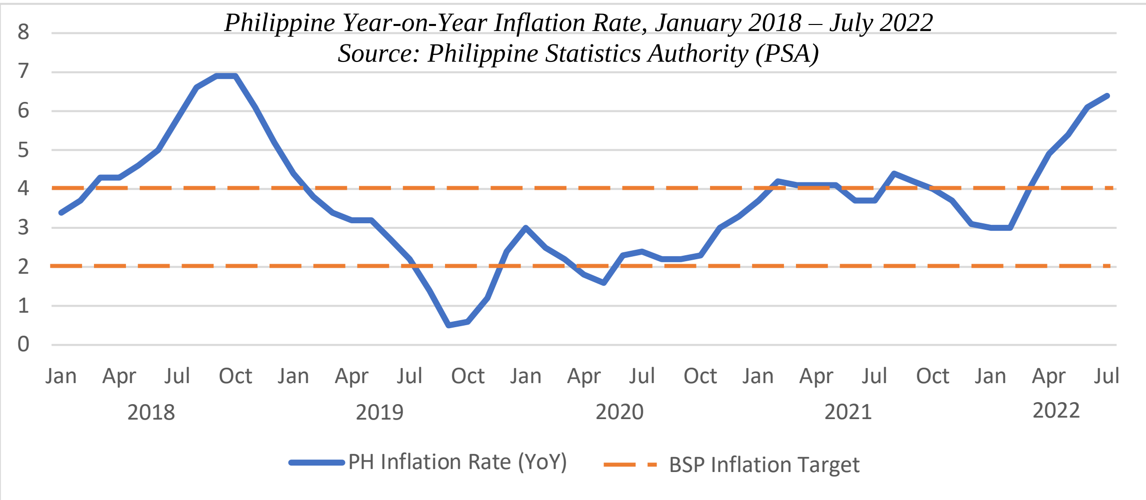
Philippine GDP and GDP Growth, 2016 – 2026F
Source: IMF World Economic Outlook; Frost & Sullivan

However, risks remain to dampen general market sentiment, such as the ongoing Russia-Ukraine war. On February 24, 2022, Russia launched a large-scale invasion of Ukraine. Russian President Vladimir Putin authorized what the Russian government called as a “special military operations” in Ukraine with missile and artillery attacks, striking major Ukrainian cities including capital, Kiev. The unprovoked invasion caused an uproar globally, particularly from the European Union-member countries as well as the United States, Canada, Japan, Australia, among others. This crisis has caused jitters in the global economy given the geo-political and market uncertainties associated with the conflict and the severity of sanctions imposed on Russia by the US and its allies.

The Russia-Ukraine war poses risks to the domestic economy, but the Department of Finance (“**DOF**”) assures that the economic repercussions to the Philippines would only be temporary, and that a comprehensive set of measures were being implemented to ease its impact on the economy and the people.

The PSA reported FY2021 inflation settling at an adjusted average of 3.9%. This was primarily driven by higher food prices caused by supply disruptions and agricultural damage from the typhoons that struck the country. In particular, Typhoon Odette (Rai), which hit the Philippines in December 2021, was the Philippines’ 15th tropical cyclone in 2021 and caused ₱ 13.3 Billion worth of agricultural goods, the final tally of the Department of Agriculture showed.

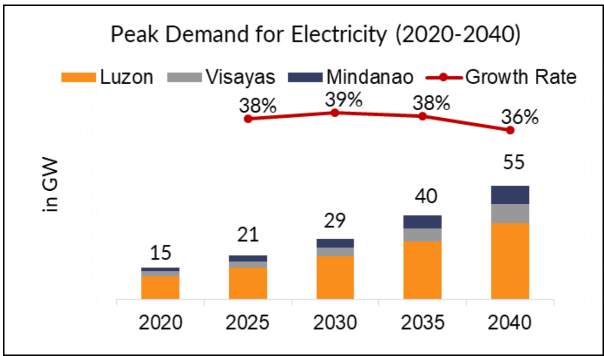
As of July 31, 2022, year-to-date average inflation is currently at 4.7% due to the immediate impact of the Russia-Ukraine war. The DOF however, still maintains that they are confident that the government will be able to keep inflation within the target range of 2% to 4%.

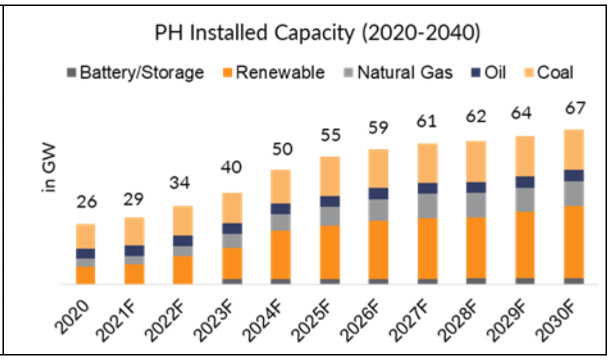


Philippine Year-on-Year Inflation Rate, January 2018 – July 2022
Source: Philippine Statistics Authority (PSA)

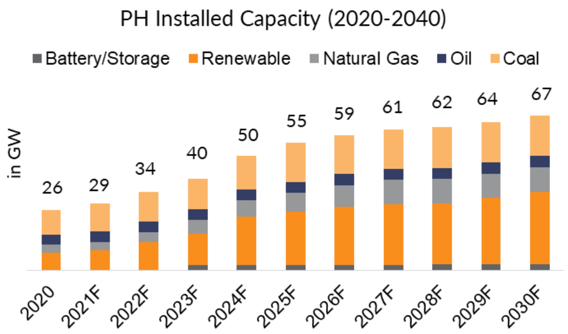
According to the Department of Energy ("**DOE**"), the Philippines had 326 mini-grids with a total installed capacity of 530 MW as of February 2020. Majority of these projects were built within the missionary electrification framework and dependent on highly volatile fossil fuels such as diesel or heavy fuel oil. Off-grid power stations are typically stand-alone generation systems having no connection to the national grid. The National Power Corporation – Small Power Utilities Group is a state-owned entity that pursues the government's missionary electrification plan that was initiated in 2001 to develop decentralized energy resources and provide electricity for consumers living in remote communities (Frost & Sullivan).

With the Philippine population expected to grow at an average of 1.9% by 2025, population expansion combined with increasing urbanization will drive demand for additional power capacity across the nation. Industry reports from Fitch Solutions showed that they forecast power consumption to grow at an annual average of 4.6% from 2020 to 2029. As a result, the National Electrification Administration ("**NEA**") is aiming to achieve 100% household electrification target by 2022. Despite the effects of the COVID-19 pandemic, the outlook is expected to be positive due to the Philippines' favorable demographics and sound macroeconomic fundamentals. Furthermore, the need to close the electrification gap within the archipelago and its isolated areas will continue to be a major driver for off-grid solutions, especially cost-effective hybrid renewable energy systems. Lastly, the DOE's Philippine Energy Plan for 2020 to 2040 expects that the Philippines will need an additional 69.4 GW of installed capacity in order to meet the projected electricity demand by 2040, which will be generated through renewable energy and natural gas power plants.





Steady post-pandemic recovery and expansion has been the main driver for the Department of Energy's electricity demand and capacity requirement forecasts, targeting demand growth rates of more than 35% every 5 years until 2040. The new administration's continuation of aggressive infrastructure spending is also a major consideration in the government agency's nationwide electricity forecasts. As seen on the chart below, installed capacities in the Philippines are likewise expected by the DOE to grow at a CAGR of 9.8% until 2030, with a majority of the additions expected to come from renewable energy sources.



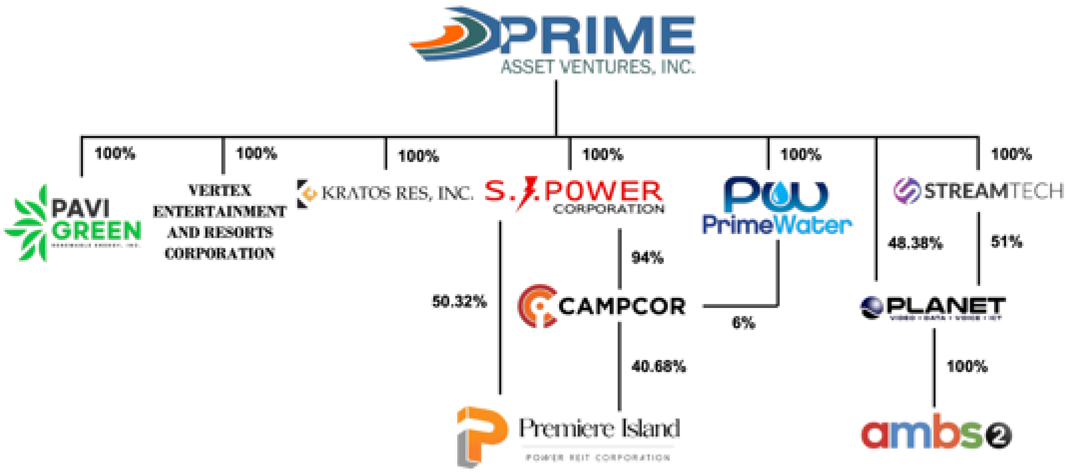
Notwithstanding the recent crises that have struck the global economy, the Company is well-positioned to take advantage of the ripe opportunities in the Philippine energy sector. Furthermore, it takes the long-term view that the expected recovery of the global economy will bode well for the energy industry which, in turn, shall benefit the Company through its Lessees, SIPCOR and CAMPCOR.

Reputable Sponsor group with significant asset portfolio and robust project pipeline

PAVI, the ultimate parent of the Company and its Sponsors, was incorporated on August 18, 2011 as a diversified investment and holdings company with a focus on building and developing community infrastructure. PAVI currently holds major investments in subsidiaries operating in a variety of infrastructure development industries—power systems infrastructure, water distribution technologies, and information, communications and technology ("**ICT**") and broadcasting, and realty and entertainment.

In just 11 years, PAVI has since grown its portfolio of companies across different industries such as (1) power systems infrastructure, (2) water distribution, (3) information communication technology and broadcasting, and (4) realty, leisure, and entertainment, among others. PAVI is also expanding into renewable energy and preparing to enter the tollways business. Investing in companies offering essential services will guarantee that PAVI will always remain relevant to its consumers.

The diagram below illustrates the corporate structure of PAVI and its major subsidiaries:



PAVI's core businesses are summarized as follows:

Green Renewable Energy – PAVI Green Renewable Energy, Inc. (PAVI Green) was incorporated in May of 2021. It is engaged in the business of generating electricity from renewable sources such as bio-mass, solar, wind and hydro. It is also engaged in generation, trading, distribution, and supply of electricity. Currently, it operates in Municipality of Orion in Bataan, Municipality of San Vicente in Camarines Norte and City of Naga in Camarines Sur. PAVI Green is looking at investing in Solar Rooftop projects in, greater Manila Area. PAVI Green was also recently awarded 40 MW of solar capacity in the first round of the DOE's Green Energy Auction Program on July 24, 2022. It plans to put up 1,000 megawatts of renewable energy, aiming to be at the forefront in the clean energy industry.

Water Distribution Technologies – through PAVI's wholly-owned subsidiary, Primewater Infrastructure Corp. ("**PrimeWater**"). Incorporated in August 2006, PrimeWater is engaged in establishing, maintaining, operating, managing or supervising waterworks systems. PrimeWater also enters into service concession agreements and joint ventures with various local water districts which are government owned and controlled corporations for the financing, construction, development, rehabilitation, improvement, expansion, operation and maintenance of water supply system and septage facilities. With over 30 years of industry experience, PrimeWater has provided total professional water and sewage management solutions to all of its partner communities and water districts in 16 regions, 37 provinces, and 135 cities and municipalities from Cagayan Province in the north to Zamboanga Special Economic Zone in the south.

Power Systems Infrastructure – through wholly-owned subsidiaries and affiliates, including Kratos RES, Inc. ("**KRI**"), and the Sponsors. Incorporated in 2011, KRI is engaged in the business to purchase, supply, and deliver electricity. With promoting energy sustainability at the heart of its business, KRI also provides a broad range of comprehensive energy solutions to all its clients and partner communities. KRI currently supplies up to 43.8 Megawatts of retail electricity to its customers. The business of Kratos is the supply of retail electricity to contestable customers, most of which are malls, offices, complexes, and manufacturing facilities.

Information, Communications, and Technology (ICT) – through subsidiaries and affiliates, consisting of Advanced Media Broadcasting System Inc. ("**AMBS**"), Streamtech Systems Technologies, Inc. ("**Streamtech**"), and Planet Cable, Inc.

Incorporated in 1991, AMBS, which recently rebranded to AllTV is engaged in operating radio and television broadcasting stations across the Philippines. AMBS has been granted legislative franchise on June 15, 1995 for a term of 25 years (or until June 2020) by virtue of Republic Act No. 8061. The legislative franchise was extended for another 25 years (or until 2044) by virtue of Republic Act No. 11253 which took effect on March 30, 2019. It started airing on free and cable TV on September 13, 2022.

Originally established as cable and television systems operator in September 2000, Planet Cable since expanded its business holdings beyond traditional cable operations to providing internet data services and related technology infrastructure in partner communities all over the Philippines.

Streamtech was incorporated on August 4, 2016, to operate in the industry of both wired and wireless telecommunications system. Streamtech looks to provide connectivity solutions to communities all over the country with future projects covering fiber optics, mobile and cellular communications, and multichannel multipoint distribution systems.

Realty and Entertainment – through a wholly-owned subsidiary, Vertex Entertainment and Resorts Corporation ("**Vertex**"). Vertex was incorporated on June 26, 2018, to engage in the business of developing, managing, and operating integrated entertainment centers such as, but not limited to casinos, hotels, theaters, theme parks, and museums. On November 11, 2021, a Provisional License was executed between Philippine Amusement and Gaming Corporation and PAVI and Vertex as Licensees. The key components of the project include an integrated hotel, resort and casino at the Global South Complex along C5 Extension, Brgy. Manuyo 2, Las Piñas City, which will cover a total gross floor area of at least 250,000.00 m^2.

VERTEX ENTERTAINMENT AND RESORTS CORPORATION

The Sponsors

SIPCOR was incorporated in the Philippines and registered with the SEC in September 2011. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and Sale of Electricity for light and power and any other use to which electricity may be applied. Its power plant facilities currently have an aggregate installed capacity of 12,870 kW [for the Candanay Sur grid and the Lazi grid in Siquijor. SIPCPOR is a wholly-owned subsidiary of PAVI.

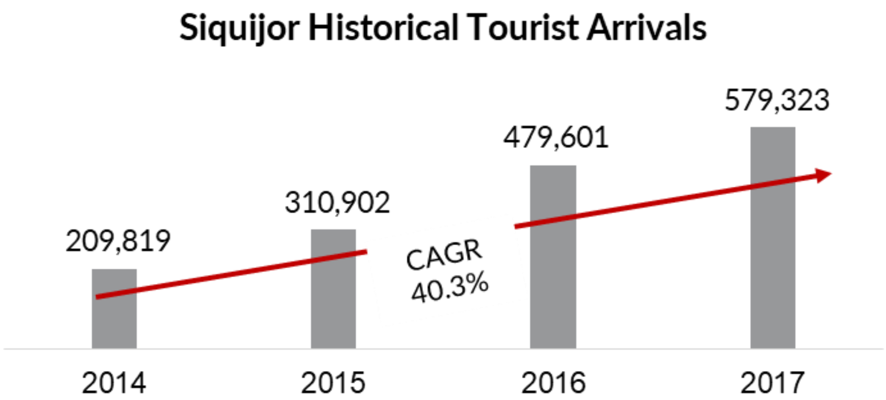
CAMPCOR was incorporated in the Philippines and registered with the SEC **in** September 2019. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. Its first power plant facilities have an aggregate installed capacity of 6,984 kW for the Camotes main grid, and 1,280 kW for the Pilar grid, both in the province of Cebu. CAMPCOR is the sole power provider for Pilar Island and Camotes Island.

The Sponsors of the Company, SIPCOR and CAMPCOR, are constantly monitoring opportunities for the acquisition via purchase or long-term lease of lands and other areas that may further be utilized for the development, construction, operation, and maintenance of power generation facilities and which, pursuant to the REIT Plan, will eventually form part of the income generating real estate portfolio of the Company. The Company believes that its shareholders and affiliates' land bank and their array of expansion projects currently in the development pipeline provide meaningful and realizable opportunities for strategic growth and expansion, and give strong investors strong indications of further revenue growth in the near future.

For more information on the Sponsors' portfolio, please refer to the discussion under section *"The Sponsors"* on page 123. For details on the Company's target acquisitions, refer to Annex A (Reinvestment Plan).

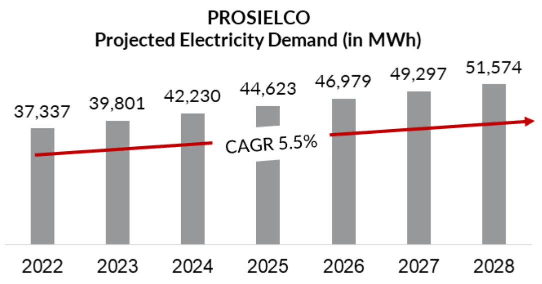
Strategic Locations with First-Mover Advantage

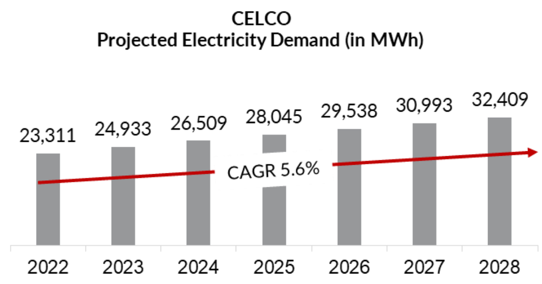
The current real estate assets owned by the Company are located near tourist destinations such as the St. Isidore de Labrador Church in Lazi, Siquijor and the Bukilat Cave in Camotes Islands, Cebu—areas expected to exhibit high growth potential especially during the post-COVID-19 pandemic recovery period. Having been established in their respective areas, the Sponsors enjoy a first-mover advantage and are able to cater to their communities' electrification needs.



Pre-pandemic, yearly historical tourist arrivals in Siquijor grew from 209,819 arrivals to 579,323 arrivals, at a CAGR of 40.3% from 2014 to 2017. Tourist arrivals are expected to rebound to pre-pandemic levels by 2023 amidst declining numbers of COVID-19 cases, increased mobility, and economic recovery.

Demand for future development for power generation capacity expansion, both base load and peaking capacities, are projected to pick up in the near future.



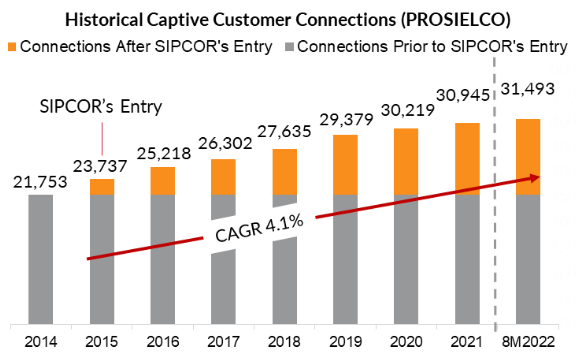


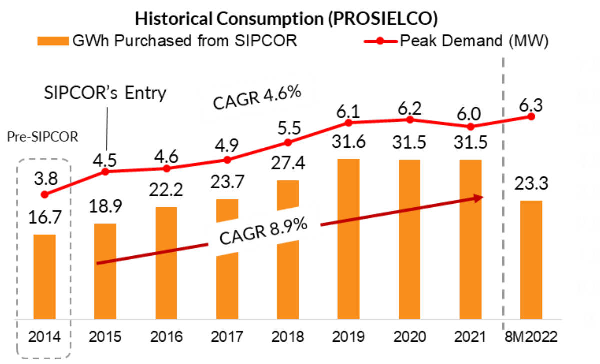
According to the cooperatives' submissions to the DOE Distribution Development Plan for 2019 to 2028, electricity demand in Siquijor and Camotes Island are expected to grow at CAGRs of 5.5% with an expected 51.6 gigawatt hour demand, and 5.6% with an expected demand of 32.4 gigawatt hour demand, respectively, in 2028.

The Company will be in an excellent position to maximize these opportunities given its existing relationship with the respective local governments and local utilities and the suitability for expansion of lots already acquired by the Company. Moreover, as the developments trickle down from traditional urban areas to tourist destinations and other high growth potential areas in the Philippines, demand for electricity is expected to move in a similarly favorable direction. Furthermore, the Company's Sponsors and affiliates are geared towards maintaining its social and missionary electrification initiatives while simultaneously taking advantage of the increasing trend towards cleaner energy by developing more renewable energy sources in its generation pipeline.

First REIT with focus on social and missionary electrification

The Company's current leasing assets are used primarily for the social and missionary electrification projects of the Sponsors in underserved areas, particularly Siquijor and Camotes Islands.





In Siquijor alone, the number of captive connections grew at a CAGR of 4.1% from 2015 to August 2022 with 548 new connections coming in from 2021, while electrical consumption and peak demand grew at CAGRs of 8.9% and 4.6%, respectively, from 2015 to 2021.

The impact of additional readily available electricity has allowed for numerous infrastructure developments to rise, including:

- Over 100 hotels, resorts, hostels, farm stays and restaurants;
- The airport and seaport of Siquijor, both of which were completed in 2021;
- The recently completed Siquijor Provincial Hospital;
- The ongoing construction of a ₱900 million hotel and convention center project that is located close to the Siquijor port, targeted for completion within the next 2-3 years.

The Company is the first REIT that has this social purpose as an integral part of its business. It is a financially sound model that delivers healthy social dividends. The Company aims to continue this social focus even as it looks to take it to the next level by creating an asset portfolio that provides positive environmental and social impacts.

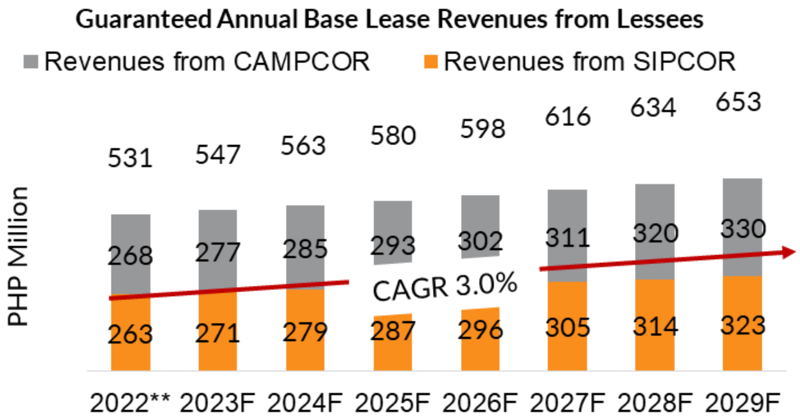
Reliable revenues from resilient lessee operations and competitive lessee offtake agreements

The Company's major shareholders and sponsors, SIPCOR and CAMPCOR, have entered into long-term lease agreements with the Company to use the Company's power generation and real estate assets. As Lessees, SIPCOR and CAMPCOR have strong track records in off-grid power generation and were able to capitalize on the first-mover advantage in their respective franchise areas. Both companies' revenues are secured by long-term power supply agreements with off-grid distribution utilities that contemplate (a) fixed payments for capacity availability and operations and maintenance ("**O&M**") activities, (b) variable payments for variable O&M, and (c) pass-through payments for fuel costs.

The rental rates for the Properties are comprised of agreed guaranteed annual base lease or variable lease rate equivalent to an agreed percentage of SIPCOR and CAMPCOR's revenues, as the case may be. SIPCOR and CAMPCOR's revenues will be derived from their respective offtake agreements with distribution utilities for the sale of electricity to be generated by SIPCOR and CAMPCOR, respectively.

SIPCOR's revenues are derived from its sale of electricity to PROSIELCO, a duly enfranchised electric cooperative servicing several municipalities in the Province of Siquijor. SIPCOR has two power supply agreements with PROSIELCO executed on October 22, 2011 (the "**SIPCOR PSA 1**") and on September 24, 2018 (the "**SIPCOR PSA 2**"). The SIPCOR PSA 1 has a term of 20 years commencing on February 10, 2015 and provides for supply of electricity by SIPCOR to PROSIELCO on a take-and-pay basis. The SIPCOR PSA 2 provides for supply of additional capacity of 6.402 MW and contracted capacity of 3 MW from SIPCOR to PROSIELCO over a 20-year cooperation period commencing on the date of completion of the project or the issuance by the Energy Regulatory Commission (ERC) of the certificate of compliance, whichever is later.

CAMPCOR's revenues will be sourced from its sale of electricity pursuant to a power supply agreement dated September 18, 2019 between CAMPCOR and CELCO, a duly enfranchised electric cooperative servicing the municipalities of Camotes, Poro, San Francisco and Tudela in the province of Cebu (the "**CAMPCOR PSA**"). Under the CAMPCOR PSA, CAMPCOR committed to supply electricity to CAMPCOR with a contracted capacity consisting of 5.60 MW for Camotes and 0.90 MW for the Pilar grid. The CAMPCOR PSA has a term of 15 years commencing from the commercial operations date.



Guaranteed annual lease revenues from SIPCOR and CAMPCOR are projected to grow at a CAGR of 3.0% until 2029 due to the annual escalation rate of 3% for inflationary adjustment.

In 2022, the average utilization rate is at 70% with revenues of ₱ 1.5 billion.

The Lessees have also established strategic partnerships with equipment manufacturers, fuel suppliers, and power plant contractors to ensure smooth operations and improve their competitiveness in securing future power supply contracts. The Lessees further leverage their expertise by operating their power plants through in-house operations teams which allow them to be more cost-efficient and reliable. Through years of operating track records, the Lessees have been able to demonstrate that they are capable of reliably operating their plants in a cost-efficient manner. When most of the Central Visayas areas experienced franchise-wide brownouts during the onslaught of Typhoon Odette, these companies were still able to provide electricity to its customers.

As a case in point, the stability and security of the Lessees' revenues were further exemplified during the COVID-19 pandemic and the fuel price surge brought about by the Russia-Ukraine war as the impact of these events to the Lessees' revenues have been, thus far, negligible. By virtue of the pass-through mechanisms forming part of the Lessees' fee structures, the Lessees were significantly insulated from energy consumption variability through fixed payments and from sudden spikes of fuel cost volatility. These fee structures have thus allowed the Lessees to focus on providing safe and secure electricity, and provide them with steady, secure and risk-mitigated cash flows which, in turn, have enabled and would continue to enable the Lessees to reliably service their lease obligations to the Company.

Experienced management team with proven track records and wide-reaching networks

The Company believes that its relationship with the PAVI Group provides it with access to the PAVI Group's best practices in planning, engineering, project development, marketing, operations, and regulatory compliance. The Company consults with or engages experts from these experienced teams especially in critical points of the development process. This relationship has also enabled the Company's senior management team to further learn from these teams and capitalize on shared experiences with their third-party contractors, suppliers and service providers—improving the Company's ability to evaluate, select and engage such third parties in the planning, engineering, development and implementation of its own projects.

As a result of this exemplary network and proven track record, the Company believes that its senior management team has exhibited and further developed a deep and intimate understanding of key aspects of the industry, particularly the acquisition, development, and operations of income-generating real estate assets.

In particular, Garth F. Castañeda, Timothy Joseph M. Mendoza, Cynthia J. Javarez, Manuel Paolo A. Villar, Jose Rommel C. Orillaza, Maryknoll B. Zamora, concurrently members of the management team of the Sponsors of the Company, have more than 30 years of combined experience in the real estate and infrastructure business and, together with the rest of PremiereREIT's senior management team, have decades of combined experience and strong professional relationships with key participants in the various infrastructure industries, in which the Company and the PAVI Group are involved. This unique breadth and depth of industry experience and executive expertise extend to critical and institutional knowledge on public procurement and competitive selection procedures, a key component in being able to secure offtake contracts and to provide safe and reliable operations for the Lessees and other companies in the PAVI Group.

The Company believes that the strength and experience of its management and development teams, who likewise form part of the management teams of the Sponsors, enable the Company to continue working towards its objective of becoming one of the largest and leading REIT companies in the country.

KEY STRATEGIES

The primary objective of the Company is to increase shareholder value through sustainable developments and it plans to achieve such through the implementation of the following key strategies:

<u>Fund Manager</u>

Pursue new acquisitions and investments

Pursuant to the Fund Management Agreement and the REIT Law, the Fund Manager, in accordance with the Company's investment strategy and plans, will work towards maximizing investment returns and enhancing the value of the Company's portfolio. Post the Offer, the Fund Manager will actively consider and solicit opportunities for the Company's investments and future acquisitions that (i) are consistent with the Company's investment policy; and (ii) will improve the Company's portfolio performance.

The Fund Manager through the Fund Management Agreement and in accordance with the Company's plans, will focus on the evaluation of potential asset infusion into the Company's current portfolio, to increase the value of the Company. The Fund Manager will actively look for and consider opportunities that are consistent with the Company's investment policy and strategy. The Fund Manager aims to operationalize this by aiming to grow the portfolio and targeting to invest in the right properties that shall lead to portfolio performance improvements—particularly through, but not limited to, the acquisition and/or lease of properties suitable for renewable energy, clean baseload energy, and/or new technologies that complement the operations of such energy sources at attractive valuations and hold significant upside.

Take advantage of asset growth opportunities

Consistent with the Fund Management Agreement, the REIT Law, and the Company's investment strategies, the Fund Manager shall primarily:

- *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 works necessary to ensure that the Company can maximize the value of its assets and deliver higher returns in line with its investment strategy.*

Implement a sound capital and risk management strategy

The Fund Manager will closely monitor the Company's balance sheet and financial resources to maintain the Company's long-term financial health while optimizing the returns to the shareholders. The Fund Manager will also consider liquidity, interest rate and other relevant financial risks and adopt appropriate hedging policies, to manage its risk exposure.

The Fund Manager will utilize the Company's capital structure to tap the capital markets for debt and/or equity capital, as well as other appropriate forms of capital. The Fund Manager will also formulate and implement financing policies to maximize risk-adjusted returns to the shareholders.

For more details about the Fund Manager, please refer to the relevant discussion in the section entitled *"The Fund Manager and the Property Manager - The Fund Manager"* in the REIT Plan.

<u>Property Manager</u>

Manage the Company's assets proactively to enhance portfolio value

Pursuant to the Property Management Agreement and the REIT Law, the Property Manager, to enhance the value of the Properties, plans to:

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

Optimize the operating costs of the properties to boost revenues

The Property Manager shall, in accordance with the Company's investment strategies, strive to optimize the operating costs of the Company's assets to maximize shareholders' value without sacrificing the quality of services provided to its Lessees. By improving its financial performance, it will also increase the Company's options in its reinvestment plans.

For more details on the Property Manager, please refer to the section entitled *"The Fund Manager and the Property Manager - The Property Manager"* in the REIT Plan.

<u>Reinvestment Plan</u>

The Sponsors will use the proceeds of the Offer for the acquisition and preparatory development of critical real estate that will, in turn, be leased to PAVI Green for use by the latter be used for its renewable energy projects.

These prospective properties will support PAVI Green's pipeline with a total generation capacity of almost 1.9 GW. Such properties may be eventually be infused into the Company, and this reinvestment strategy is expected to eventually make the Company a leading renewable energy REIT in the Philippines.

In June 2022, PAVI Green was able to secure a 20-year power supply agreement ("**PSA**") with a 40.4 Mw of solar capacity in the recently concluded first round of the Green Energy Auction Program ("**GEAP**") of the DOE. PAVI Green's participation in the GEAP is in support of the DOE's goal to achieve energy security through renewable energy. Earlier in March, PAVI Green also laid out its pipeline to help build its portfolio in the next three to five years. PAVI Green recently completed solar rooftop installations across Isabela, Nueva Ecija, Iloilo, Bacolod, and Butuan.

A summary of the properties under the proposed reinvestment plan can be found in Annex A (Reinvestment Plan).

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

In the ordinary course of the Company's business, it engages in a variety of transactions with related parties. Pursuant to the REIT Law, the Company's related parties include the Sponsors, the Fund Manager, and the Property Manager.

The Company's related party transaction policy ensures that these transactions are entered into on terms, which are not more favorable to the related party than those generally available to third parties dealing on an arm's length basis, and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving body, as determined by the Board, to ensure that the Company's resources are not misappropriated or misapplied. Please also see the section entitled "Related Party Transaction" in this REIT Plan for more information.

INVESTMENT POLICY

Investment Strategy

The principal investment mandate and strategy of the Company is to invest on a long-term basis in critical real estate and infrastructure that will not only expand its portfolio but enable the Company to attain its objective of meaningfully contributing to the promotion of clean, renewable and sustainable energy, as well as continue its progress on expanding social and missionary electrification.

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 once said properties are in operation. To meet the Company's investment criteria, a potential property should:

- be capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;

- may be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;

- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and

- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

The above key criteria are not intended to restrict our Company from making an investment decision and it is not required that each item is strictly met, provided there are sufficient other criteria that in our reasonable judgment would allow our Company to meet its investment objectives.

The Fund Manager and the Property Manager intend to work towards maximizing investment returns 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 theCompany, and by taking advantage of desirable opportunities for property acquisition.

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

Investment Limitations

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

Investments

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

(i) real estate and real estate related assets;

(ii) 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;

(iii) bonds and other forms of indebtedness issued by:

- 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 SEC that is at least two notches higher than that of Philippines bonds; and

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

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

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

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

(vii) 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;

(viii) cash and cash equivalents;

(ix) collective investment schemes, duly registered with the 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;

(x) offshore mutual funds with rating acceptable to the SEC; and

(xi) 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 SEC; and (iv) the use of synthetic investment products, such as derivatives and other such securities, shall be disclosed in this REIT Plan and under special authority from the SEC.

At least 75.0% 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 35.0% of the Deposited Property should be invested in property located in the Philippines, and in no case may our Company's investments in such property fall below 35.0% of the Deposited Property. Additionally, our Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40.0% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the SEC. In issuing such authorization, the 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 15.0% of the funds of a 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 increased to 25.0%.

Borrowing

Pursuant to the REIT Law, the total borrowing and deferred payments of a REIT should not exceed 35.0% 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 35.0% limit, but in no circumstances may its total borrowing and deferred payments exceed 70.0% of the Deposited Property. In the event that our Company intends to borrow beyond 35.0% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may our Fund Manager borrow on behalf of our Company from any of the funds under its management.

The Company's target/optimal capital structure is to limit its total borrowings and deferred payments to 35% of its Deposited Property.

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:

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

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

(iii) 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;

(iv) the prospects for the real estate upon completion can be reasonably expected to be favorable; and

(v) 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.

Exit Strategy

PremiereREIT has no current joint ownership arrangement. In the event of divestment(s), our Company shall abide by the REIT Law requirement of ensuring an arms-length transaction is carried out among the parties, especially if transacted with a related party. This includes approval of the Related Party Transaction Committee, unanimous vote of all independent directors, valuation in accordance with appraised fair value, among others.

The Sponsors currently have no plans to divest of their ownership in the Company. Upon completion of the Offer, the Sponsors will continue to be majority Shareholders in the Company, with an aggregate shareholding of [51.04]% (assuming the Over-allotment Option is fully exercised). If the Sponsors were to divest of their ownership in the Company, the ability of the Company to grow would be affected because the relationship with the Sponsors and the PAVI Group provides the Company with access to other properties for potential acquisition and inclusion in its property portfolio. To manage this risk, the Company continues to maintain a close relationship with the Sponsors which intend to maintain ownership of at least a majority of the capital stock of the Company. In the unlikely event of divestment, the Company expects to be self-sufficient and would continue to pursue its investment strategies.

HISTORY

PremiereREIT was incorporated under Philippine law on March 4, 2022 under the name of Premiere Island Philippines Holding Corporation with an authorized capital stock of ₱5,000.00 divided into 5,000 common shares with a par value of ₱1.00 per share. Under its articles of incorporation, Premiere Island Philippines Holding Corporation is authorized to invest in, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real property and personal property of every kind and description. Since its incorporation on March 4, 2022, our Company did not have any business operation until the infusion by the Sponsors of assets under the Property-for-Share Swap *(as discussed below)*.

On May 31, 2022, the SEC approved the increase in our authorized capital stock to ₱7,500,000,000.00 divided into 7,500,000,000 common shares with a par value of ₱1.00 per share. On June 24, 2022, our Board of Directors approved the following amendments to our Articles of Incorporation and By-Laws: (a) changing our corporate name to Premiere Island Power REIT Corporation; (b) changing our Company's primary purpose to engage in the business of a real estate investment trust as provided under the REIT Regulations; (c) increasing the number of our Board of Directors from five (5) to seven (7); (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (g) qualifications of directors; (h) corporate governance revisions for independent directors; (i) changes on compensation clause; (j) constitute board committees including Executive Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (k) appointment of stock transfer agent; (l) schedule of regular annual meetings; (m) amendments on dividends; (n) the Fund Manager; and (o) the Property Manager. As of the date of this REIT Plan, the Company has [3,288,669,000] common shares issued and outstanding. The Company has no preferred shares and no shares held in treasury.

As of the date of this REIT Plan and prior to the conduct of the Offer, the Sponsors collectively own 100% the Company's total issued and outstanding capital stock, summarized as follows:

Sponsor	No. of Shares	% Ownership
S.I. P0wer Corporation	1,654,855,996	50.32%
Camotes Island Power Generation Corporation	1,633,807,997	49.68%
Sponsors Subtotal	**3,288,663,993**	**100.00%**
Other Shareholders	5,007	0.00%
TOTAL OUTSTANDING	**3,288,669,000**	**100.00%**

The Company presently does not have any Subsidiaries. Upon completion of the Offer, the shares owned by the Sponsors will represent approximately [51.04]% of the issued and outstanding capital stock of PremiereREIT, assuming the full exercise of the Overallotment Option, and approximately [57.43]% of the issued and outstanding capital stock of PremiereREIT, assuming no exercise of any Overallotment Option.

In contemplation of the Offer and in compliance with applicable regulatory requirements of the SEC for companies seeking registration of their securities, the Company and the Sponsors entered into and implemented the "**REIT Formation Transactions**" as follows:

At the duly constituted meeting of the Board of Directors of the Company held on March 9, 2022, the increase in the authorized capital stock of the Company to ₱7,500,000,000.00, divided into 7,500,000,000 common shares, with a par value of One Peso (₱1.00), was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

The aforementioned increase in the authorized capital stock of the Company was approved by the affirmative vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company at a meeting held on the same date at the same venue. On 31 May 2022, the SEC approved the increase in authorized capital stock.

Out of the increase in the authorized capital stock of the Company, 3,288,664,000 common shares have been subscribed at an aggregate subscription price of ₱8,221,660,000.00, and the Sponsors, as subscribers, have paid their respective subscriptions in full by way of transfer of the Properties (consisting of real and personal properties and certain real rights) (the "**Property-for-Share Swap**").

A Deed of Assignment and Subscription dated May 27, 2022 (the "**Deed of Assignment and Subscription**") was entered into by the Company and the Sponsors whereby the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of their rights, title and interests in the Properties, free from liabilities, debts, liens and encumbrances.

On May 31, 2022, the SEC issued the Certificate of Approval of the Increase in Authorized Capital Stock on the Property-for-Share Swap. The requisite Certificates Authorizing Registration ("**CARs**") authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on September 2, 2022. By virtue of the Property-for-Share Swap, the Sponsors acquired further control of the Company, through an aggregate ownership interest of 100% of the total issued and outstanding capital stock of the Company.

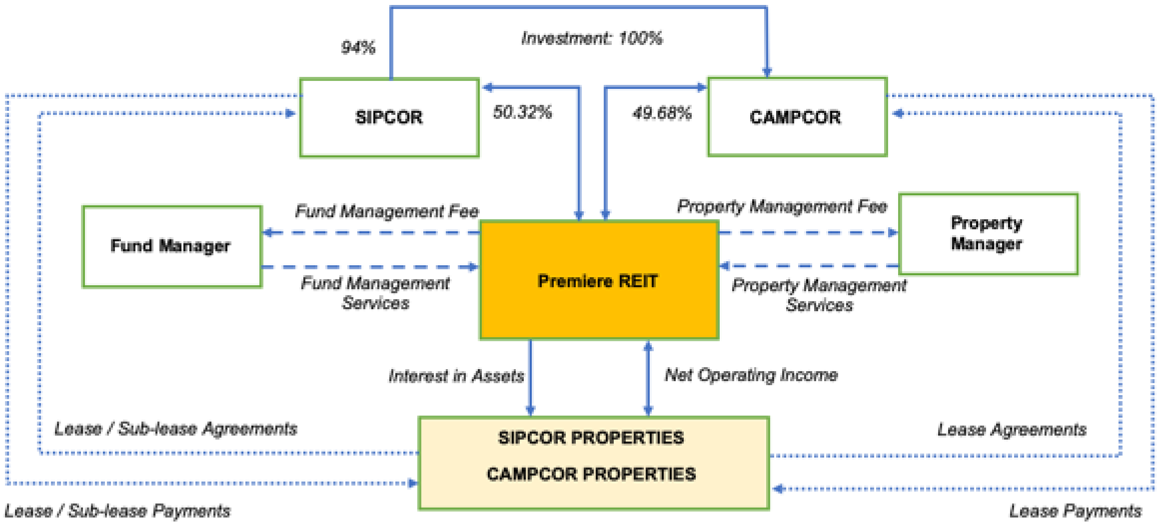
On April 11, 2022, the Company and the Sponsors entered into lease agreements for the lease by the Company of the Properties to the Sponsors. Additionally, the Company and the Sponsors entered into a sublease agreement for the sub-lease by the Company of certain lands to SIPCOR. Such lease and sub-lease agreements are referred to as "**Lease Agreements**". For a detailed discussion of the Lease Agreements, please see *"Certain Agreements Relating to the Company and the Properties"* in this REIT Plan.

The Properties contributed to PremiereREIT meet the following criteria set by the Company:

- Primarily be utilized for renewable energy;
- May be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) Baseload power generation facilities, or (c) both;
- May be located in underdeveloped or missionary electrification areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources and such areas have the potential to drive long-term sustainable growth; and
- Be a site where potential power generation lessees may have the capability to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

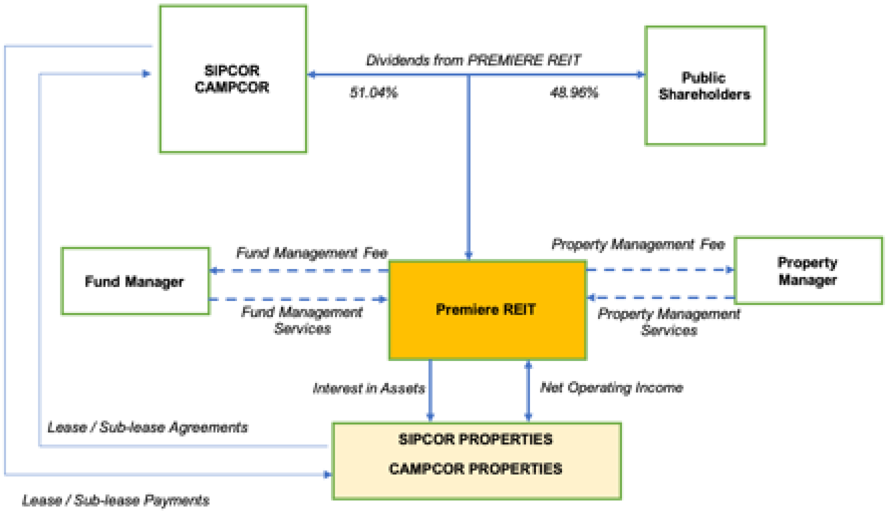
CORPORATE AND SHAREHOLDING STRUCTURE OF THE REIT

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

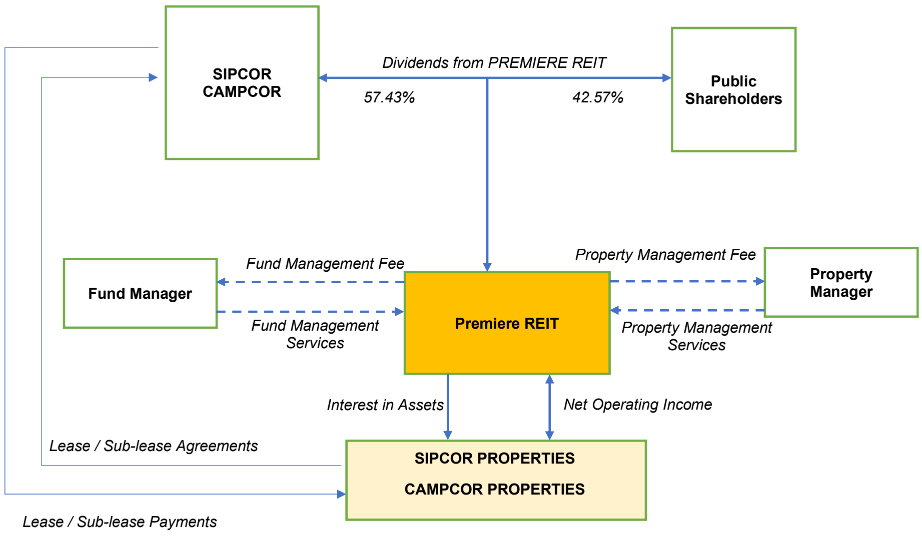


Meanwhile, the operational structure of PremiereREIT and its relationship with the Sponsors, Fund Manager, Property Manager, and PAVI after the Offer (assuming full exercise or no exercise of the Overallotment Option) are set out as follows:

(i) Assuming the full exercise of the Overallotment Option:



(ii) Assuming non-exercise of the Overallotment Option:



BUSINESS PLAN

Lease Management

The lease management of the Properties will be undertaken by the Property Manager, VProperty Management, Inc. The Property Manager shall have the overall responsibility for the day-to-day property management functions in accordance with the terms of the Property Management Agreement. The Property Manager shall manage the execution of new leases and renewing or replacing expiring leases as well as overall management, maintenance and repair of the Properties (except to the extent where responsibility for the same are borne by the lessees, in which case, the responsibility of the Property Manager shall be to oversee, supervise and ensure compliance by the lessee with such obligations), formulation and implementation of policies and programs in respect of facility management, maintenance and improvement, secure and administer routine management services including security control, fire precautions, communication systems and emergency management.

While the maintenance and repair of the Properties is a contractual obligation of the Sponsors (as lessees) pursuant to their respective lease agreements, the Property Manager still has the obligation to oversee and supervise such maintenance or repair, and to ensure that the lessees carry out such obligations according to the terms of the lease agreements.

To this end, the Property Manager shall have the right to engage, at PREIT's or the lessee's expense, third party power industry specialists or other qualified service providers to assist and facilitate the performance by the Property Manager's responsibilities in respect of the maintenance and repair of the leased assets.

Green Initiatives and Corporate Social Responsibility

Our Company believes that the Properties and the continued use of the Properties by the Sponsors are compliant in all material respects with all applicable Philippine environmental laws and regulations. Having regard to its commitment to social and missionary electrification, the use of the Properties are geared toward sustainability for a positive impact on the environment and the community.

As a member of the PAVI Group, the Company adheres to and intends to implement the Environmental, Social and Corporate Governance ("**ESG**") policies established by the PAVI Group through its parent company, PAVI. The current ESG policy requires each member of the PAVI Group, including each of the Sponsors and the Company, to undertake initiatives aimed at growing local communities – through education, job creation, as well as stimulus/sustainable environment and livelihood programs. For example, under the *Lingap Kalikasan* Program established by the PAVI Group to promote environmental conservation and protection, the following activities are being or have been undertaken or implemented: tree planting, coastal clean up drives, improvements towards watershed management with the primary objective of conservation and protection of watersheds. The PAVI

Group has also adopted the *Lingap Bukas Palad* Program, a one-off voluntary initiative, which operates to secure funds, resources, and other donations to address requests by external stakeholders intended to improve the standard of living for the communities where the PAVI Group operates.

The PAVI Group has also adopted and implemented other community building programs such as the *Lingap Karunungan* Program, the primary objective of which is to promote education, and *Lingap Kabuhayan*, which aims to support livelihood initiatives of identified groups in communities where members of the PAVI Group operate.

In the course of its operations, the Company will also implement one or more, or a combination of these various initiatives in furtherance of the PAVI Group's ESG policy.

Maintenance Activities

Over the course of the useful life of the Properties, the Property Manager will have the primary responsibility for the upkeep of the Properties. In addition, under the Lease Agreements, the respective Lessee shall, at its own cost and expense, and throughout the term of relevant lease agreement and any renewal thereof, keep and maintain the relevant Property in good order and condition and make necessary repairs thereon, in accordance with the requirements imposed by regulations of governmental authorities and the Company.

EMPLOYEES

The employees of the Fund Manager will be responsible for implementing our Company's investment strategies and managing our assets, while the employees of the Property Manager will be responsible for supervising, managing, leasing, operating and maintaining the Properties pursuant to the terms of the Property Management Agreement. As such, except for the executive officers of the Company, each of whom has been seconded to the Company by PAVI or the relevant PAVI Group company, our Company will not be directly hiring its own employees.

[The executive officers of the Company will be seconded from the other members of the PAVI Group.]

We believe that our 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. As of the date of this REIT Plan, there is no existing labor union nor any collective bargaining agreement.

Significant Employees

Except for the executive officers of the Company, each of whom has been seconded to the Company by PAVI or the relevant PAVI Group company, the Company currently has no employees.

INSURANCE

The Properties are insured against all risks of sudden and accidental physical loss of or damage to the properties. This includes insurance against, but not limited to "all risks" of sudden and accidental physical loss or damage to real or personal properties or to the insured properties and interests of every kind and description used for in connection with the ownership, maintenance and operation of the relevant Properties from whatever cause not specifically excluded in the policy. Pursuant to the REIT Regulations, each Property is covered up to the market replacement value and at the time of the loss, with such value to be determined at the time of loss (according to a formula prescribed under the relevant insurance coverage) and loss of rental.

We believe that the insurance coverage over the Properties is in accordance with its business exposure and in line with prevailing industry standards.

FOCUS ON GREEN DEVELOPMENT

In addition to the Properties, after the Offer, the Company, by itself or through the support of the Sponsors intends to expand its asset portfolio by acquiring critical real estate and infrastructure that may be devoted to renewable, social, and missionary power generation, in alignment with its financial and strategic investment criteria.

COMPETITION

In terms of competition, the Company believes it is well positioned to address threats from competition due to the organization's ability to identify key risk, perform analysis, and its ability to adopt strategies relevant to the development of social and missionary electrification projects.

While there is competition as the energy business becomes more in demand, especially with regard to the acquisition of large tracts of land which may be suitable for the development of energy projects, the Company believes that its current assets are sufficient to meet such demand, for the time being.

Furthermore, to distinguish itself from its Competitors, the Company prides itself on being able to add to the development of rural areas as part of its social and missionary electrification initiatives. The Company also advocates for growth in such communities, providing low cost alternatives to better support them, which also, results in higher energy demand. The Company believes it is a cost-efficient operator, and in terms of drive, it has an established policy or practice which enables it to take on challenges that others find too risky to pursue.

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.

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 renewable energy power industry, the Lessees' main competitors are WEnergy, One Renewable, Petroenergy Resources Corporation, Solar Para Sa Bayan, InFunde Development, and Pilipinas Shell Foundation.

In respect of other REITs with a similar portfolio, the Company's main competitor is Citicore Energy REIT Corp.

For further discussion, please refer to the "*Industry Overview*" section on page 122 of this REIT Plan.

INTELLECTUAL PROPERTY

As of the date of this REIT Plan, the Company does not own any trademarks or intellectual property, but the Company has applied for the registration of its PREMIERE REIT logo and its application is pending approval from the Intellectual Properties Office of the Philippines as of the date of this REIT Plan. The Company has received no notices of opposition against the intellectual property registrations

Brand Name/Mark	Filing Date
Premiere Island POWER REIT CORPORATION	June 7, 2022

REGULATORY COMPLIANCE

The Property Manager is responsible for ensuring the Company's continued compliance with applicable laws and regulations, including any changes or updates that may materially impact or adversely affect the Company's operations and business. As of the date of the REIT Plan, the Company had obtained 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 confirmed by Tiaoqui Sese-Relucio. As of date of this REIT Plan, the Company has applied and paid the necessary fees for the issuance of material licenses, permits, and certifications.

Should any licenses, permits and certifications approach expiry, the Company will file the necessary applications with the concerned regulatory agencies. The Company is not aware of any reason why renewal of the licenses, permits and certifications will be denied or will not be renewed. 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's material licenses, permits, and certifications are as follows:

Permit/License	Issuing Agency	Issued to	Date Issued	Expiry
Certificate of Incorporation	Securities and Exchange Commission (SEC)	Company	March 4, 2022	N/A
Certificate of Filing of Amended Articles of Incorporation	SEC	Company	May 31, 2022	N/A
Certificate of Approval of Increase of Capital Stock	SEC	Company	May 31, 2022	N/A
Certificate of Registration	Bureau of Internal Revenue	Company	April 1, 2022	N/A
Business License and Mayor's Permit	City Government of Las Piñas	Company	April 27, 2022	December 31, 2022

The relevant material licenses, permits and certifications of each of the Lessees necessary for the operation of their respective Power Plants are issued in the names and applied for in the names of such Lessees, and not by the Company, as identified below.

Renewal applications for all the expired licenses, permits and certifications have been filed by the relevant Lessee with the concerned regulatory agencies. Should any licenses, permits and certifications approach expiry, the relevant Lessee will file the necessary applications with the concerned regulatory agencies. The Lessees are not aware of any reason why renewal of the licenses, permits and certifications will be denied or will not be renewed. Should any licenses, permits and certifications be denied or will not be renewed, the Lessees may be subject to payment of fines and surcharges imposed by each regulatory agency.

A. CAMOTES ISLAND POWER GENERATION CORPORATION PERMITS AND LICENSES

Permit/License/Certification	Issuing Agency	Issued to	Date Issued	Expiry
Business Permit (Renewal)	City Government of Taguig	CAMPCOR	January 31, 2022	December 31, 2022
Business Permit(Renewal)	Office of the Mayor of the Municipality of Mandaluyong	CAMPCOR	February 16, 2022	December 31, 2022
Business Permit (Renewal)	Office of the Mayor of the Municipality of Pilar	CAMPCOR	March 7, 2022	December 31, 2022
Business Permit (Renewal)	Office of the Mayor of the Municipality of Poro	CAMPCOR	January 20, 2022	December 31, 2022

Certificate of Registration	Bureau of Internal Revenue	CAMPCOR	October 3, 2019	N/A
Certificate of Non-Coverage (CNC-OL-R07-2020-08- 01158)	Department of Environment and Natural Resources	CAMPCOR	August 27, 2020	N/A
Conversion Order	Department of Agrarian Reform	CAMPCOR (Poro)	May 18, 2022	N/A
Conversion Order	Department of Agrarian Reform	CAMPCOR (Pilar)	May 18, 2022	N/A
Provisional Authority to Operate	Energy Regulatory Commission	CAMPCOR (Poro)	March 10, 2022	March 9, 2023
Provisional Authority to Operate	Energy Regulatory Commission	CAMPCOR (Pilar)	March 10, 2022	March 9, 2023
Environmental Compliance Certificate (ECC-OL-R07- 2022-0144) Amending ECC No. ECC-OL-R07-2020-0278	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	CAMPCOR (Poro)	June 7, 2022	-
Environmental Compliance Certificate (ECC-OL-R07- 2022-0085)	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	CAMPCOR (Pilar)	March 31, 2022	-
Permit to Operate (Air Pollution Source and Control Installations) (Renewal)	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	CAMPCOR (Poro)	April 6, 2022	January 6, 2027
Permit to Operate (Air Pollution Source and Control Installations) (Renewal)	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	CAMPCOR (Pilar)	April 6, 2022	January 6, 2027
Wastewater Discharge Permit	Department of Environment and Natural Resources – Environmental Management Bureau	CAMPCOR (Poro)	October 21, 2021	October 21, 2026

	(DENR-EMB)			
Wastewater Discharge Permit	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	CAMPCOR (Pilar)	November 3, 2021	November 3, 2026
Water Permit	National Water Resources Board	CAMPCOR (Poro)	February 11, 2022	-
Water Permit	National Water Resources Board	CAMPCOR (Pilar)	February 11, 2022	-

B. S.I. P0WER CORPORATION PERMITS AND LICENSES

Permit/License/Certification	Issuing Agency	Issued to	Date Issued	Expiry
Business Permit	City Government of Taguig	SIPCOR	January 30, 2022	December 31, 2022
Business Permit(Renewal)	Office of the Mayor of the Municipality of Mandaluyong	SIPCOR	February 16, 2022	December 31, 2022
Business Permit (Renewal)	Office of the Mayor of the Municipality of Siquijor	SIPCOR	January 20, 2022	December 31, 2022
Business Permit (Renewal)	Office of the Mayor of the Municipality of Lazi	SIPCOR	January 20, 2022	December 31, 2022
Certificate of Registration	Bureau of Internal Revenue	SIPCOR	September 9, 2011 (Registration) October 4, 2019 (Replacement of Old COR)	N/A
Certificate of Non-Coverage (CNC-R07-1408-0007)	Department of Environment and Natural Resources	SIPCOR	August 5, 2014	N/A
Certificate of Compliance (COC No. 20-02-O-00003V)	Energy Regulatory Commission	SIPCOR (Lazi Diesel Power Plant)	February 18, 2020	March 15, 2025
Certificate of Compliance (COC No. 20-02-O-00004V)	Energy Regulatory Commission	SIPCOR (Siquijor	February 18, 2020	March 15, 2025

		Diesel Power Plant)		
Provisional Authority to Operate	Energy Regulatory Commission	SIPCOR (Siquijor Diesel Power Plant Extension)	March 17, 2021	March 16, 2022[95]
Provisional Authority to Operate	Energy Regulatory Commission	SIPCOR (Siquijor Diesel Power Plant Extension)	August 25, 2021	August 24, 2022[96]
Certificate of Registration	Bureau of Customs	SIPCOR	April 25, 2022 (Registration)	April 25, 2023
Permit to Operate (Air Pollution Source and Control Installations) (Renewal)	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	SIPCOR (Lazi Diesel Power Plant)	January 20, 2021	June 20, 2025
Permit to Operate (Air Pollution Source and Control Installations) (Renewal)	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	SIPCOR (Siquijor Diesel Power Plant)	December 23, 2020	June 23, 2025
2nd Environmental Compliance Certificate (ECC) Amendment (ECC-R07-1206-0117)	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	SIPCOR (Siquijor Diesel Power Plant)	May 9, 2019	-
Wastewater Discharge Permit[97]	Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB)	SIPCOR (Candanay Sur)	December 5, 2019	December 5, 2021
Conditional Water Permit	National Water Resources Board	SIPCOR (Lazi)	January 20, 2021	-
Conditional Water Permit (Extension)[98]	National Water Resources Board	SIPCOR (Lazi)	February 2, 2022	July 20, 2022

[95] The application for extension of the Provisional Authority to Operate has been filed and is pending review by the ERC.

[96] The application for extension of the Provisional Authority to Operate has been filed and is pending review by the ERC.

[97] The renewal application has been filed by the relevant Lessee with the concerned regulatory agency, and is currently pending.

[98] The renewal application has been filed by the relevant Lessee with the concerned regulatory agency, and is currently pending.

Failure to comply with the various regulatory requirements and authorizations may result in the imposition of fines and penalties, implementation of remedial measures, or the suspension or termination of our permits and licenses which may lead to the closure or cessation of operations in our Properties.

Currently, there are two Provisional Authorities to Operate (PAO) for the SIPCOR Power Plant extensions that are pending renewal with the Energy Regulatory Commission (ERC). Nevertheless, SIPCOR will still be able to operate despite the expiry of such permits, as the renewal applications have already been filed, with all the relevant documentary requirements for renewal, prior to expiry of the PAOs, which expired last March 7, 2022 and June 17, 2022, respectively. The Company, to date, has not received any notice from any party (including the ERC, the NPC or its distribution utility counterparty) of any order, ruling or other directive requiring the relevant lessee to cease and desist from operating the leased assets as power generation facilities for the Siquijor and Camotes Island service areas notwithstanding the expiry of these permits and licenses.

Therefore, the Company has no reason to believe that such permits will not be renewed in due course. At this time, the renewal applications are now awaiting signature/s of the ERC Chair. Therefore, the Company expects the release of the renewed permits in due course.

LEGAL PROCEEDINGS

As of the date of this REIT Plan, other than as disclosed below, to the best of the Company's knowledge and belief and after due inquiry, none of PremiereREIT, the Fund Manager, the Property Manager and/or our Properties is currently involved in any bankruptcy, receivership or similar proceeding or any material litigation nor, to the best of our knowledge, is bankruptcy, receivership or similar proceeding or any material litigation currently contemplated or threatened against our Company, the Fund Manager or the Property Manager or involving any of the Properties.

Civil case between NPC and third-party claimants over portion of property leased from NPC

Currently, there is a pending civil case between NPC and third-party claimants over a portion of the SDPP Land which NPC is leasing to the Company located in Candanay Sur, Siquijor, Siquijor, with an area of 2,427 sq.m. The case is currently undergoing mediation between the NPC and the third-party claimant. NPC is actively pursuing its claims on the property and is intent on preserving and protecting its ownership of the relevant land areas that have been leased to SIPCOR and/or PREIT. The Company was advised by the NPC that there is no merit to the claim as all payments for the ownership of the land have been made by NPC to the third-party claimant.

Furthermore, it will be noted that since February 2015, when SIPCOR first commenced operations in relation to SIPCOR PSA 1, SIPCOR has been in open, continuous and public possession of the lands leased from the NPC, including the areas subject of the civil case. Likewise, none of PREIT or SIPCOR has received any notice from any party (including the claimant in the said civil case) to vacate or otherwise withdraw from any portion of the property leased from the NPC, including the areas subject of the civil case.

THE PROPERTIES

The initial property portfolio of the Company consists, as of date, of land and power plant assets utilized in the power generation projects of the Sponsors. The properties used in the operation of the 12.8 MW heavy fuel oil (HFO)-fired power plants of SIPCOR located in Candanay Sur and Lazi, Siquijor ("**SIPCOR Power Plants**") consist of (a) power plants assets such as HFO diesel generator sets and perimeter fence; (b) building that houses physical structures such as an administrative office, control room, warehouse, guard house, staff house, material recovery facility, work shop, firefighting shed, fuel tank farm, and fuel pump station; and (c) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located (collectively, the "**SIPCOR Properties**"). The properties used in the operation of the 8.4 Mw power plants of CAMPCOR located in Poro and Pilar, Camotes Island, Cebu ("**CAMPCOR Power Plants**"), consist of (a) buildings or powerhouse stations that house physical structures such water treatment unit, staff house, radiator unit, fire pump house, guard house, oil-water separator, material recovery facility, reverse osmosis house, transformer house, warehouse, and administrative office; and (b) 16,406.5 sq.m. parcels of land owned by the Company where such buildings are located (collectively, the "**CAMPCOR Properties**", and together with the SIPCOR Properties, the "**Properties**").

Gross Revenue

On a pro forma basis, the Properties generated total Gross Revenue of ₱387 million and ₱246 million for the year ended December 31, 2021 and for the period ended May 31, 2022, respectively.

Property	Gross Revenue for the year ended December 31, 2021	Percentage of total Gross Revenue	Gross Revenue for the period ended May 31, 2022	Percentage of total Gross Revenue
Siquijor Property	285,173,670	73.7%	118,822,363	48.3%
Camotes Property	101,625,553	26.3%	127,031,941	51.7%
	386,799,223	100.0%	245,854,304	100.0%

Net Profit

On a pro forma basis, the Leased Properties generated Net Profit and Net Profit Margin for year ended December 31, 2021 and for the period ended May 31, 2022, respectively, as set out in the table below.

Property	Net Profit for the year ended December 31, 2021	Net Profit Margin	Net Profit for the year ended May 31, 2022	Net Profit Margin
Siquijor Property	340,705,454	119.5%	84,295,875	70.9%
Camotes Property	74,649,462	73.5%	24,050,796	18.9%
	415,354,917	107.4%	108,346,671	44.1%

The pro forma gross revenues and net profit are not actual revenues and net profit but were calculated based on lease agreements assuming they were in effect as of January 1, 2021.

Valuation

The Properties were valued by Asian Appraisal Company, Inc. as of May 31, 2022 as follows:

	Type of Property	Location	Area	Appraised Value (in ₱)	Percentage of Total Valuation (in %)
SIPCOR Properties	Land	Candanay Sur, Siquijor, Siquijor	9,478 sq.m.	1,325,850,000	15.28
	Land	Barrio of Tignao, Lazi, Siquijor	3,000 sq.m.	1,003,310,000	11.57
	Building	Candanay Sur, Siquijor, Siquijor	353.20 sq.m.	102,210,000	1.18
	Support facilities and machinery	Candanay Sur, Siquijor, Siquijor	-	910,740,000	10.50
	Support facilities and	Barrio of Tignao, Lazi, Siquijor	-		

	machinery [99]				
CAMPCOR Properties	Land	Brgy. Teguis, Poro, Camotes Island, Cebu	8,468 sq.m.	1,632,520,000	18.82
	Land	Upper Poblacion, Pilar, Cebu	7,938.5 sq.m.	1,530,440,000	17.64
	Building	Brgy. Teguis, Poro, Camotes Island, Cebu	577.3 sq.m.	1,271,250,000	14.66
	Building	Upper Poblacion, Pilar, Cebu	244 sq.m	897,350,000	10.35

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, Asian Appraisal used the income approach, specifically a discounted cash flow analysis for the Properties. The valuation assumptions include the following:

- For the tenure of the leases, the projected lease data provided by CAMPCOR was used;
- CAMPCOR's cash inflows consist of rental income from its lessee, exclusive of value added tax (VAT);
- Operating expenses were assumed at 5% of gross revenues, as provided in the projected lease contract; and
- To determine the terminal/reversion value, the Gordon Growth Model was used – calculating the capitalization rate using the discount rate and 3.5% rental growth rate based on comparable. Net cash flow at the end of the projections over the capitalization rate is the terminal/reversion value.

SIPCOR PROPERTIES

Lazi – Powerhouse

[99] This includes various commercial structures and installations, and fences.

Candanay - Powerhouse

The SIPCOR Properties consist of (a) power plants assets such as diesel generators, black start unit, starting air compressor, HFO purifier, step-up power transformer and take-off facility, HFO booster unit, perimeter fence; (b) buildings such as administrative office, control room, warehouse, guard house, staff house, material recovery facility, work shop, firefighting shed, fuel tank farm, and fuel pump station; and (b) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located.

The SIPCOR Properties are located in Siquijor, particularly in the municipalities of Siquijor and Lazi. The lands have an aggregate area of 12,478 sq.m, comprising the 3,000 sq.m. parcel of land owned by the Company, as well as the 9,478 sq.m. parcel of land leased by the Company pursuant to the lease agreements between SIPCOR and NPC, which lease agreements were assigned to the Company. The Company owns the buildings as well as the power plant assets forming part of the SIPCOR Properties.

On a pro-forma basis, the gross revenues of the SIPCOR Properties are as follows:

Property	**Gross Revenue for the year ended December 31, 2021**	**Gross Revenue for the period ended May 31, 2022**
SIPCOR Properties	285,173,670	118,822,363

The pro forma gross revenues from SIPCOR properties are not actual revenues but were calculated based on lease agreements assuming they were in effect as of January 1, 2021.

SIPCOR utilizes the SIPCOR Properties to operate its power plants, which started commercial operations in February 2015 and January 2020, respectively, and have an aggregate installed capacity of 12.8 Mw. All the SIPCOR Properties are leased by the Company to SIPCOR for a period of eight years, renewable for another 8 years upon mutual agreement of the parties (for the lands leased by the Company from NPC) and nine years renewable for another ten years upon mutual agreement of the parties (for the lands owned by the Company and the rest of the SIPCOR Properties), commencing on May 31, 2022. In respect of the lands owned by NPC, the same are leased to the Company for a period of 20 years commencing from the date of SIPCOR's actual occupancy of the leased premises, and which may be renewed by the Company upon execution of a renewal or extension agreement at least 60 days prior to the expiration of the lease. See *"Certain Agreements Relating to the Company and the Properties"*.

The Company benefits from the use by SIPCOR of the SIPCOR Properties, as well as the operation by SIPCOR of its power plants, through the lease rental rates which are equivalent to the higher of (i) the fixed rental amount based on a schedule of annual rental amounts agreed upon by the parties and set out in the lease agreement ("**Guaranteed Annual Base Lease**"); or (ii) a specific percentage of the lessee's annual revenues as reported in the latter's audited financial statements for the relevant year ("**Variable Base Lease**"). In respect of the SIPCOR Properties, the Variable Base Lease Rates are 4.50% for the powerplant assets, 0.50% for the building, 8.41% for lands owned by the Company, and 26.59% for lands sub-leases by the Company. See *"Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the Guaranteed Annual Base Lease and Variable Base Lease Payments for the SIPCOR Properties.

As of May 31, 2022, the SIPCOR Properties are valued at ₱3,342,110,000.00 by Asian Appraisal. See the Independent Property Valuation Summary Report set out at as **Annex B** of this REIT Plan for more details.

CAMPCOR PROPERTIES

Poro - Powerhouse, Water Treatment Unit House

Pilar – Site II Powerhouse (front, rear, and interior), Water Treatment Unit 1

The CAMPCOR Properties comprise (a) power plant assets such as diesel generators, black start unit, starting air compressor, air compressor unit, lube oil purifier, HFO purifier, step-up power transformer and take-off facility, HFO purifier, fuel oil booster, radiator, transformer and power take-off facility, and perimeter fence; (b) buildings such as powerhouse, water treatment unit, staff house, radiator unit, fire pump house, guard house, oil-water separator, material recovery facility, reverse osmosis house, transformer house, warehouse, and administrative office; and (c) 16,406.5 sq.m. parcels of land owned by the Company where the CAMPCOR Properties are located.

The Company acquired the CAMPCOR Properties from CAMPCOR through the Property-for-Share Swap pursuant to the REIT Formation Transactions. Ownership of the properties has been transferred to the Company by virtue of Deeds of Assignment. While the BIR has already issued electronic Certificates Authorizing Registration ("eCAR"), the transfer of tax declarations in the name of the Company is still under process.

On a pro-forma basis, the gross revenues of the CAMPCOR Properties are as follows:

Property	Gross Revenue for the year ended December 31, 2021	Gross Revenue for the period ended May 31, 2022
CAMPCOR Properties	101,625,553	127,031,941

The pro forma gross revenues from CAMPCOR properties are not the actual revenues but were calculated based on lease agreements assuming they were in effect as of January 1, 2021.

The CAMPCOR Properties are located in two industrial compounds: (a) one is the site of CAMPCOR's 1.28 MW LFO-fired power plant, which was commissioned in May 2021; and (b) the other is the site of CAMPCOR's 7.12 MW HFO-fired power plant, which was commissioned in July 2021. All the CAMPCOR Properties are leased by the Company to CAMPCOR for a period of ten years, commencing on May 31, 2022, and renewable for another ten years upon mutual agreement by the Company and SIPCOR. See *"Certain Agreements Relating to the Company and the Properties"*.

The Company benefits from the use by CAMPCOR of the CAMPCOR Properties, as well as the operation by CAMPCOR of its power plants, through the lease rental rates which are equivalent to the higher of (i) the Guaranteed Annual Base Lease; or (ii) the Variable Base Lease. In respect of the CAMPCOR Properties, the Variable Base Lease rates are 10% for the buildings and 15% for lands. See *"Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base and variable lease payments for the CAMPCOR Properties.

As of May 31, 2022, the CAMPCOR Properties are valued at ₱5,331,560,000.00 by Asian Appraisal. See the Independent Property Valuation Summary Report set out at Annex B of this REIT Plan for more details.

THE FUND MANAGER AND THE PROPERTY MANAGER

THE FUND MANAGER

Our Fund Manager is VFund Management, Inc. (formerly Communities Palawan, Inc.). It was incorporated on November 8, 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. The principal place of business of the Fund Manager is at Lower Ground Floor, Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The Fund Manager has an 11-year track record in the development of real estate industry. Our Fund Manager is a wholly-owned subsidiary of Communities Philippines, Inc. which in turn is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc.

Our Fund Manager's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders, with a focus on investment yields and profitability margins. For a more detailed discussion on the Company's strategy, see the section entitled "*Business and Properties— Business Strategies*" in this REIT Plan.

As of the date of this REIT Plan, the Fund Manager manages the assets of the Company and Vista REIT, Inc. The Fund Manager employs staff that support its day-to-day operations. Currently, the Fund Manager has the President, CFO and its Chief Audit Executive as its full time employees, each of whom have track records and experience in financial management and real estate industry of at least 10 years prior to joining the Fund Manager. Cecille Marie H. Bernardo has 10 years of experience, Michelle E. Hernandez has 18 years of experience, and Adrian H. Bajador has 13 years of experience. The Fund Manager will employ additional staff as the need arises. The Fund Manager will set up an internal audit group that will oversee the internal control system of VFund Management, Inc. and it will also adapt SAP software for the operational, financial reporting and business analytics processes.

Save as disclosed in this REIT Plan, the Fund Manager is not engaged in any property fund business in the Philippines.

The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a 5-year, renewable agreement defining the relationship between the Company and the Fund Manager. See "Certain *Agreements Relating to our Company and the Properties—Fund Management Agreement*." Pursuant to the Fund Management Agreement, the Fund Manager's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders.

The Fund Manager shall, pursuant to the provisions of the REIT Law and the Fund Management Agreement, implement the investment strategies of our Company by determining the allocation of the Company's assets to the allowable investment outlets in accordance with this REIT Plan and our investment strategies and selecting income-generating real estate in accordance with the investment strategies of the Company.

Notwithstanding the written instructions of our Company, the Fund Manager has the fiduciary responsibility to:

- objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions;

- oversee and coordinate property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;

- cause a valuation of any of the real estate and other properties of our Company to be carried out by the Company's appointed property valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;

- take all necessary measures to ensure:

    - that the Net Asset Value per Share of the Company is calculated as and when an annual valuation report is issued by the Company's appointed property valuer for the relevant period, and that such Net Asset Value per share is disclosed in the annual reports;

    - that the investment and borrowing limitations set out in this REIT Plan and the conditions under which the REIT was authorized are complied with;

    - that all transactions carried out by or on behalf of the Company are conducted at arm's length;
    - that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid, and binding and enforceable by or on behalf of the Company;
    - that the Property Manager obtains adequate property insurance for the real properties of our Company from insurance companies approved by the Fund Manager;

- take custody of all relevant documents supporting the insurance taken on real properties of the Company;
- provide research and analysis on valuation and market movements of our Company's assets, including the monitoring of the real estate market for desirable opportunities and recommend, from time to time, to the Board, the formulation of new, additional, or revised investment policies and strategies;
- recommend the appropriate capital structure for our Company;
- manage assets and liabilities, including investment of corporate funds in money market placements and arrangement of debt for our Company;
- negotiate and finalize loan documents on behalf of our Company and determine debt drawdowns;
- recommend to the Board when to make capital calls and, where appropriate, enforce or cause the enforcement of remedies for failure of Shareholders to deliver capital contributions;
- open, maintain, and close accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and draw checks or other orders for the payment of monies;
- submit periodic reports ensuring that: (i) the three-year investment strategy prepared by the Company is submitted to the SEC and the PSE; and (ii) quarterly written reports on the performance of the Company's fund and properties and of the appropriate benchmarks are submitted to the Company, the SEC and the PSE within 45 days after the end of each quarter;
- do such other acts as is necessary or advisable in connection with the maintenance and administration of the assets of our Company including ensuring that all our investors are provided with appropriate and relevant information and communications as well as supervising all consultants and our other service providers;
- negotiate for and implement the purchase of assets to be held by our Company for investment;
- perform legal review, documentation, structuring, and due diligence on assets to be acquired;
- where necessary in the reasonable determination of the Fund Manager, retain persons, firms or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;
- pursue various exit options and make necessary strategic recommendations to our Company;
- accredit insurance companies for purposes of providing a list of approved insurance companies to the Property Manager for the real properties of our Company;
- fully, properly, and clearly record and document all procedures and processes followed, and decisions made in relation to whether or not to invest in a particular property;

- establish and understand the investment objectives, instructions, risk profile, and investment restrictions of our Company prior to making any investment recommendations or carrying out any transactions for or on behalf of our Company;

- do any and all acts on behalf of our Company as it may deem necessary or advisable in connection with the management and administration of our Company's assets, including without limitation, the voting of assets, participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto; and

- perform all such functions necessary and incidental to asset management.

In the absence of fraud or negligence by the Fund Manager, it shall not incur liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Fund Management Agreement.

Fund Management Fee

Under the Fund Management Agreement, the Fund Manager will receive an annual fund management fee equivalent to 0.5% of the Company's Rental Income less straight-line adjustments, exclusive of value added taxes (the "**Fund Management Fee**").

In addition, the Fund Manager shall be entitled to receive from PremiereREIT an acquisition fee equivalent to 0.5% of the acquisition price, for every acquisition, exclusive of value-added taxes ("**Acquisition Fee**"). The Fund Manager shall likewise be entitled to receive a divestment fee of 0.5% of the sales price for every property divested, exclusive of value-added taxes ("**Divestment Fee**").

The total amount of (x) fees paid under the Property Management Agreement; and (y) the Management Fee, Acquisition Fee, and Divestment Fee (collectively referred to as "**Fund Management Fee**"), paid to the Fund Manager, in any given year, shall not exceed 1.0% of the Net Asset Value of the properties under management.

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

Fund Management Fee & Other Fees (exclusive of VAT) = (0.5% x Rental Income less straight-line adjustments) + (0.5% of acquisition price, for every property acquisition) + (0.5% of sales price for every property divested)

Termination of the Fund Management Agreement

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Fund Management Agreement;

- the cessation of the corporate existence of the Fund Manager or the Company, or

- the change of principal stockholders of the Fund Manager or the Company;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Fund Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Conflict of Interest

If the Fund Manager has a material interest in a transaction with or for our Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to our Company and has taken all reasonable steps to ensure fair treatment of our Company.

The Fund Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including our Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Fund Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of the Company. It shall fully disclose such policies to our Company.

The Fund Manager has adopted its "Policy and Procedure on Confidentiality" to protect the integrity and confidentiality of the information relating to the funds and properties of the Company. It has also adopted its "Related Party Transactions Policy" which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the SEC on material related party transactions.

Directors and Executive Officers of the Fund Manager

The Fund Manager's board of directors is entrusted with the responsibility for the overall management of the Fund Manager, while the Fund Manager's executive officers, particularly the President and Chief Executive Officer, are responsible for implementation and supervision of the business of the Fund Manager. The current position, role, and business and working experience of each of the directors and executive officers of the Fund Manager is set out below:

Name	Age	Nationality	Position	Director Since
Laura Suarez Acuzar	72	Filipino	Chairman of the Board & Independent Director	2022
Cecille Marie H. Bernardo	53	Filipino	President & Director	2022
Teodulo Antonio G. San Juan Jr.	54	Filipino	Independent Director	2022
Susana Montilla So	62	Filipino	Independent Director	2022
Arbin Omar P. Cariño	41	Filipino	Corporate Secretary & Chief Compliance Officer	-
Michelle E. Hernandez	38	Filipino	Director and Chief Financial Officer	2022
Adrian H. Bajador	36	Filipino	Chief Audit Executive	-
Joanna Pauline C. Pimentel	35	Filipino	Data Protection Officer	-

The Board of Directors of our Fund Manager (the "**Fund Manager's Board**") is responsible for the overall corporate governance of our Fund Manager including establishing goals for management and monitoring the achievement of these goals. Our Fund Manager is also responsible for the strategic business direction and risk management of our Company. All Fund Manager's Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of directors.

Our Fund Manager's Board has established a framework for the management of our Fund Manager and our Company, including a system of internal control and a business risk management process. Following Memorandum Circular No. 1, Series of 2020 issued by the SEC, our Fund Manager's Board comprises five members, three of whom are independent directors, with at least one (1) of them have a working knowledge of the real estate industry, fund management, corporate finance, or other relevant finance-related functions. The directors of the REIT and our Sponsors, jointly or separately, do not occupy more than 49% of the board of directors of our Fund Manager.

As of the date of this REIT Plan, the directors and executive officers of our Fund Manager have over 16 years of accumulated experience in the areas of fund management, corporate finance, other relevant finance-related functions, property management in the real estate industry or in the development of the real estate industry.

There are no positions held by the Fund Manager's directors and executive officers in the Company and none of the directors and officers of the Fund Manager has any shareholdings in the Company or interest in the Properties.

Information on the business and working experience of the Fund Manager's directors and executive officers is set out below:

Laura Suarez Acuzar, *Chairman of the Board and Independent Director.* Ms. Acuzar, 72, completed her Bachelor of Science in Commerce – Accountancy degree in the University of Santo Tomas, and Management Development Program in the Asian Institute of Management in 1981. In 1993, she finished the Advanced Management Program of Harvard Business School in Boston, USA. She was previously an Audit & Business Advisory Partner of SGV & Co., an Independent Director & Audit Committee Chairperson of Loyola Plans Consolidated Inc., and an Audit Committee Member of UST Hospital, Inc. Ms. Acuzar was also a Board and Audit Committee Member of Kerrisdale Community Center Society in Vancouver, BC, a Board Member and President of the UST Alumni Association, a Board Member of the Urban Inc. Productions Society, Vancouver BC, and a Charter Member and Incorporator of the Corporate Institute of the Philippines. In 2019, she assumed the position of Independent Director and Chairman Audit Committee of AllHome Corporation.

Cecille Marie H. Bernardo, *President and Director*. Ms. Bernardo, 53, graduated cum laude from the University of the Philippines with a degree in Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant and the top 6 in the 1991 CPA Board Examinations. She took a Master of Applied Finance at the University of Melbourne in 2002. She was previously an Audit Executive of SGV & Co., a Corporate Planning Manager of the MBVillar Group, a Commercial Finance Director of the Coca-Cola Export Corporation, and the President of AllBank (A Thrift Bank), Inc. She is a member of the Philippine Institute of Certified Public Accountants. In 2019, Ms. Bernardo became the Chief Procurement Officer of Vista Land and Lifescapes, Inc.

Teodulo Antonio G. San Juan Jr. *Independent Director.* Atty. San Juan, 54, graduated from the Ateneo de Manila University with a degree in Bachelor of Arts Major in Economics and earned his Bachelor of Laws in the University of the Philippines in 1996. He placed 7th in the 1997 Philippine Bar Examinations. Atty. San Juan was a Senior Partner in Castillo Laman Tan Pantaleon & San Jose Law Office from 2005 to 2017, the Corporate Secretary of UP Provident Fund, Inc. from 2008 to 2016, and the President and Chief Legal Officer of Prime Asset Ventures, Inc. from 2017 to 2020. He is currently a Partner in Gulapa & Lim Law Office and a Senior Lecturer in the University of the Philippines College of Law. Atty. San Juan also serves as a Director, Treasurer and/or Corporate Secretary of Almarteo Holdings, Inc., Alteo Holdings, Inc. and Margarita Elaro Holdings, Inc.

Susana Montilla So, *Independent Director.* Ms. So, 62, completed her Bachelor of Science in Commerce Major in Accounting from the University of Santo Tomas in 1983. Ms. So was previously a Manager/Account Officer in the Project Finance Department of the Union Bank of the Philippines, the First Vice President/Department Head of the Housing Finance Department of Planters Development Bank, and the Senior Vice President – Head of the Bids and Awards Committee of Property Company of Friends, Inc. In 2021, she retired as Consultant for the Bids and Awards Committee of Property Company of Friends, Inc.

Arbin Omar P. Cariño, *Corporate Secretary and Compliance Officer*. Atty, Cariño, 41, graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education - Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He also serves as the Corporate Secretary of AllBank (A Thrift Bank), Inc. and the Assistant Corporate Secretary of VProperty Management, Inc. He was previously associated with the law firms of Buñag & Lotilla Law Office from 2011 to 2012 as well as Kapunan Law Offices from 2008 to 2011.

Michelle E. Hernandez, *Director and Chief Financial Officer.* Ms. Hernandez, 38, graduated cum laude from the Pamantasan ng Lungsod ng Maynila with a degree in Bachelor of Science in Accountancy. She is a Certified Public Accountant. She served as the Finance Head and Chief Accountant of various Vista Land & Lifescapes, Inc. subsidiaries. Prior to her appointment, Ms. Hernandez served as Head Analyst of Vista Land & Lifescapes, Inc.

Adrian H. Bajador, *Chief Audit Executive.* Mr. Bajador, 36, graduated magna cum laude from the University of the Philippines Diliman with a degree in Bachelor of Science in Business Administration and Accountancy. He placed 8th in the October 2008 Certified Public Accountant Licensure Exam. He was previously the Junior Accounting Controller of Double A (1991) Public Company and the Assistant Vice President in Citibank N.A. In 2021, he joined Prime Asset Ventures, Inc. as a Senior Financial Analyst.

Joanna Pauline C. Pimentel, *Data Protection Officer.* Atty. Pimentel, 35, graduated from the Ateneo de Manila University with a degree in Bachelor of Arts in Management Economics in 2008. She received her Juris Doctor from the Ateneo de Manila Law School in 2012 and her Masters of Law from the Columbia University – Law School in 2020. She previously worked as a Junior Associate for Sycip Salazar Hernandez & Gatmaitan Law, a Court Attorney for the Supreme Court of the Philippines, and was the Chief of Political Affairs in the House of Representatives. Atty. Pimentel is currently working as an In-House Lawyer for Vista Land and Lifescapes, Inc.

As of the date of this REIT Plan, the Fund Manager has engaged the Cecille Marie H. Bernardo as its President and two (2) full-time and qualified professional employees namely Michelle E. Hernandez and Rosalia G. Domingo. All of them have track record and experience in financial management and real estate industry of at least 3 years prior to joining the Fund Manager. Cecille Marie H. Bernardo has 10 years of experience, Michelle E. Hernandez has 18 years of experience, and Rosalia G. Domingo has 25 years of experience.

Michelle E. Hernandez and Rosalia G. Domingo are both full-time and qualified professional employees with full-time supervision of the business of the Fund Manager.

Rosalia G. Domingo is employed as an accountant of the Fund Manager.

The following officers overlap between the Company, the Fund Manager, and the Property Manager:

Name of Officer	Company	Fund Manager	Property Manager
Arbin Omar P. Cariño	-	Corporate Secretary	Assistant Corporate Secretary

Involvement in Certain Legal Proceedings of Directors and Officers of the Fund Manager

To the best of our knowledge, none of the above-named directors or executive officers has, in the last five years, been subject to the following:

- 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, including the nature of the offense, 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;

- 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 or her involvement in any type of business, securities, commodities, or banking activities; or

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Corporate Governance

The Fund Manager is currently subject to the principles of corporate governance required by the SEC. The Fund Manager will strive to meet all requirements for corporate governance as set forth in the rules for secondary license.

Related Party Transactions

Review Procedures for Related Party Transactions

In general, the Fund Manager has established internal control procedures to ensure that all future transactions involving the Company and a related party of the Fund 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 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 or Sponsors, or obtaining a valuation from an independent valuer (in accordance with, among other things, the REIT Law). Moreover, in respect of material related party transactions or transactions requiring prior authority, the Fund Manager has set review and approval requirements by its Board of Directors including the independent directors

Existing Related Party Transactions

Other than the Fund Management Agreement, the Fund Manager has no other existing related party transactions with the Company.

THE PROPERTY MANAGER

Our Property Manager is VProperty Management, Inc. (formerly LET Ventures, Inc.), which was incorporated on 6 August 2019. Its primary purpose is to engage in the business of providing property management, lease management, marketing, and project management and such other duties and functions necessary and incidental to property management. Our Property Manager is a wholly-owned subsidiary of Vista Residences, Inc., which in turn is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc.

Pursuant to the Property Management Agreement entered on August 19, 2022 between our Company and our Property Manager, our Property Manager shall have the overall responsibility for the day-to-day property management functions in accordance with the terms of the Property Management Agreement. The Property Manager shall manage the execution of new leases and renewing or replacing expiring leases as well as overall management, maintenance and repair of the Properties (except to the extent where responsibility for the same are borne by the lessees, in which case, the responsibility of the Property Manager shall be to oversee, supervise and ensure compliance by the lessee with such obligations), formulation and implementation of policies and programs in respect of facility management, maintenance and improvement, secure and administer routine management services including security control, fire precautions, communication systems and emergency management.

While the maintenance and repair of the Properties is a contractual obligation of the Sponsors (as lessees) pursuant to their respective lease agreements, the Property Manager still has the obligation to oversee and supervise such maintenance or repair, and to ensure that the lessees carry out such obligations according to the terms of the lease agreements.

To this end, the Property Manager shall have the right to engage, at PREIT's or the lessee's expense, third party power industry specialists or other qualified service providers to assist and facilitate the performance by the Property Manager's responsibilities in respect of the maintenance and repair of the leased assets.

As of the date of this REIT Plan, the directors and executive officers of the Property Manager have over 18 years of accumulated experience in commercial real estate operations, leasing, and property 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. As of the date of this REIT Plan, the Property Manager has no assets under management apart from the assets of Vista REIT, Inc. and the Company's assets. The Property Manager has engaged two full-time professionals Mari-Karr M. Cachuella and Louella M. Fernandez, with track records and experience in property management and real estate industry of at least 5 years prior to joining the Property Manager. Mari-Karr M. Cachuella has 14 years of experience while Louella M. Fernandez has 18 years of experience. The Property Manager will employ additional staff as the need arises. The Property Manager will set up an internal audit group that will oversee the internal control system of VProperty Management, Inc. and it will also adopt SAP software for the operational, financial reporting and business analytics processes. The Property Manager intends to employ staff that can support its day-to-day operations. For other services, such as janitorial, technical, and security services, the Property Manager may engage third-party service providers. See "*Business – Third Party Service Providers*".

The Property Manager shall maintain sufficient financial resources at its disposal to enable it to conduct its business effectively and meet its liabilities.

Operations

The Property Manager performs day-to-day property management functions at the Properties pursuant to the Property Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Property Manager. See "*Certain Agreements Relating to our Company and the Properties—Property Management Agreement*." These functions include managing the execution of new leases and renewing or replacing expiring leases as well as marketing and promotion of the Properties. In addition, the Property Manager will oversee the overall management of maintenance and repair of the structure of the Properties; the formulation and implementation of policies and programs in respect of building management; maintenance and improvement; securing and administering routine management services, including security control, fire precautions, communication systems and emergency management.

Property Management Fee

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Annual Rental Income less straight-line adjustments, exclusive of value added taxes, provided that the total of such fee (the "Property Management Fee") and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed, as provided under the rules of the REIT Law.

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

Property Management Fee = 1.50% x Rental Income less straight-line adjustments

Termination of the Property Management Agreement

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Property Management Agreement;
- the cessation of the corporate existence of the Property Manager or the Company;
- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and
- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Property Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Conflict of Interest

If the Property Manager has a material interest in a transaction with or for our Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to our Company and has taken all reasonable steps to ensure fair treatment of our Company. None of the directors of the Property Manager currently holds any interest in the property owned by or definitely proposed to be acquired by our Company.

The Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including our Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Property Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of our Company. It shall fully disclose such policies to our Company.

The Property Manager has adopted its “Policy and Procedure on Confidentiality” to protect the integrity and confidentiality of the information relating to the funds and properties of our Company. It has also adopted its “Related Transactions Policy” which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the SEC on material related party transactions.

Directors and Executive Officers of the Property Manager

The Property Manager’s board of directors is entrusted with the responsibility for the overall management of the Property Manager, while the Property Manager’s executive officers, particularly the President and Chief Executive Officer, are responsible for implementation, and shall be available at all times to supervise the business of the Property Manager. The current position, role, and business and working experience of each of the directors and executive officers of the Property Manager is set out below:

Name	Age	Nationality	Position	Director Since
Marcelino C. Mendoza	68	Filipino	Chairman of the Board	2022
Mari-Karr M. Cachuella	50	Filipino	Director and President	2022
Marilou O. Adea	71	Filipino	Independent Director	2022
Ruben O. Fruto	84	Filipino	Independent Director	2022
Cherrylyn P. Caoile	47	Filipino	Independent Director	2022
Ma. Nalen S.J. Rosero	51	Filipino	Corporate Secretary	-
Arbin Omar P. Carino	41	Filipino	Assistant Corporate Secretary	-
Louella M. Fernandez	40	Filipino	Chief Financial Officer	-
Jefferson N. Enteria	34	Filipino	Chief Audit Executive	-
Christopher John A. Torres	37	Filipino	Data Protection Officer	-

The directors and executive officers of our Property Manager have over 180 years of accumulated experience in commercial real estate operations, leasing, and property management. Our Property Manager’s executive officers will be primarily responsible for the management of our Properties, pursuant to our Property Management Agreement.

The Property Manager has three Independent Directors with a combined working knowledge of the real estate industry of 62 years.

The Property Manager’s real estate appraiser is Asian Appraisal, Inc.

The Chairman, Marcelino C. Mendoza and President, Mari-Karr M. Cachuella, are the two responsible officers of the Property Manager, and each has more than three years track record in property portfolio management. There are no positions held by the Property Manager’s directors and executive officers in the Company and none of the directors and officers of the Property has any shareholdings in the Company or interest in the Properties.

Information on the business and work experience of the Property Manager’s directors and executive officers is set out below:

Marcelino C. Mendoza, *Chairman of the Board.* Mr. Mendoza, 68, graduated from the University of the Philippines with a degree in Bachelor of Science in Industrial Engineering in 1976. He completed his Master in Business Administration degree at the Ateneo de Manila Graduate School of Business in 1984. He also received his Certificate for Advance Course in Successful Communities from the Harvard University Graduate School of Design in 1987. He is an Industrial Engineer. He held various positions within Vista Land and Lifescapes, Inc.

including serving as its Chief Financial Officer from 2007 to 2009 and its Chairman of the Board from 2008 to 2013. Mr. Mendoza also served as the President and Chairman of the Board of MGS Construction, Inc. In 2015, he assumed his position as Chairman of the Board of Bria Homes, Inc. Mr. Mendoza is also a member of the Organization of Socialized Housing Developers Association of the Philippines, Inc. (OSHDP) which he also currently chairs.

Mari-Karr M. Cachuella, *Director and President.* Ms. Cachuella, 50, completed her Bachelor of Science in Interior Design from the University of the Philippines Diliman in 1994. She previously served as the Vice President for Commercial and Retail Customer Service of Union Bank of the Philippines, Senior Vice President/Operations Head of SITEL Philippines, and Vice President for Customer Service of SM Development Corporation. Ms. Cachuella is currently the Property Management Operations Head of GlobalLand Property Management, Inc.

Marilou O. Adea, *Independent Director.* Ms. Adea, 71, is currently a Consultant of FBO Management Network, Inc. and a Director of Malarayat Rural Bank, Inc. She was the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc., Manuela Corporation and 3N2J Shipping & Trading Services, Inc. Ms. Adea previously served as the Independent Director for Vista Land and Lifescapes, Inc. from 2007 to 2021, Project Director for Site Acquisition Director of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea worked with the Home Development Mutual Fund from 1978 to 1986. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

Ruben O. Fruto, *Independent Director.* Atty. Fruto, 84, graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu & La O' and the Oben, Fruto & Ventura Law Office. In February 1987, he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines and Director from 1991 to 1998. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from private practice in corporate and civil litigation, he is also of Counsel of Feria Tantoco Daos Law Office. He is also currently General Counsel of Wallem Philippines, Inc. and Wallem Philippines Shipping, Inc., and Legal Counsel of Toyota Balintawak, Inc., Toyota North Edsa, Inc. and Marc Properties Corporation.

Cherrylyn P. Caoile, *Independent Director.* Ms. Caoile, 47, received her Juris Doctor from the Ateneo de Manila School of Law, and her degree of Bachelor of Science in Legal Management from the De La Salle University. She was as Assistant Professor in the Commercial Law Department at the De La Salle University from 2003 to 2005, and a Partner at Picazo Buyco Tan Fider & Santos from 2009 to 2019. Presently aside from private practice, she is also a member of the Committee on Economic Affairs at the House of Representatives. Atty. Caoile is currently the Chairman of the Board at Taipan Security Services, Inc. and the Independent Director for Vistamalls, Inc.

Ma. Nalen S.J. Rosero. *Corporate Secretary.* Atty. Rosero, 51, graduated salutatorian from the San Beda College of Law in 1997. She is currently the Corporate Secretary and a Director of the following companies: Household Development Corporation, Brittany Corporation, Crown Asia Properties, Vista Residences, Inc., Communities Philippines, Inc., Camella Homes, Inc., Mandalay Resources, Inc., Prima Casa Land & Houses, Inc., Vista Leisure Club, Inc., and Brittany Estates Corporation. She is also a Director of Manuela Corporation and Masterpiece Properties, Inc., and the Corporate Secretary of Vistamalls, Inc. From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga & Cruz (ACCRA) Law Offices. On September 11, 2013, Atty. Rosero was designated as Compliance Officer and Chief Information Officer of Vista Land and Lifescapes, Inc.

Louella M. Fernandez¸ *Chief Financial Officer*. Ms. Fernandez, 40, graduated cum laude with a degree in Bachelor of Science in Accountancy from Jose Rizal University in 2004. She is a Certified Public Accountant. She served various positions under Vista Land and Lifescapes, Inc. and its subsidiaries including Cost Accounting Head from 2016 to 2017 and Finance Head from 2017 to 2019. Ms. Fernandez currently serves as the Controller of GlobalLand Property Management, Inc. She is also a member of the Philippine Institute of Certified Public Accountants.

Jefferson N. Enteria, *Chief Audit Executive.* Mr. Enteria, 34, graduated from the Polytechnic University of the Philippines with a degree in Bachelor of Science in Accountancy in 2009. He is a Certified Public Accountant.

Mr. Enteria is currently the Internal Audit Head of Vista Land and Lifescapes, Inc. He is also a member of the Institute of Internal Auditors of the Philippines.

Christopher John A. Torres, *Data Protection Officer.* Atty. Torres, 37, earned his Bachelor of Arts Major in Political Science from the University of San Carlos in 2006 and his Bachelor of Laws from the San Beda College in 2010. He previously worked as a Lawyer in SGV & Co., De Guzman San Diego Mejia and Hernandez Law Office, and in Cayetano Sebastian Dado and Cruz Law Office. Atty. Torres currently serves as an In-House Lawyer in Vista Land and Lifescapes, Inc. He is also a member of the Integrated Bar of the Philippines (Manila IV Chapter).

Arbin Omar P. Cariño, *Assistant Corporate Secretary*. Atty, Cariño, 41, graduated from the De La Salle University with a double degree in Bachelor of Science in Chemistry and Bachelor of Secondary Education - Major in Physics and Math. He earned his law degree from San Beda College of Law in 2008. He is currently the Legal Counsel of Household Development Corporation. He also serves as the Corporate Secretary of AllBank (A Thrift Bank), Inc. and the Assistant Corporate Secretary of VFund Management, Inc. He was previously associated with the law firms of Buñag & Lotilla Law Office from 2011 to 2012 as well as Kapunan Law Offices from 2008 to 2011.

As of the date of this REIT Plan, the Property Manager has engaged two full-time professionals Mari-Karr M. Cachuella and Louella M. Fernandez, with full-time supervision of the business of the Property Manager, with track records and experience in property management and real estate industry of at least 5 years prior to joining the Property Manager. Mari-Karr M. Cachuella has 14 years of experience while Louella M. Fernandez has 18 years of experience.

The following individuals serve as interlocking directors and/or officers of the Company, the Fund Manager, and the Property Manager:

Name of Officer	**Company**	**Fund Manager**	**Property Manager**
Arbin Omar P. Cariño	-	Corporate Secretary and Chief Compliance Officer	Assistant Corporate Secretary

Involvement in Certain Legal Proceedings of Directors and Officers of the Property Manager

To the best of our knowledge, none of the above-named directors or executive officers has, in the last five years, been subject to the following:

- 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, including the nature of the offense, 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;

- 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 or her involvement in any type of business, securities, commodities, or banking activities; or

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Related Party Transactions

Review Procedures for Related Party Transactions

In general, the Property Manager has established a related party transactions policy to ensure that all future transactions involving the Company and a related party of the Property Manager or the Sponsor 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 material related party transactions or transactions requiring prior authority, the Property Manager has set review and approval requirements by its Board of Directors including the independent directors.

Existing Related Party Transactions

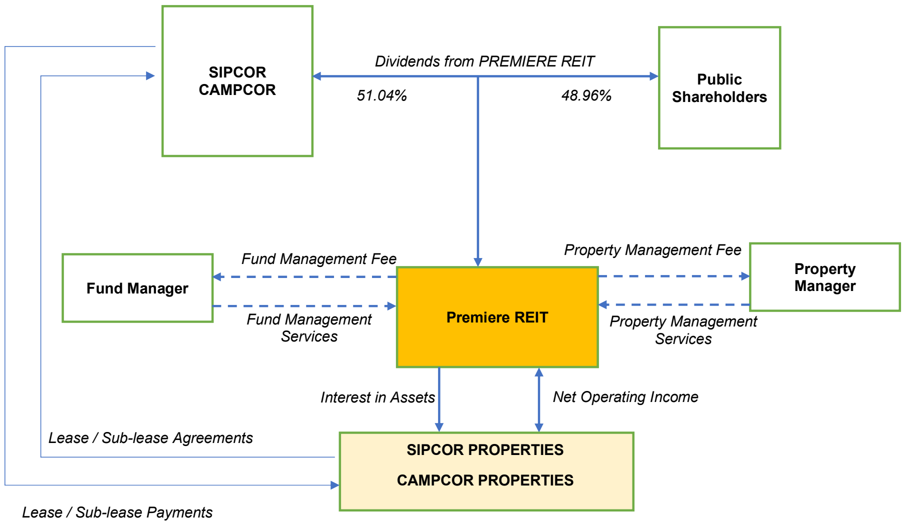
Other than the Property Management Agreement, the Property Manager has no other existing related party transactions with the Company.

THE STRUCTURE OF THE REIT

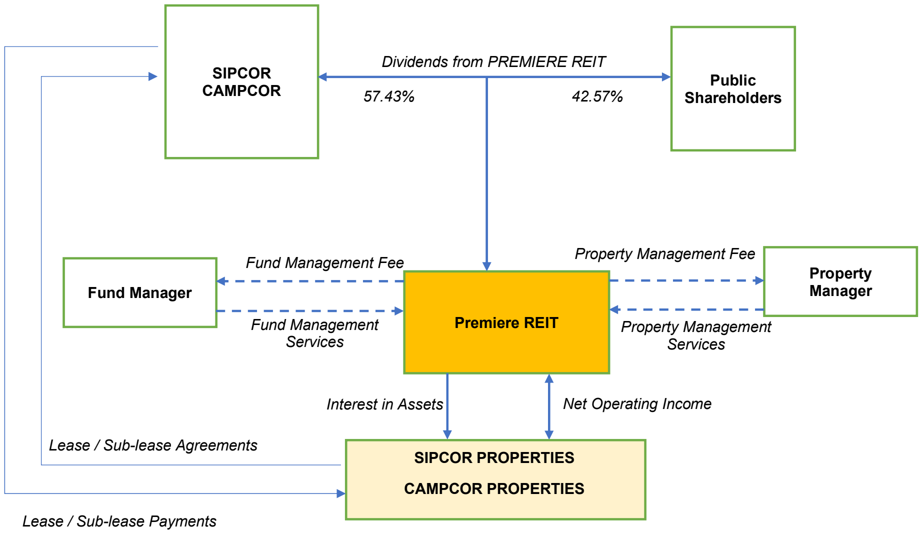
OPERATIONAL STRUCTURE

Our Company is a domestic corporation that will operate as a REIT. The operational and ownership structure of our Company, following the Listing Date, is illustrated in the following diagram:

(i) Assuming the full exercise of the Overallotment Option:



(ii) Assuming non-exercise of the Overallotment Option:



The Fund Manager and the Property Manager are independent from the Sponsors.

Pursuant to the provisions of the REIT Law and the Fund Management Agreement, the Fund Manager must implement the investment strategies of the REIT by determining the allocation of the Company's assets to the allowable investment outlets in accordance with this REIT Plan and our investment strategies and selecting income-generating real estate in accordance with the investment strategies of the Company. Notwithstanding the written instructions of our Company, the Fund Manager has the fiduciary responsibility to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions. See – *The Fund Manager and Property Manager – The Fund Manager*.

The principal investment mandate and strategy of the Company is to invest on a long-term basis in critical real estate and infrastructure that will not only expand its portfolio but enable the Company to attain its objective of meaningfully contributing to the promotion of clean, renewable and sustainable energy, as well as continue its progress on expanding social and missionary electrification.

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 once said properties are in operation. To meet the Company's investment criteria, a potential property should:

- be capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;

- may be utilized for hybrid power generation facilities consisting of (i) renewable energy and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;

- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and

- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the FIT, the GEAP, or such successor programs headed or managed by the DOE.

Through the Property Manager, PremiereREIT intends to expand its assets portfolio, maximize the operational efficiency of the Properties and, with the help of the Fund Manager, maximize investment yields and profitability margins. See "*Business and Properties—Investment Policy*."

Our Company generates returns for its Shareholders by owning, and managing, real estate properties in line with its investment strategy. See "*Business and Properties—Key Strategies*" for more details.

By operating pursuant to our investment strategy and under the provisions of the REIT Law, our Company benefits from preferential tax treatment. Instead of being subject to income tax on our Company's taxable net income as defined in Chapter IV, Title II of the Tax Code, our Company's income tax liability is instead based on its taxable net income as defined in the REIT Law, which allows for the dividends distributed by the Company to the Company's Shareholders to be deducted for the purposes of determining the Company's taxable net income. See "*Regulatory and Environmental Matters—Real Estate Laws—Taxation of REITs*".

DESCRIPTION OF THE SHARES

The following is general information relating to our capital stock but does not purport to be complete or to give full effect to the provisions of law and is in all respects qualified by reference to the applicable provisions of our Articles of Incorporation and By-Laws.

The Offer Shares shall be offered at a price of up to ₱[2.00] per Offer Share (the Offer Price). The determination of the Offer Price is further discussed on page 83 of this REIT Plan. Upon completion of the Offer, a total of [3,288,669,000] common shares will remain issued and outstanding. The number of the Company's outstanding shares will not change with the completion of the Offer. All the issued and outstanding shares of the Company, including the Offer Shares, will be listed and traded on the Main Board of the PSE.

Share Capital Information

As of the date of this REIT Plan, we have an authorized capital stock of Seven Billion Five Hundred Million Pesos (₱7,500,000,000), divided into 7,500,000,000 common shares with a par value of ₱1.00 per share. As of the date of this REIT Plan, we have [3,288,669,000] common shares issued and outstanding. We have no shares held in treasury.

The Offer Shares will consist of up to [1,400,000,000] Firm Shares and up to [210,000,000] Option Shares. The Firm Shares will comprise shares owned by the Selling Shareholders to be offered and issued by way of a secondary offer.

Rights Relating to Shares

The key rights of Shareholders include rights to:

- Receive income and other distributions attributable to the shares held;
- Receive audited accounts and the annual reports of our company; and
- Participate in the termination of our company by receiving a share of all net cash proceeds derived from the realization of the assets of our company less any liabilities, in accordance with their proportionate interests in our company. However, no shareholder has a right to require that any asset of our company be transferred to him, her or it.

Voting Rights of Shares

Each common share is entitled to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in our books at the time of the closing of the transfer books for such meeting.

In accordance with Section 23 of the Corporation Code, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

Our common shares have full voting rights. However, the Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the Board of Directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights of Common Shares

We are allowed to declare dividends out of our unrestricted retained earnings at such times and in such percentages as may be determined by our Board of Directors. Such determination will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things.

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 our outstanding capital stock. The Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares." Such shareholders' approval may be given at a general or special meeting duly called for such purpose.

Under the REIT Law, our shareholders are entitled to annual dividends, amounting to at least ninety percent (90%) of our distributable income. Distributable income excludes proceeds from the sale of the REIT's assets that are re-invested by the REIT within one year from the date of the sale. See "*Dividends and Dividend Policy*."

Rights of Shareholders to Residual Assets of the Company

Each holder of a Share is entitled to a pro rata share in our assets available for distribution to the shareholders in the event of dissolution, liquidation and winding up.

Pre-emptive Rights

Pursuant to our Articles of Incorporation, our stockholders have no pre-emptive right to subscribe to any issue or disposition of shares of any class of the Company.

Appraisal Rights

Under Philippine law, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;

- in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;

- in case of merger or consolidation;

- in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and

- in case of extension or shortening of the term of corporate existence.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. The appraisal rights may be exercised by the dissenting stockholder by making a written demand within 30 days after the date on which the vote was taken on the corporate action. The failure to make the demand within the period shall be deemed a waiver of the appraisal rights.

The payment to the dissenting stockholder of the fair value of his shares will only be available if our Company has unrestricted retained earnings to cover such purchase. From the time the shareholder makes a demand for payment until the Company purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

Derivative Rights

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Right of Inspection

It is a recognized right of a shareholder to inspect the corporate books, records of all business transactions of the corporation and the minutes of any meeting of the Board and shareholders at reasonable hours on Banking Days and may demand a copy of excerpts from such records or minutes at his or her expense. On the other hand, the corporation may refuse such inspection if the shareholder demanding to examine or copy the records of the corporation has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

Another recognized right of a shareholder is the right to be furnished with the most recent financial statement of the corporation, which shall include a balance sheet as of the end of the last taxable year and a profit and loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certified by an independent certified public accountant.

Change in Control

There are no existing provisions in our Articles of Incorporation or By-Laws which will delay, defer or in any manner prevent a change in control of the Company.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes, one of which is the election of directors. Our by-laws provide for annual meetings on the [3rd Monday of June] of each year, and if a legal holiday, then on the day following.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by the Board of Directors, at its own instance, or at the request of stockholders representing a majority of the outstanding capital stock, or the President.

Pursuant to Section 49 of the Corporation Code, stockholders may propose the holding of a special meeting and items to be included in the agenda. Shareholders who, alone or together with other shareholders, hold at least 5.0% of the outstanding capital stock of a publicly-listed company have the right to include items on the agenda prior to the regular/special stockholders' meeting. Moreover, shareholders of a publicly-listed company holding at least 10.0% or more of the outstanding capital stock may call for a special stockholders' meeting, subject to the guidelines set under Section 49 of the Revised Philippine Corporation Code, SEC Memorandum Circular No. 7 (series of 2021) ("**SEC Circular No. 7**"), and other relevant regulations. The shareholders calling for the special stockholders' meeting must have held the shares for a period of at least one year prior to the receipt by the Corporate Secretary of a written call for a special stockholders' meeting.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. Notices for the meetings shall be sent by the Secretary by personal delivery, by mail or electronic message at least [two weeks for regular meetings and one week for special meetings], or such other period as may be allowed by applicable regulation, prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any shareholder, in person or by proxy, before or after the meeting.

When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is decided. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

For a special stockholders' meeting called pursuant to SEC Circular No. 7, the Board shall issue the notice to convene the stockholders' meeting at least seven days prior to the proposed date of the special meeting after a determination that the objectives and conditions in the written call are consistent with the requirements of SEC Circular No. 7.

Quorum

Unless otherwise provided by law or an existing shareholders' agreement, shareholders who own or hold a majority of the outstanding capital stock must be present or represented in all regular or special meeting of shareholders in order to constitute a quorum, except in cases where the Corporation Code provides a greater percentage vis-a-vis the total outstanding capital stock. If no quorum is constituted, the meeting shall be adjourned until shareholders who own or hold the requisite number of shares shall be present or represented.

Upon approval of and upon notice by the Board of Directors, meetings may be attended by the stockholders either in person or through video or teleconference or such other means as may be subsequently permitted by applicable law or regulation.

Voting

The shareholders may vote at all meetings the corresponding number of shares registered in their respective names, either in person or by proxy duly appointed as discussed herein below.

Fixing Record Dates

The Board of Directors has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their shares voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. In lieu of fixing the record date, the Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding 60 days nor less than 30 days preceding the date of any meeting of shareholders.

Pursuant to SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than ten and not more than 30 days from the date of declaration of cash dividends.

In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the SEC and shall be indicated in the SEC order which shall not be less than 10 days nor more than 30 days after all clearances and approvals by the Philippine SEC shall have been secured. Regardless of the kind of dividends, the record date set shall not be less than ten trading days from receipt by the PSE of the notice of declaration of the dividend.

Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy. A proxy shall be in writing and duly presented to and received by the Corporate Secretary for inspection and recording within five Banking Days prior to the scheduled meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary. No proxy shall be valid and effective for a period longer than five years at any one time.

No member of the PSE and no broker/dealer shall give any proxy, consent or authorization, in respect of any securities carried for the account of a customer to a person other than the customer, without the express written authorization of such customer. The proxy executed by the broker shall be accompanied by a certification under oath stating that before the proxy was given by the broker, he had duly obtained the written consent of the persons in whose account the shares are held. There shall be a presumption of regularity in the execution of proxies and proxies shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge. Proxies are required to comply with the relevant provisions of the Corporation Code, the SRC, the Implementing Rules and Regulations of the SRC (as amended), and SEC Memorandum Circular No. 5 (series of 1996) issued by the SEC.

Issue of Shares

The Shares, when listed on the PSE, may be traded on the PSE. For so long as our Company is listed on the PSE, the Company may, subject to provisions of our Company's Organizational Documents and the REIT Law, issue further Shares, at an issue price determined in accordance with the applicable provisions of our Organizational Documents and the REIT Law.

Any suspension of the issue of Shares will be announced to the PSE.

Investors should note that the Fund Manager will not be required to redeem or repurchase any Shares so long as our Company is listed on the PSE. It is intended that Shareholders deal in their Shares through trading on the PSE. Subject to applicable limitations, we may issue additional shares to any person for consideration deemed fair by our Board, provided said consideration shall not be less than the par value of the issued shares. All of the shares of stock of the REIT shall be issued in the form of uncertificated securities. Investors may not require the Company to issue a certificate in respect of any share recorded at their name. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Transfer of Common Shares

All the issued and outstanding shares of the Company will be in scripless form through the electronic book-entry system of the Company's stock transfer agent and lodged with the depository agent as required by the PSE. Legal title to uncertificated shares will be shown in an electronic register of shareholders which shall be maintained by the stock transfer agent of the Company. See "*The Philippine Stock Market*" on page 212 of this REIT Plan.

Under Philippine law, transfer of the Shares is not required to be effected on the PSE, but any off exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transaction tax applicable to transfers effected on an exchange. See "*Taxation*" on page 218 of this REIT Plan. All transfers of Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Share Register

Our share register is maintained at the principal office of our stock transfer agent, Stock Transfer Services, Inc.

Mandatory Tender Offer

Pursuant to the SRC and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months;
- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders; or
- equity which would result in ownership of over 50% of the outstanding equity securities of a public company.

Pertaining to the first instance, when the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholder with whom the acquirer may have been in private negotiations and the minority shareholders.

Pertaining to the second instance, the tender offer shall be made for all the outstanding voting shares. The sale of shares pursuant to the private transaction with the stockholders shall not be completed prior to the closing and completion of the tender offer.

Pertaining to the third instance, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer shall be required to accept all securities tendered.

Further, no mandatory tender is required in:

- purchases of shares from unissued capital stock unless such purchases will result in a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the Board;
- purchases from an increase in the authorized capital stock of the target company;
- purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;
- purchases in connection with a privatization undertaken by the government of the Philippines;
- purchases in connection with corporate rehabilitation under court supervision;
- purchases through an open market transaction at the prevailing market price; or
- purchases resulting from a merger or consolidation.

Fundamental Matters

The Corporation Code provides that the following acts of a corporation require the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the corporation: (i) amendment of the articles of incorporation; (ii) removal of directors; (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation; (iv) investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized; (v) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws; (vi) merger or consolidation; (vii) an increase or decrease in capital stock; (viii) dissolution; (ix) extension or shortening of the corporate term; (x) creation or increase of bonded indebtedness; (xi) declaration of stock dividends; (xii) management contracts with related parties; and (xiii) ratification of contracts between the corporation and a director or officer.

Further, the approval of shareholders holding a majority of the outstanding capital stock of a Philippine corporation, including non-voting shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of our operations for the preceding year. This report is required to include audited financial statements.

SUBSTANTIAL HOLDINGS

While there is no rule specifically mandating the reporting to the PSE of any substantial changes in shareholdings, the REIT Law and the PSE Listing Rules adopt the disclosure and reportorial requirements under the SRC.

Our Company is therefore subject to the provisions of the Corporation Code and SRC, which state that any person who acquires directly or indirectly the beneficial ownership of more than 5% of a class of shares or in excess of such lesser percentage as the SEC by rule may prescribe, shall, within ten days after such acquisition or such reasonable time as fixed by the SEC, submit to the issuer of the securities, to the PSE, and to the SEC a sworn statement, containing the following information and such other information as the SEC may require in the public interest or for the protection of investors:

- the personal background, identity, residence, and citizenship of, and the nature of such beneficial ownership by, such person and all other person by whom or on whose behalf the purchases are effected; in the event the beneficial owner is a juridical person, the business of the beneficial owner shall also be reported;

- if the purpose of the purchases or prospective purchases is to acquire control of the business of the issuer of the securities, any plans or proposals which such persons may have that will effect a major change in its business or corporate structure;

- the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by; (i) such person, and (ii) each associate of such person, giving the background, identity, residence, and citizenship of each such associate; and

- information as to any contracts, arrangements, or understanding with any person with respect to any securities of the issuer including but not limited to transfer, joint ventures, loan or option arrangements, puts or call guarantees or division of losses or profits, or proxies naming the persons with whom such contracts, arrangements, or understanding have been entered into, and giving the details thereof.

As of the date of this REIT Plan, the Sponsors, in the aggregate, hold more than 5% of our Company's issued and outstanding Shares.

CONTINUATION OF OUR COMPANY

Under the provisions of the Corporation Code and the Company's Amended Articles of Incorporation, our Company shall have perpetual existence.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The overall management and supervision of the Company is undertaken by the Board. Our executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning our business operations, financial condition and results of operations for its review. Currently, the Board consists of seven (7) members, consisting of four (4) regular directors and three (3) independent directors.[100] The directors named below were elected at the Company's special stockholders meeting on June 24, 2022. All directors will hold office until their successors have been duly elected and qualified. Other than as a stockholder of the Company, no director currently holds any interest in any property owned by or definitely proposed to be acquired by our Company.

THE BOARD AND SENIOR MANAGEMENT

The following table sets forth the Board of Directors of the Company:

Name	Age	Nationality	Position	Director Since
Garth F. Castañeda	41	Filipino	Chairman and Independent Director	2022
Cynthia J. Javarez	59	Filipino	Director	2022
Jose Rommel C. Orillaza	54	Filipino	Director	2022
Manuel Paolo A. Villar	46	Filipino	Director	2022
Leonardo Singson*	43	Filipino	Independent Director	2022
Timothy Joseph M. Mendoza	41	Filipino	Director	2022
Maria Isabel J. Rodriguez*	39	Filipino	Independent Director	2022

** These directors have been elected by the stockholders of the Company subject to the approval by the Securities and Exchange Commission of the amendments to the Company's Articles of Incorporation to increase the board seats from five (5) to seven (7).*

The following table sets forth our key executive and corporate officers ("**Senior Management**"):

Name	Age	Position	Citizenship
Timothy Joseph M. Mendoza	41	President and Chief Executive Officer	Filipino
Jose Rommel C. Orillaza	54	Chief Operating Officer	Filipino
Maryknoll B. Zamora	51	Treasurer and Chief Finance Officer	Filipino
Robert Marlon T. Pereja	43	Business Development Head	Filipino
Vincent Kitto N. Jacinto	42	Investor Relations Officer	Filipino
Karen G. Empaynado	35	Corporate Secretary	Filipino

The Company's management team is composed of individuals who have spent their careers in the Philippine real estate industry and have gained valuable experience as long-time employees of PAVI or the PAVI Group. Together with the independent directors of the Board, the team boasts of a combined and accumulated work experience of 131 years. The valuable experience gained in management positions throughout the Group enhance our Company's management team's ability to understand the dynamic Philippine real estate market and to coordinate seamlessly with our Company's related parties, including PAVI. Combining leading-edge product innovation with prudent and effective risk management practices, the Group manages a complex portfolio of projects and developments and is able to thrive and prosper through the cyclical nature of the real estate industry. The PAVI Group employs a proven and highly-credible management talent pool across all levels of the organization, most with experience across multiple business lines.

[100] An application for the amendment of the Articles of Incorporation to (i) changing our corporate name to Premiere Island Power REIT Corporation; (ii) changing our Company's primary purpose to engage in the business of a real estate investment trust as provided under the REIT Regulations; (iii) increasing the number of our Board of Directors from five (5) to seven (7); (iv) denying the stockholders' pre-emptive rights; and (iv) amendments on the PSE lock-up requirement has been submitted to the Securities and Exchange Commission on August 19, 2022 and is currently under review.

Set out below is a summary of the relevant experience of our Company's management team:

Key Officers	Position	Track Record (Years of Experience)	Finance	Fund Management	Property Management	Real Estate
Timothy Joseph M. Mendoza	President and Chief Executive Officer	16	✓	✓	✓	✓
Jose Rommel C. Orillaza	Chief Operating Officer	33	✓	✓	✓	✓
Maryknoll B. Zamora	Treasurer and Chief Finance Officer	28	✓	✓	✓	✓
Robert Marlon T. Pereja	Business Development Head	21	✓			✓
Vincent Kitto N. Jacinto	Investor Relations Officer	20	✓			✓
Karen G. Empaynado	Corporate Secretary	13	✓			
Average Experience in years		23				

There are no planned changes in our Company's senior management in the foreseeable future.

The following states the business experience of our incumbent directors and officers for the last five years:

Garth F. Castañeda, *Independent Director and Chairman.* Atty. Castañeda, 41, graduated from the University of Sto. Tomas with a degree in Bachelor of Science in Accountancy in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006. He is a Certified Public Accountant. In 2014, he worked as a Consultant in the Privatization Management Office in the Department of Finance. He previously worked as an Associate in Puno and Puno Law Offices, an Associate in Sycip Salazar Hernandez Gatmaitan and a Senior Tax Associate in SGV & Co. Atty. Castañeda is currently a Partner in SYMECS Law and acts as counsel for various companies including Metro Pacific Investments Corporation, SN Aboitiz Power Corporation, North Luzon Renewable Energy Corporation, NorthWind Power Development Corporation, Collab Asia Philippines, Inc., among others.

Timothy Joseph M. Mendoza, *Director, President and CEO*. Atty. Mendoza, 41, graduated from the Ateneo de Manila University with a degree in Bachelor of Arts Major in Political Science Minor in Hispanic Studies in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006, ranking 9th highest grade overall in the 2006 Bar Examinations. He joined the law firm of Picazo Buyco Tan Fider & Santos in 2006 as a Junior Associate and became a Partner from 2014 to 2017. From 2017 to 2020, he worked as Partner for Quisumbing Torres, a member firm of Baker McKenzie International as the head of the Banking and Finance Practice Group, Financial Institutions Group, FinTech Focus Group, and Restructuring and Insolvency Focus Group. For the years 2018, 2019 and 2020, Atty. Mendoza was ranked as a Leading Lawyer for Banking and Finance by the Chambers and Partners Asia-Pacific. In 2020, he was also ranked as a Leading Lawyer for Corporate and Finance by the Chambers and Partners Global and a Rising Star for Banking and Financial Services by the AsiaLaw Leading Lawyers. For the years 2018 and 2019, he was cited as one of the Philippines' Top 100 lawyers in the A-List Top 100 Lawyers in the Philippines by the Asian Business Law Journal. Atty. Mendoza concurrently serves as the General Counsel of Prime Asset Ventures, Inc. and Corporate Secretary of its various subsidiaries. He is also a Professional Lecturer at the De La Salle University Tañada-Diokno College of Law and a member of the advisory committee at the Manila Central University.

Cynthia J. Javarez, *Director*. Ms. Javarez, 59, graduated from the University of the East with a degree in Bachelor of Science in Business Administration, major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She is the current President of Fine Properties, Inc, and Treasurer and Chief Risk Officer of Vista Land & Lifescapes, Inc. Ms. Javarez is also the Chairman of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, Inc. and Dusit Hospitality Education Philippines, Inc.

Manuel Paolo A. Villar, *Director.* Mr. Villar, 46, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President and Chief Executive Officer of Vista Land and Lifescapes, Inc. in July 2011 and President of Vistamalls, Inc in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc.

Jose Rommel C. Orillaza, *Director and Chief Operating Officer*. Mr. Orillaza, 54, graduated from the Adamson University with a degree in Bachelor of Science in Civil Engineering in 1989. From 2004 to 2011, he was the Chief Technical Officer / Division Head of Casa Regalia, Inc. He previously worked as the Chief Technical Officer of Household Development Corp., Operations Head of Communities Philippines Inc., Technical Head of Crown Asia Properties, Inc. and Operations Head of Southwell Waterworks, Inc. Mr. Orillaza is currently the Operations Head of Kratos Res, Inc., and the Operations Head and President of Camotes Island Power Generation Corporation and S.I. P0wer Corporation.

Maryknoll B. Zamora, *Treasurer and Chief Finance Officer.* Ms. Zamora, 51, graduated from the Polytechnic University of the Philippines with a degree in Bachelor of Accountancy in 1993. She obtained her Master of Business Administration degree from De La Salle University Graduate School of Business in 2001 and her Bachelor of Laws degree from Adamson University – College of Law in 2014. She is a Certified Public Accountant. From 2014 to 2018, she was the Head of Finance of Prime Asset Ventures, Inc. She previously worked as the Controller / Treasury and Investment Head, Corporate Information Officer and Investor Relationship Officer and Accounting and Admin Manager from 1997 to 2006 of Alcorn Gold Resources Corp. (formerly Alcorn Petroleum & Minerals Corp. And Now Cosco Corp.) She was also an Audit Supervisor in Pricewaterhouse Coopers Auditing Firm. Ms. Zamora is currently the Chief Finance Officer and Treasurer of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, Kratos Res, Inc., Camotes Island Power Generation Corporation and S.I. P0wer Corporation.

Leonardo Singson, *Independent Director*. Atty. Singson, 43, graduated from the University of the Philippines – Diliman with a degree in Bachelor of Arts in Public Administration in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006. From 2020 to 2021, he worked as Legal Counsel for GNPower Ltd. Co. He was previously a Partner in Villaraza & Angangco Law where he was connected from March 2008 to 2020. Prior to this, he was a Senior Associate in SGV & Co. Atty. Singson is currently Of Counsel for Betita Cabilao Casuela Sarmiento Law

Maria Isabel J. Rodriguez, *Independent Director*. Ms. Rodriguez, 39, graduated from the De La Salle University - Manila with a degree in Bachelor of Science in Accountancy in 2003. She is a Certified Public Accountant. She earned her post graduate certificate in Leadership and Management from the Asian Institute of Management and obtained an Advanced Professional Certificate in Transfer Pricing at the International Bureau of Fiscal Documentation in 2022. She previously worked as the Asia Strategic Business Unit - Tax Director of AES Transpower Pte. Ltd. – ROHQ and as a Tax Director of Sycip Gorres Velayo & Co. Ms. Rodriguez is currently a Credit Committee Member of the CRH USD Finance ZRT., Hong Kong Branch. She is also the current Treasurer of Republic Cement Land & Resources Inc. and a Tax Director at the Republic Cement Services Inc.

Robert Marlon T. Pereja, *Business Development Head*. Mr. Pereja, 43, graduated from the De La Salle University with a degree in Bachelor Science in Engineering Management in 2001. He obtained his Master of Business Administration degree from De La Salle University Graduate School of Business in 2001 and a Certificate of Recognition from the Regis University of Denver Colorado in 2013. He previously worked as an Assistant Vice President of Manila Electric Company from 2016 to 2022, the Chief Operating Officer of MSpectrum, Inc. from 2020 to 2022, and an Account Executive of Petron Corporation from 2003 to 2012. Mr. Pereja is currently the Chief Operating Officer of PAVI Green Renewable Energy, Inc.

Vincent Kitto N. Jacinto, *Investor Relations Officer.* Mr. Jacinto, 42, graduated from the Ateneo de Manila University with a degree in Bachelor Science in Management in 2002. He obtained his Master of Business

Administration degree from Ateneo Graduate School of Business in 2006. He previously worked as a Product Development Officer and Senior Manager of Filinvest Land, Inc. from 2012 to 2015 and a Project Head / Business Development Assistant of Landco Pacific Corporation from 2002 to 2011. Mr. Jacinto is currently the Business Development Head of Prime Asset Ventures, Inc. and Vista Land & Landscapes, Inc.

Karen G. Empaynado, *Corporate Secretary*. Atty. Empaynado, 35, graduated from the University of the Philippines - Diliman with a degree in Bachelor of Science in Business Economics in 2009. She received her Juris Doctor from the Ateneo de Manila Law School in 2016. She previously worked as an Associate for Picazo Buyco Tan Fider and Santos Law and as an Assistant Manager in Legal Corporate Banking Group of BDO Unibank, Inc. Atty. Empaynado is currently as an In-House Lawyer for Prime Asset Ventures, Inc.

Involvement in Certain Legal Proceedings of Directors and Senior Management

To the best of our knowledge, other than as discussed below, none of the above-named directors or executive officers has, in the last five years, been subject to the following:

- 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, including the nature of the offense, 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;

- 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 or her involvement in any type of business, securities, commodities, or banking activities; or

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

However, we note that Timothy Joseph M. Mendoza, Director, President and CEO of the Company, is one of the respondents in a case for an election contest (under the Corporation Code) and injunction filed by SRM Gold Limited (SRM) docketed as Commercial Case No. 22-00355-CV before the Regional Trial Court of Makati City. On 31 January 2022, in the Annual Stockholders' Meeting of Mt. Labo Exploration and Development Corporation (MLEDC), Mr. Mendoza, as one of the nominees of SageCapital Partners Inc. (SageCapital), the holder of 60% of the outstanding shares in MLEDC, was elected as a director of MLEDC. SRM claims that the nominees of SageCapital, including Mr. Mendoza, were not validly elected as directors of MLEDC. SRM argues, among others, that 70% of SageCapital's shares are delinquent and thus not entitled to any rights of a stockholder, including the right to vote or be represented at any stockholders' meeting. It should be noted that MLEDC is presently subject of involuntary rehabilitation proceedings, docketed as R-MKT-21-03235-SP, initiated by RTG Mining, Inc., the parent company of SRM. Both the election case and rehabilitation case remain pending in court, each at their initial stages. Such legal proceedings do not prevent or affect Mr. Mendoza's position as President and CEO of the Company.

Family Relationships

There are no family relationships either by consanguinity or affinity up to the fourth civil degree among our Directors, executive officers and shareholders.

Board Committees[101]

Specific responsibilities of the Board are delegated to the Executive Committee, Management Committee, Corporate Governance Committee, Board Risk Oversight Committee, Audit Committee and the Related Party

[101] An application for the amendment of the By-Laws to create the board committees and define their functions and responsibilities has been submitted to the Securities and Exchange Commission on 19 August 2022 and is currently under review. The effectivity of the term of office of the committee members named herein is subject to the approval by the SEC of such amendments to the By-Laws.

Transaction Committee. A brief description of the functions and responsibilities of the key committees are set out below:

Executive Committee

The Executive Committee has the duty and responsibility to assist the Board of Directors by exercising any of the powers and attributes, to the extent allowed by law, of the Board during the intervening period between meetings of the Board, and shall report on all resolutions adopted by it to the Board at the meeting of the Board immediately succeeding the meeting/s of the Executive Committee during which such resolutions were approved. It should be composed of at least three members.

The committee is chaired by Timothy Joseph M. Mendoza, with Maryknoll B. Zamora and Jose Rommel C. Orillaza as members.

Management Committee

The Management Committee is responsible for assisting the Board of Directors with regard to management oversight of the Company. The Committee shall report to the Board of Directors any developments relating to the management of the committee, and shall ensure that all decisions undertaken are within the best interest of the Company. Furthermore, the Management Committee is responsible for ensuring that the Company meets its obligations and objectives.

The committee is chaired by Jose Rommel C. Orillaza, with Maryknoll B. Zamora, Robert Marlon T. Pereja, and Karen G. Empaynado as members.

Corporate Governance Committee

The Corporate Governance Committee has the duty and responsibility to assist the Board of Directors in the performance, overseeing and review of its corporate governance responsibilities, including functions of a nomination and remuneration committee. It should be composed of at least three members, a majority of whom should be independent directors, including the chairman of the committee.

The committee is chaired by Leonardo Singson, with Garth F. Castañeda and Timothy Joseph M. Mendoza as members.

Board Risk Oversight Committee

The Board Risk Oversight Committee shall be responsible for the oversight of the Corporation's Enterprise Risk Management system to ensure its functionality, effectiveness, continued relevance, and comprehensiveness. The Board Risk Oversight Committee shall be composed of at least three (3) members of the Board, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the Board Risk Oversight Committee shall have relevant knowledge and experience on risk and risk management.

The committee is chaired by Maria Isabel J. Rodriguez, with Leonardo Singson and Jose Rommel C. Orillaza as members.

Audit Committee

The Audit Committee shall enhance the Board's oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

The committee shall consist of at least three (3) members including at least two appropriately qualified non-executive directors, majority of whom, including the chairman of the committee should be independent directors. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

The committee is chaired by Garth F. Castañeda, with Maria Isabel J. Rodriguez and Timothy Joseph M. Mendoza as members.

We expect to adopt an Audit Committee Charter that identifies the functions and responsibilities of the Audit Committee, including the (1) review and evaluation of the professional qualifications, performance and independence of the external auditor and the lead partner, (2) review and approval, with the external auditor, of the nature and scope of the audit plans, (3) review and approval of fees, remuneration and terms of engagement of the external auditor for audit and non-audit services, (4) evaluation and approval of non-audit work by external auditors, (5) review of reports or communications of the external auditors, (6) ensuring that the external auditor complies with auditing standards, and (7) ensuring that the external auditor or the lead, engagement, or handling partner having primary responsibility for the audit or review of the Company is changed every five years or earlier.

We also expect to assess the effectiveness of the Audit Committee on an annual basis to ensure that its performance meets and complies with best practices.

The assessment of the performance of the Audit Committee shall be conducted by the Company within one (1) year from the date of listing of the Offer Shares on the PSE

Related Party Transaction Committee

The Related Party Transaction Committee shall be tasked with reviewing all material related party transactions of the Company. The Related Party Transaction Committee shall evaluate on an ongoing basis existing relations between and among business and counterparties to ensure that all related parties are continuously identified, related party transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, related party transactions and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors. The Related Party Transaction Committee shall evaluate all material related party transactions to ensure these are not on more favorable economic terms than similar transaction with non-related parties under similar circumstances and that no corporate or business resources are misappropriated or misapplied. Related-party transactions require the unanimous approval of the independent directors of the REIT – please refer to the discussion under the section *Related Party Transactions and SEC Regulation* on page 220.

The Related Party Transaction Committee shall be composed of at least three directors, two of whom should be independent, including the Chairman.

The committee is chaired by Leonardo Singson, with Maria Isabel J. Rodriguez and Cynthia J. Javarez a as members.[102]

Compliance with Corporate Governance Practices

The Board has adopted the Manual on Corporate Governance ("**Manual**"), which institutionalizes the principles of good corporate governance in the entire organization. We believe that it is a necessary component of sound strategic business management, hence, we undertake efforts to create awareness within the organization.

The Manual provides that it is the Board that has the primary responsibility for the governance of the corporation. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board is mandated to attend its regular and special meetings in person or through teleconferencing.

In adopting the Manual, we define the responsibilities of the Board and its members, in governing the conduct of the business of the Company, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices.

As per the Manual on Corporate Governance of the Company, it is the Corporate Governance Committee which oversees the periodic performance evaluation of the Board of Directors and top-level management, through its

[102] An application for the amendment of the By-Laws to create the board committees and define their functions and responsibilities has been submitted to the Securities and Exchange Commission on 19 August 2022 and is currently under review. The effectivity of the term of office of the committee members named herein is subject to the approval by the SEC of such amendments to the By-Laws.

annual self-evaluation. Criteria areas involve values, principles, and skills required for the Company. The Corporate Governance Committee also ensures that the results of the evaluation are shared and discussed through the creation of concrete action plans to address the areas for improvement.

There has been no deviation from the Company's Manual of Corporate Governance thus far.

Executive Compensation

At present, the directors do not receive any allowance or per diem per meeting. The Company's By-Laws provides Directors shall not receive any compensation, as such directors, except for reasonable per diem. Any compensation may be granted to Directors by vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. In no case shall the total yearly compensation of Directors, as such directors, exceed 10% of the net income before income tax of the Company during the preceding year.

Our key officers, namely: Timothy Joseph M. Mendoza, Maryknoll B. Zamora, Karen G. Empaynado, and Robert Marlon T. Pereja, are also serving as officers of PAVI. They do not receive any compensation from our Company. The compensation of these officers is paid by PAVI or the relevant PAVI Group company. There are no other executive officers other than aforementioned individuals.

There was no other compensation paid to the directors for the periods indicated.

The Company does not pay PAVI or the relevant PAVI group any service fees.

Standard Arrangements

There have not been, nor will be, any standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, for the last completed fiscal year and the ensuing year.

Employment Contract between the Company and Senior Management Officers

There are no special employment contracts between the Company and Senior Management.

Warrants and Options held by the Senior Management Officers and Directors

There are no outstanding warrants or options held by Senior Management, and all officers and directors as a group.

Significant Employees

Except for the executive officers of the Company, each of whom has been seconded to the Company by PAVI or the relevant PAVI Group company, the Company currently has no employees.

CERTAIN AGREEMENTS RELATING TO THE COMPANY AND THE PROPERTIES

LEASE AGREEMENTS

A. Lease Agreements with NPC (Company as Lessee)

The lease agreements between the Company as lessee and National Power Corporation ("**NPC**") as lessor, cover parcels of land (with an aggregate area of 9,478 sq.m.) that form part of the SIPCOR Properties. The following lease agreements with NPC were assigned by SIPCOR to the Company pursuant to the Deed of Assignment dated May 27, 2021. NPC's consent to the lease assignment was given on May 9, 2022.

Below is a summary of the key provisions of the lease agreements with NPC:

<u>Lease relating to the 7,051-sq.m. parcel of land</u>

On February 20, 2014, the National Power Corporation (NPC), as the lessor, executed a Lease Agreement with SIPCOR as the lessee, for the lease of a portion of the SDPP Land located in Candanay Sur, Siquijor, Siquijor. Such Lease Agreement covers the following: (i) the leased land which has an area of approximately 7,051 square meters; (ii) staff house; (iii) storage house; (iv) shed for garage; (v) fuel tanks; (vi) elevated water tanks, and (vii) all other facilities and equipment found on the SDPP Land. The property shall be used solely for the construction, operation, and maintenance of a power plant and for no other purpose, unless permitted, in writing, by NPC.

The term of the lease agreement is 20 years from the date of SIPCOR's actual occupancy of the leased premises, renewable at the option of the lessee, provided the latter informs NPC of its intention to renew at least 90 days before the expiration of the original term. The written renewal or extension of the lease agreement must be executed at least 60 days prior to the expiry of the lease.

As consideration for the lease, SIPCOR shall pay an annual rent of ₱525,782.10, subject to a 20% increase after five years and every five years thereafter. This amount was arrived at by adding the valuation of the 7,051 sq. m. area at ₱113,937.11, the improvements at ₱159,857.49, and the fuel tanks at ₱251,987.50. The rent for the first year shall be paid within 30 days from the execution of the agreement, and for the succeeding years, on the anniversary date of the agreement's execution, without need of demand from NPC.

Should NPC decide to sell or otherwise dispose of the leased premises, SIPCOR shall be granted the right to top the bid of the winning bidder in accordance with the terms and conditions to be specified by NPC. In the event of the sale of the leased properties between SIPCOR and NPC, any unused rentals shall form part of the purchase price.

All machineries, movable facilities, and equipment installed by SIPCOR in the leased premises shall remain its property upon the expiration or termination of the agreement, but the same must be removed at its own expense, within three months from the expiration of the agreement. All immovable alterations, additions, and improvements shall vest to NPC at the expiration or termination of the lease agreement, without reimbursement. NPC may also order SIPCOR to remove the same, at the latter's expense, within six months from receipt of notice to do so.

SIPCOR is authorized to assign or transfer its rights under, subject to the consent of NPC, which cannot be unreasonably withheld.

The lease agreement shall be considered terminated or cancelled if SIPCOR violates any of the material provisions, fails to pay rentals within the time provided, purchases the leased premises, or when a court of law issues an order for the termination. However, the failure to fulfill any obligation shall not be considered a breach of or default under the agreement when such arises from an event of force majeure, provided that the party affected takes all reasonable precautions, due care, and reasonable alternative measures to carry out the terms and conditions of the agreement. Further, in case of damage caused by force majeure, the rent shall be proportionately reduced.

<u>Lease relating to the 2,427-sq.m. parcel of land</u>

On February 20, 2014, NPC, as the lessor, executed a lease agreement with SIPCOR, as the lessee, for the lease of a portion of the SDPP Land located in Candanay Sur, Siquijor, Siquijor, with an area of 2,427 sq.m. The property shall be used solely for the construction, operation, and maintenance of a power plant and for no other purpose, unless permitted, in writing, by NPC.

The term of the lease agreement is 20 years from the date of SIPCOR's actual occupancy of the leased premises, which may be renewed by SIPCOR by informing NPC of such intention to renew at least 90 days before the expiration of the original term. The written renewal or extension of the agreement must be executed at least 60 days prior to the expiry of the lease.

As consideration for the lease, SIPCOR pays an annual rent of ₱39,217.89, subject to a 20% increase after 5 years and every 5 years thereafter. The first year's rental is to be paid within 30 days from the execution of the agreement. Rentals for the succeeding years shall be paid on the anniversary of the agreement's execution, without need for demand from NPC.

SIPCOR recognizes that NPC has no registered title in its name over the leased premises, but NPC warrants that it has been in exclusive and peaceful possession over the same from the time of its acquisition. NPC also guarantees its best efforts to perfect its ownership through registration with the Register of Deeds over the leased property during the term of the agreement.

The other key provisions in the lease agreements are the same as the lease agreement for the 7,051-sq.m. parcel of land.

B. Lease Agreements with SIPCOR (Company as Lessor)

The lease and sub-lease agreements between the Company as SIPCOR cover the SIPCOR Properties consisting of (a) power plants assets such as diesel generators, black start unit, starting air compressor, HFO purifier, step-up power transformer and take-off facility, HFO booster unit, perimeter fence; (b) buildings such as administrative office, control room, warehouse, guard house, staff house, material recovery facility, work shop, firefighting shed, fuel tank farm, and fuel pump station; and (b) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located.

Below is a summary of the key provisions of such lease agreements, as amended:

Lease relating to the land

On April 11, 2022, the Company, as lessor, executed with SIPCOR as lessee, a lease agreement for the lease of a parcel of land located in Barrio Tignao, Lazi, Siquijor, with an area of 3,000 sq.m. Such lease agreement was amended on July 18, 2022.

The term of the lease is nine years, commencing on May 31, 2022, and renewable for another ten years upon mutual agreement of the parties.

As consideration for the lease, SIPCOR will pay the Company a monthly rental equivalent to the higher of: (i) the fixed rental amount based on a schedule of annual rental amounts agreed upon by the parties and set out in the lease agreement ("**Guaranteed Annual Base Lease**"); or (ii) a specific percentage of the lessee's annual revenues as reported in the latter's audited financial statements for the relevant year ("**Variable Base Lease**"). With respect to the subject parcel of land, the Variable Base Lease shall be 8.41% of SIPCOR's revenue. Any adjustment in the rent that is not defined in the agreement will be subject to a discussion and will be mutually agreed upon by the parties.

The Guaranteed Annual Base Lease shall be due and payable by SIPCOR to the Company in equal monthly installments on or before the 5th day of the relevant month. Within 120 days from the end of the relevant year ("**Reconciliation Period**"), the parties shall determine the amount of the Variable Base Lease. During the Reconciliation Period, in the event that the amount of the Variable Base Lease is greater than the Guaranteed Annual Base Lease, SIPCOR shall pay to the Company the difference within 30 days from the end of the Reconciliation Period.

Under the terms of the lease agreement, all real estate taxes and other assessments on the leased area shall be for the account of SIPCOR. All value-added, documentary stamp, or other taxes and fees that may be imposed by the appropriate taxing authority, including any penalties and interests on account of non-payment of such taxes, shall be for the account of SIPCOR.

The leased area shall be used exclusively for SIPCOR's operations as a power generation company. If, without the written consent of the Company, the leased area is used for other purposes, the Company shall have the option to (a) terminate the agreement or (b) compel SIPCOR to cease and desist from any such unauthorized activities.

Interest for late payment is 2% per month based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is effected in full. The payment of interest shall not be a substitute for and shall be in addition to the unpaid amount.

In the event that the Company shall sell or convey any or all the leased area (or any portion thereof), SIPCOR shall have the right of first refusal throughout the lease term including extensions or renewals thereof.

The Company shall have the right to cancel or terminate the agreement upon occurrence of any of the following events:

(i) expiration of the lease term;

(ii) failure by SIPCOR to pay rent for two consecutive months, unless the failure to pay is attributable to administrative, technical or systemic errors on the part of the banking system;

(iii) a default or breach by SIPCOR of any of its covenants under the agreement, or if any of SIPCOR's representations and warranties shall prove false in any material respect when made, and if curable, such breach continues to be uncured for a period of 30 days after SIPCOR's receipt of a written notice of such default or breach from the Company;

(iv) the corporate existence of SIPCOR shall have ceased; or

(v) SIPCOR becomes insolvent or becomes the subject of any proceeding under any bankruptcy, rehabilitation, insolvency or liquidation law, which is not dismissed or resolved favorably to SIPCOR within sixty (60) days from the date of commencement thereof;

SIPCOR shall have the right to cancel or terminate the agreement upon occurrence of any of the following events:

(i) expiration of the lease term;

(ii) a default or breach by the Company of any of its material obligations under the agreement, and if curable, such breach continues to be uncured for a period of 30 days after the Company's receipt of a written notice of such default or breach from the Company; or

(iii) the Company becomes insolvent or becomes the subject of any proceeding under any bankruptcy or insolvency law, which is not dismissed or resolved favorably to the Company within 60 days from the date of commencement thereof.

In case of default, the Company shall be entitled to collect from SIPCOR, and SIPCOR shall continue to be liable for, the rental of the unexpired period of the lease term and the interest charges due thereon. Should the Company seek judicial relief, SIPCOR shall pay an amount equivalent to 20% of the amount claimed in the complaint, attorney's fees, litigation fees and other expenses which the law may entitle the Company to recover from SIPCOR.

Upon the happening of either the default or breach by the Company of any of its material obligations or if the Company becomes insolvent or subject of any proceeding under any bankruptcy or insolvency law, the rentals for the unexpired portion of the lease term at the time of the termination shall be returned to SIPCOR, without interest. Should SIPCOR seek judicial relief, the Company shall pay an amount equivalent to 20% of the amount claimed in the complaint, attorney's fees, litigation fees and other expenses which the law may entitle SIPCOR to recover from the Company.

Lease relating to the building

On April 11, 2022, the Company, as lessor, executed with SIPCOR, as lessee, a lease agreement for the lease of a commercial building located in Candanay Sur, Siquijor, with an area of 353.20 sq.m. Such lease agreement was amended on July 18, 2022.

Similar to the land, the term of the lease of the building is nine years, commencing on May 31, 2022, and renewable for another ten years upon mutual agreement of the parties.

The key terms of the lease of the building are the same as for the lease of the land, except for the amount of rent which, for the building, shall be a monthly rental equivalent to the higher of: (i) Guaranteed Annual Base Lease; or (ii) 0.50% Variable Base Lease. Any adjustment in the rent that is not defined in the agreement will be subject to a discussion and will be mutually agreed upon by the parties.

The Guaranteed Annual Base Lease shall be due and payable by SIPCOR to the Company in equal monthly installments on or before the 5th day of the relevant month. During the Reconciliation Period, the parties shall determine the amount of the Variable Base Lease, and in the event that the amount of the Variable Base Lease is greater than the Guaranteed Annual Base Lease, SIPCOR shall pay the Company the difference within 30 days from the end of the Reconciliation Period.

Lease relating to powerplant assets

On April 11, 2022, the Company, as lessor, executed with SIPCOR, as lessee, a lease agreement for the lease of certain power plant assets. Such lease agreement was amended on July 18, 2022. The leased properties consist of one HFO Diesel Genset, operated and maintained in Candanay Sur, Siquijor, Siquijor and one HFO Diesel Genset, operated and maintained in Barrio Tignao, Lazi, Siquijor.

Similar to the land and the building, the term of the lease of such powerplant assets is nine years, commencing on May 31, 2022, and renewable for another ten years upon mutual agreement of the parties.

The key terms of the lease of the powerplant assets are the same as for the lease of the land and building, except for the amount of rent which, for the powerplant assets, shall be a monthly rental equivalent to the higher of: (i) Guaranteed Annual Base Lease; or (ii) 4.50% Variable Base Lease. Any adjustment in the rent that is not defined in the agreement will be subject to a discussion and will be mutually agreed upon by the parties.

The Guaranteed Annual Base Lease shall be due and payable by SIPCOR to the Company in equal monthly installments on or before the 5th day of the relevant month. During the Reconciliation Period, the parties shall determine the amount of the Variable Base Lease, and in the event that the amount of the Variable Base Lease is greater than the Guaranteed Annual Base Lease, SIPCOR shall pay the Company the difference within 30 days from the end of the Reconciliation Period.

Sublease relating to the NPC-owned lands

On April 11, 2022, the Company as sublessor, executed with SIPCOR, as sublessee, a sublease agreement for the sublease of land consisting of six lots with an aggregate land area of 9,478 sqm., located in Candanay Sur, Siquijor, Siquijor. Such sublease agreement was amended on July 18, 2022. The subject land is owned by NPC and leased to the Company.

The term of the sublease is eight years, commencing on May 31, 2022, and is renewable upon mutual agreement of the Parties, for ten years.

As consideration for the sublease, SIPCOR will pay the Company a monthly rental equivalent to the higher of: (i) the Guaranteed Annual Base Lease; or (ii) 26.59% Variable Base Lease[103]. Any adjustment in the rent that is not defined in the agreement will be subject to a discussion and will be mutually agreed upon by the parties.

The Guaranteed Annual Base Lease shall be due and payable by SIPCOR to the Company in equal monthly installments on or before the 5th day of the relevant month. Within the Reconciliation Period, the parties shall

[103] The "Variable Base Lease" is a specific percentage of the sublessee's annual revenues as reported in the latter's audited financial statements for the relevant year.

determine the amount of the Variable Base Lease. During the Reconciliation Period, in the event that the amount of the Variable Base Lease is greater than the Guaranteed Annual Base Lease, SIPCOR shall pay to the Company the difference within 30 days from the end of the Reconciliation Period.

The other key provisions of the sublease agreement are similar to the terms of the lease agreements covering the improvements.

C. Lease Agreements with CAMPCOR (Company as Lessor)

Lease relating to the land

On April 11, 2022, the Company, as lessor, executed with CAMPCOR as lessee, a lease agreement for the lease of a parcel of land located in Brgy. Teguis, Poro, Camotes Island, Cebu, with an area of 8,468 sq.m, and a parcel of land located in Upper Poblacion, Pilar, Cebu, with an area of 7,938.5 sq.m. Such lease agreement was amended on July 18, 2022.

The parcel of land located in Upper Poblacion, Pilar, Cebu, with an area of 7,938.5 sq.m. is encroached by an unnamed barangay road on the northeast corner of such property. The estimated affected area is about 71 sq.m., thereby leaving a net useable area of 7,868 sq.m. Nevertheless, such encroachment on the 71 sqm portion does not adversely affect the business of the Company or the Lessees in any manner.

The term of the lease is ten years, commencing on May 31, 2022, and renewable for another ten years upon mutual agreement of the parties.

As consideration for the lease, CAMPCOR will pay the Company a monthly rental equivalent to the higher of: (i) the Guaranteed Annual Base Lease; or (ii) 15% Variable Base Lease. Any adjustment in the rent that is not defined in the agreement will be subject to a discussion and will be mutually agreed upon by the parties.

The Guaranteed Annual Base Lease shall be due and payable by CAMPCOR to the Company in equal monthly installments on or before the 5th day of the relevant month. During the Reconciliation Period, the parties shall determine the amount of the Variable Base Lease, and in the event that the amount of the Variable Base Lease is greater than the Guaranteed Annual Base Lease, CAMPCOR shall pay to the Company the difference within 30 days from the end of the Reconciliation Period.

Under the terms of the lease agreement, all real estate taxes and other assessments on the leased area shall be for the account of CAMPCOR. All value-added, documentary stamp, or other taxes and fees that may be imposed by the appropriate taxing authority, including any penalties and interests on account of non-payment of such taxes, shall be for the account of CAMPCOR.

The leased area shall be used exclusively for CAMPCOR's operations as a power generation company. If, without the written consent of the Company, the leased area is used for other purposes, the Company shall have the option to (a) terminate the agreement or (b) compel CAMPCOR to cease and desist from any such unauthorized activities.

Interest for late payment is 2% per month based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is effected in full. The payment of interest shall not be a substitute for and shall be in addition to the unpaid amount.

In the event that the Company shall sell or convey any or all the leased area (or any portion thereof), CAMPCOR shall have the right of first refusal throughout the lease term including extensions or renewals thereof.

The Company shall have the right to cancel or terminate the agreement upon occurrence of any of the following events:

(i) expiration of the lease term;

(ii) failure by CAMPCOR to pay rent for two consecutive months, unless the failure to pay is attributable to administrative, technical or systemic errors on the part of the banking system;

(iii) a default or breach by CAMPCOR of any of its covenants under the agreement, or if any of CAMPCOR 's representations and warranties shall prove false in any material respect when made, and if curable, such breach continues to be uncured for a period of 30 days after CAMPCOR 's receipt of a written notice of such default or breach from the Company;

(iv) the corporate existence of CAMPCOR shall have ceased; or

(v) CAMPCOR becomes insolvent or becomes the subject of any proceeding under any bankruptcy, rehabilitation, insolvency or liquidation law, which is not dismissed or resolved favorably to CAMPCOR within sixty (60) days from the date of commencement thereof;

CAMPCOR shall have the right to cancel or terminate the agreement upon occurrence of any of the following events:

(i) expiration of the lease term;

(ii) a default or breach by the Company of any of its material obligations under the agreement, and if curable, such breach continues to be uncured for a period of 30 days after the Company's receipt of a written notice of such default or breach from the Company; or

(iii) the Company becomes insolvent or becomes the subject of any proceeding under any bankruptcy or insolvency law, which is not dismissed or resolved favorably to the Company within 60 days from the date of commencement thereof.

In case of default, the Company shall be entitled to collect from CAMPCOR, and CAMPCOR shall continue to be liable for, the rental of the unexpired period of the lease term and the interest charges due thereon. Should the Company seek judicial relief, CAMPCOR shall pay an amount equivalent to 20% of the amount claimed in the complaint, attorney’s fees, litigation fees and other expenses which the law may entitle the Company to recover from CAMPCOR.

Upon the happening of either the default or breach by the Company of any of its material obligations or if the Company becomes insolvent or subject of any proceeding under any bankruptcy or insolvency law, the rentals for the unexpired portion of the lease term at the time of the termination shall be returned to CAMPCOR, without interest. Should CAMPCOR seek judicial relief, the Company shall pay an amount equivalent to 20% of the amount claimed in the complaint,

Lease relating to the buildings

On April 11, 2022, the Company, as lessor, executed with CAMPCOR as lessee, a lease agreement for the lease of certain buildings located in Brgy. Teguis, Poro, Camotes Island, Cebu. Such lease agreement was amended on July 18, 2022.

Similar to the land, the term of the lease of the building is ten years, commencing on May 31, 2022, and renewable for another ten years upon mutual agreement of the parties.

The key terms of the lease of the building are the same as for the lease of the land, except for the amount of rent which, for the building, shall be a monthly rental equivalent to the higher of: (i) Guaranteed Annual Base Lease; or (ii) 10% Variable Base Lease. Any adjustment in the rent that is not defined in the agreement will be subject to a discussion and will be mutually agreed upon by the parties.

The Guaranteed Annual Base Lease shall be due and payable by CAMPCOR to the Company in equal monthly installments on or before the 5th day of the relevant month. During the Reconciliation Period, the parties shall determine the amount of the Variable Base Lease, and in the event that the amount of the Variable Base Lease is greater than the Guaranteed Annual Base Lease, CAMPCOR shall pay the Company the difference within 30 days from the end of the Reconciliation Period.

D. FUND MANAGEMENT AGREEMENT

On August 19, 2022, the Company and the Fund Manager entered into the Fund Management Agreement which shall have a term from approval of the Company’s Registration Statement and Listing Application for its initial public offering. The term of the Fund Management Agreement is deemed extended unless the Fund Manager is found to have been guilty of an act which constituted a ground for termination under the Fund Management Agreement. On October 7, 2022, the Company and the Fund Manager amended the Fund Management Agreement, to revise the computation of fees of the Fund Manager.

Subject to compliance with applicable regulations, the Fund Manager shall have the overall responsibility for the allocation of the deposited property to the allowable investment outlets and selection of income-generating real estate. The Fund Manager shall execute and implement the investment strategies for the Company, and oversee and coordinate property acquisition, property management, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as refinancing and asset disposition plans. The Fund Manager shall perform all other duties and functions required of a REIT fund manager under the REIT Law, its implementing rules and regulations, and the requirements of the pertinent government authority.

The Fund Manager shall have the authority to disburse funds of the Company within the budget approved by the board of directors of the Company, and to designate the authorized signatories to effect such disbursements, oversee and coordinate leasing, negotiate and award contracts for property acquisition, operational and financial reporting, appraisals, audits, market review, accounting and reporting procedures, refinancing and asset disposition plans, all in accordance with the financing, operating, and marketing plans approved by the board of directors of the Company, and to designate the authorized signatories to execute such contracts.

Under the Fund Management Agreement, the Fund Manager shall perform the following functions, in accordance with the REIT Plan and the investment strategy of the Company:

(a) implement the investment strategies of the Company by:

1. determining the allocation of the Assets to the allowable investment outlets in accordance with the REIT Plan and 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;

(b) 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;

(c) cause a valuation of any of the real estate, including the Properties, and other properties of the Company to be carried out by the appointed Property Valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;

(d) take all necessary measures to ensure that the Net Asset Value per share of the Company is calculated as and when an annual valuation report is issued by the Property Valuer for the relevant period, and that such Net Asset Value per unit shall be disclosed in the annual reports;

(e) shall ensure that the investment and borrowing limitations set out in the REIT Plan and the coniditions under which the Company was authorized are complied with;

(f) provide research and analysis on valuation and market movement of Assets, including the monitoring of the real estate market for desirable opportunities, and recommend, from time to time, to the board of directors of the Company, the formulation of new, additional, or revised investment policies and strategies;

(g) manage assets and liabilities, including investment of corporate funds in money market, placements and arrangement of debt for the Company, negotiate and finalize the loan documents on behalf of the Company and determine debt drawdowns;

(h) recommend to the appropriate capital structure for the Company, and shall recommend to the Board when to make capital calls and enforce or cause the enforcement of remedies for failure of Shareholders to deliver capital contributions, where appropriate;

(i) do any and all acts as it may deem necessary or advisable, on behalf of the Company, in connection with the management and administration of the Company's assets, including without limitation:

1. ensuring that all investors of the Company are provided with appropriate and relevant information and communications;
2. supervising all consultants and other service providers of the Company, the voting assets, participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters; and
3. shall perform all acts and enter into all contracts and other undertakings necessary or adisable or incidental thereto.

(j) shall carry out other functions as are required under the laws.

Fund Management Fees

Under the Fund Management Agreement, the Fund Manager will receive an annual fund management fee equivalent to 0.5% of the Company's Rental Income less straight-line adjustments, exclusive of value added taxes (the "**Fund Management Fee**").

In addition, the Fund Manager shall be entitled to receive from PremiereREIT an acquisition fee equivalent to 0.5% of the acquisition price, for every acquisition, exclusive of value-added taxes ("**Acquisition Fee**"). The Fund Manager shall likewise be entitled to receive a divestment fee of 0.5% of the sales price for every property divested, exclusive of value-added taxes ("**Divestment Fee**").

The total amount of (x) fees paid under the Property Management Agreement; and (y) the Management Fee, Acquisition Fee, and Divestment Fee (collectively referred to as "**Fund Management Fee**"), paid to the Fund Manager, in any given year, shall not exceed 1.0% of the Net Asset Value of the properties under management.

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

Fund Management Fee & Other Fees(exclusive of VAT)= (0.5% x Rental Income less straight-line adjustments) + (0.5% of acquisition price, for every property acquisition) + (0.5% of sales price for every property divested)

Termination

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Fund Management Agreement;

- the cessation of the corporate existence of the Fund Manager or the Company;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Fund Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Assignment

The Fund Manager may not assign its rights and obligations under the Fund Management Agreement without the prior written consent of the Company.

E. PROPERTY MANAGEMENT AGREEMENT

On August 19, 2022, the Company and the Property Manager entered into the Property Management Agreement which shall have a term from approval of the Company's Registration Statement and Listing Application for its initial public offering. The term of the Property Management Agreement is deemed extended unless the Property Manager is found to have been guilty of an act which constituted a ground for termination under the Property Management Agreement. On [•], the Company and the Property amended the Property Management Agreement, to revise the computation of fees of the Property Manager.

The Property Manager shall have the overall responsibility for the day-to-day property management functions in accordance with the terms of the Property Management Agreement. The Property Manager shall manage the execution of new leases and renewing or replacing expiring leases as well as overall management, maintenance and repair of the Properties (except to the extent where responsibility for the same are borne by the lessees, in which case, the responsibility of the Property Manager shall be to oversee, supervise and ensure compliance by the lessee with such obligations), formulation and implementation of policies and programs in respect of facility management, maintenance and improvement, secure and administer routine management services including security control, fire precautions, communication systems and emergency management.

While the maintenance and repair of the Properties is a contractual obligation of the Sponsors (as lessees) pursuant to their respective lease agreements, the Property Manager still has the obligation to oversee and supervise such maintenance or repair, and to ensure that the lessees carry out such obligations according to the terms of the lease agreements.

To this end, the Property Manager shall have the right to engage, at PREIT's or the lessee's expense, third party power industry specialists or other qualified service providers to assist and facilitate the performance by the Property Manager's responsibilities in respect of the maintenance and repair of the leased assets

Services

Under the Property Management Agreement, the Property Manager shall manage, operate and maintain the Properties in a commercially reasonable manner, subject to (a) applicable governmental requirements and (b) the terms and provisions of this Agreement. In furtherance thereof, the Property Manager shall perform any and all acts and functions on behalf of the Company as it may deem necessary, incidental, or advisable in connection with the management and administration of the Properties, and may implement such guidelines and procedures with respect to the Properties as the Property Manager may deem advisable for the efficient and economic management and operation thereof. In addition, the Property Manager shall perform the following functions, among others, in accordance with the REIT Plan and the investment strategy of the Company:

- monitoring past due accounts and receivables;
- enforce tenancy conditions;
- review of lease provisions, preparation of lease contracts and related documentation;

represent the Company in compliance with the various government agencies, relating to any concerns regarding management of the Properties;

- ensure compliance with government regulations in respect of the Properties;
- perform tenancy administration work, such as managing tenant occupancy and ancillary amenities, and negotiating with tenants on grant, surrender and renewal of lease, rent review, termination and re-letting of premises;
- conduct rental assessment, formulating tenancy terms, preparing tenancy agreements, rent collection and accounting, recovery of arrears and possession;
- secure and administer routine management services, including security control, fire precautions, communication systems and emergency management;

- maintain and manage the physical structures of the Properties;

- formulate and implement policies and programs in respect of building management, maintenance and improvement;

- initiating refurbishment and monitoring such activity;

- overseeing building management operations relating to security, utilities, repairs, and maintenance, emergency management, and other items constituting direct operating expenses, including engagement of contractors for such purposes, on behalf of the Company;

- performance of any and all acts and functions on behalf of the Company as it may deem necessary, incidental, or advisable in connection with the management and administration of leases, and property management; and

- fully, properly and clearly document all procedures and processes followed, and decisions made in relation to whether or not to invest in particular properties in accordance with the REIT Law.

Property Management Fees

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Annual Rental Income less straight-line adjustments, exclusive of value added taxes, provided that the total of such fee (the "Property Management Fee") and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed, as provided under the rules of the REIT Law. In computing the Property Management Fee, the formula to be used shall be as follows:

Property Management Fee = 1.50% x Rental Income less straight-line adjustments

Termination

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on any of the following grounds:

- a material breach, default or failure to comply with obligations and undertakings under the Property Management Agreement;

- the cessation of the corporate existence of the Property Manager or the Company;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Property Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Assignment

The Property Manager may not assign the Property Management Agreement without the prior written consent of the Company.

Subcontracting

The Property Manager shall be allowed to employ, directly or through contractors and/or subcontractors for the provision of any of the services contemplated under this Agreement as would enable the Property Manager to manage, operate and maintain the Properties; *provided*, that in the case of subcontractors, the subcontractor must have the required competency to perform the services and acceptable to the Company; and *provided further*, that the Property Manager shall be primarily responsible for all acts and omission of the subcontractor, and shall hold the Company free and harmless from any and all liabilities, fault, or cause of action from acts or omissions of the subcontractor.

F. TRANSACTION HISTORY OF THE RELEVANT PROPERTY IN THE LAST THREE (3) YEARS

On December 13, 2019, CAMPCOR entered into a Deed of Absolute Sale with Spouses Jayme H. Culango and Euprosina Dela Peña Culango for the sale and purchase of a property located in Poro, Cebu.

On January 15, 2020, CAMPCOR entered into a Deed of Absolute Sale with Adonis Ferdinand Borinaga, Fe Marue Rose Hass, Grace Marie Borinaga, Leila Marilyn Hunt, and Maria Teresita Borinaga for the sale and purchase of a property located in Pilar, Cebu.

For the properties previously owned by SIPCOR, these properties were acquired in 2014 in a similar manner.

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 (the "**REIT Law**") lapsed into law on December 17, 2009. Pursuant to Section 22 of the said law, the 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 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 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 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 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 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 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 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 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 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 SEC and the foreign country grants reciprocal rights to Filipinos;

7. Commercial papers duly registered with the 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 three years;

9. Cash and cash equivalent items;

10. Collective investment schemes duly registered with the 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 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 SEC; and (iv) its use shall be disclosed in the REIT Plan and under special authority from the 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 a 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 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 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 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 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 SEC. The Certification from the 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 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 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, or the Corporate Recovery and Tax Incentives for Enterprises Act (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, only a Certificate Authorizing Registration ("**CAR**") need be obtained from the relevant Revenue District Office to effect the transfer of assets and issuance of shares through a tax-free exchange.

Reportorial Requirements and Other Matters

Under Revenue Regulations No. 13-2011, every quarter, a REIT is required to submit to the Large Taxpayers Regular Audit Division 3 ("**LTRAD 3**") a sworn statement containing the list of its shareholders, their Tax Identification Number, their shareholdings, and the percentage that their shareholding represents.

As a withholding agent, the REIT is required to file withholding tax returns and remit withholding taxes on all income payments that are subject to withholding pursuant to the provisions of the Tax Code and its implementing regulations.

A REIT shall, in addition to the existing requirements under the Tax Code and its implementing regulations, and the requirements contained in the above paragraphs, submit to LTRAD 3, annually on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year) the following:

- a certification by a responsible person designated by the SEC that the REIT is compliant with the minimum public ownership requirement;

- a schedule of dividend payments indicating the name, address, amount of investment, classification of shares, amount of dividends, final tax-due of each investor, and a sworn statement that the minimum ownership requirement was maintained at all times;

- a certified true copy of the Philippine passport, or Certificate of Recognition issued under Republic Act No. 9255 of an overseas Filipino investor;

- a certified true copy of the employment contract of an overseas Filipino investor;

- a copy of the contract between the REIT and its fund manager;

- a copy of the contract between the REIT and its property manager;
- a written report on the performance of the REIT's funds and properties;
- any amendment(s) to the REIT Plan as approved by the SEC;
- a copy of the valuation report prepared by the REIT's appointed property valuer; and
- original/certified true copy of the Certification from the 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 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 the REIT Law. Revenue Regulations No. 13-2011 was published in a newspaper of general circulation on July 27, 2011 and took effect 15 days thereafter, 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 nonresident 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: (1) be a public company; (2) distribute at least 90% of its distributable income; and comply with its Reinvestment Plan, as certified by the SEC. The Certification from the 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 two 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 two 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 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 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 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.

Nationality Restrictions

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act and the Eleventh Regular Foreign Investment Negative List categorize the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

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.

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. 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."

Fire Code

Republic Act No. 9514, or the Fire Code of the Philippines ("**Fire Code**"), aims to ensure public safety and prevent and suppress all kinds of destructive fires. It provides that building owners or administrators must comply with the following:

1. Inspection requirements;
2. Safety measures for hazardous materials;
3. Safety measures for hazardous operation/processes;
4. Provision on fire safety construction, protective and warning system; and
5. Abatement of fire hazards.

In addition, the Fire Code provides for penalties for violation of its provisions.

Foreign Investment Laws and Restrictions

Foreign Investments Act of 1991

Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 ("**Foreign Investments Act**"), liberalized the entry of foreign investment into the Philippines. As a general rule, there are no restrictions on the extent of foreign ownership of export enterprises. In domestic market enterprises, foreigners can invest as much as one hundred percent (100%) equity except in areas included in the Foreign Investment Negative List.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the Foreign Investments Act as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly owned by citizens of the Philippines;
- 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;
- a corporation organized abroad and registered to do business in the Philippines under the 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.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a Philippine National. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration with the BSP is not required. BSP Circular No. 471 issued on January 24, 2005 subjects foreign exchange dealers and money changers to RA No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed in the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (ii) original certificate of inward remittance of foreign exchange and its conversion into Philippine Pesos through an authorized agent bank in the prescribed format; and (iii) authority to disclose ("**Authority to Disclose**") in the prescribed format. The Authority to Disclose allows the custodian bank to disclose to the BSP any information that may be required to comply with post-audit requirements for the registration of Peso-denominated investments.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document ("**BSRD**") or BSRD Letter-Advice from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary's sworn statement attesting to the board resolution covering the dividend declaration; and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing are subject to the power of the BSP, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during a foreign exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

Land Ownership

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 5 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

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.

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.

Labor and Employment

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.

On March 16, 2017, Department Order No. 174 (2017) ("**D.O. 174**") 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.

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, a government corporation attached to the Philippine Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

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.

Philippine Competition Act

Republic Act. No. 10667, or the Philippine Competition Act (the "**PCA**"), is the first antitrust statute in the Philippines, and it provides the competition framework 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:

1. anti-competitive agreements between or among competitors, which 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;

2. practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and

3. mergers or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services, or breach the thresholds provided in the Implementing Rules and Regulations ("**PCA IRR**") without notice to the PCC.

On February 21, 2019, the PCC issued PCC Advisory No. 2019-001, effective March 1, 2019, amending the PCA IRR. It increased the thresholds to ₱5.6 billion for the Size of Person and ₱2.2 billion for the Size of Transaction, as defined in the PCA IRR. Under the Advisory, as to joint venture transactions, notification is mandatory if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.2 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 ₱2.2 billion. The revised thresholds under PCC Advisory No. 2019-001 shall not apply to: (1) mergers or acquisitions pending review by the PCC; (2)

notifiable transactions consummated before the effectivity of PCC Advisory 2019-001 (i.e., March 1, 2019); and (3) transactions which are already subject of a decision by the PCC.

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 Philippine Competition Act. 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 PCA 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 one percent (1%) to five percent (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 September 15, 2020.

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:

(a) both the transaction value and the size of the ultimate parent entity of either party are at least ₱50 billion; and

(b) the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

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. At present, the one-year moratorium has already lapsed. Mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may already be reviewed by the PCC *motu proprio* since the one-year period has lapsed.

Any voluntary notification shall constitute a waiver to the exemption from review.

Revised Corporation Code

Republic Act No. 11232 or the Revised Corporation Code ("**Corporation Code**") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Corporation Code are:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- An eligible natural person, trust, or estate may create a "One Person Corporation" ("**OPC**"), which is a corporation composed of a single stockholder. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.

- Material contracts between a 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 two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia,* the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and

- In case of transfer of shares of listed companies, the SEC 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 SEC.

The 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 Philippine Competition Act thresholds.

Data Privacy Laws

Data Privacy Act

RA No. 10173, otherwise known as the Data Privacy Act of 2012 (the "**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 whether in or outside of the Philippines. ICT 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 Anti-Money Laundering Act and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes. The processing of information includes, but is not limited to, the collection, recording, organization, storage, updating, modification, retrieval, consultation, use, consolidation, blocking, erasure, or destruction of data.

The DPA 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.

To this end, the appointment of a Data Protection Officer ("**DPO"**) is a legal requirement for all personal information controllers ("**PICs"**) and personal information processors ("**PIPs**"). The DPO is accountable for ensuring the company's compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals

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.

ENVIRONMENTAL LAWS

Considering that the costs relating to maintenance of the assets, including obtaining the relevant environmental permits, is borne by each Sponsor under the relevant lease agreement, the Company does not incur specific costs pertaining to the same.

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.

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.

The Water Code

Presidential Decree No. 1067, or "The Water Code of the Philippines," requires a water permit for the appropriation or use of natural bodies of water. Use or appropriation of water includes, among others, the utilization of water in factories, industrial plants and mines, including the use of water as an ingredient of a finished product. Appropriation of water without a water permit, when one is required, is subject to the imposition of the corresponding penalties imposed by the Water Code and its implementing rules and regulations.

Code on Sanitation of the Philippines

Presidential Decree No. 856 provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial and food establishments. Food establishment is defined as any establishment where food or drinks are manufactured, processed stored, sold, or served. Under the Sanitation

Code, which is implemented by the Philippine Department of Health, no person, firm, corporation or entity shall operate a food establishment without first obtaining a sanitary permit. The permit shall be valid for one year, and shall be renewed every year.

ENERGY LAWS

Electrical Power Industry Reform Act

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, 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 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 (1) restructuring of the entire power industry to introduce competition in the generation sector, (2) change from government to private ownership, and (3) introduction of a stable regulatory framework for the electricity sector. Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission and distribution sectors will remain regulated. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

The Generation Sector

The generation sector converts fuel and other forms of energy into electricity. This sector, by utility, consists of the following: (i) National Power Corporation ("**NPC**")-owned and -operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by Independent Power Producers ("**IPPs**"), as well as IPP-owned and -operated plants; and (iii) IPP-owned and -operated plants that supply electricity to customers other than NPC. Successes in the privatization process of NPC continue to build up momentum for the power industry reforms. Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP agreements of NPC, which exclude the assets devoted to missionary electrification through the NPC Small Power Utilities Group. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for contracts with various suppliers and private distribution utilities, or through spot sale transactions in the WESM Competition will be based largely on pricing, subject to availability of transmission lines to wheel electricity to the grid and/or buyers. Recovery by distribution utilities of their purchased power cost is subject to review and regulation by the ERC to determine reasonableness of the cost that are passed on to consumers. With the implementation of Retail Competition and Open Access ("**RCOA**"), generation rates, except those intended for the "Captive Market" (i.e., a market of electricity end-users who may not choose their supplier of electricity), ceased to be regulated to a certain extent.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to retail electricity suppliers through either bilateral contracts or the WESM as described below. With the implementation of RCOA on December 26, 2013, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750kW and certified by the ERC to be such ("**Contestable Market**"). No generation company is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25.0% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of the EPIRA.

The EPIRA provides that power generation is not a public utility operation and thus, not required to secure national franchises and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, in order to operate, generation companies must obtain a Certificate of Compliance from the ERC, as well as health, safety and environmental clearances from appropriate government agencies under existing laws.

Upon implementation of RCOA, the prices charged by a generation company for the supply of electricity shall not be subject to regulation by the ERC except as otherwise provided under the EPIRA.

The ERC may impose fines and penalties for violations by generation companies of the EPIRA and the EPIRA IRR policies as well as the ERC's rule and regulations on market power abuse, cross-ownership and anti-competitive behavior.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the operation of the electrical transmission systems throughout the Philippines. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code ("**Grid Code**"). TransCo is also mandated to provide Open Access to all industry participants. The EPIRA granted TransCo a monopoly over the high-voltage network and subjected it to performance-based regulations. The transmission of electricity through the transmission grid is subject to transmission wheeling charges. Since the transmission of electric power is a regulated common carrier business, the transmission wheeling charges of TransCo are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of a concession over, the transmission assets while the subtransmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.$3.95 billion. NGCP was officially granted the authority to manage and operate the country's sole transmission system on January 15, 2009. Ownership of all transmission assets, however, remained with TransCo.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from Congress, although franchises relating to electric cooperatives remained under the jurisdiction of the National Electrification Administration until the end of 2006. All distribution utilities are also required to obtain a Certificate of Public Convenience and Necessity from the ERC to operate as public utilities.

All distribution utilities are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code ("**Distribution Code**"), the Distribution Services and Open Access Rules and the performance standards set out in the EPIRA IRR.

The distribution sector is and will continue to be regulated by the ERC, with distribution and wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by distribution utilities for the supply of electricity to its captive consumers is subject to ERC approval. In addition, as a result of the Philippine government's policy of promoting free competition and open access, distribution utilities are required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines.

The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken solely by franchised distribution utilities. However, with the implementation of RCOA, the supply function has become competitive. The business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to the "Contestable Market" (i.e., a market of electricity end-users who have a choice on their supplier of electricity) is considered a business with a public interest dimension. As such, the EPIRA requires all suppliers of electricity to the Contestable Market to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior.

With the implementation of the RCOA, a RES is allowed to enter into retail electricity supply agreements with Contestable Customers. This set-up encourages competition at the retail level. It has been planned that the threshold for retail competition will gradually increase over time, provided that retail electricity suppliers are sufficiently creditworthy to be suitable offtakers for generation companies.

Competitive Market Devices under EPIRA

Wholesale Electricity Spot Market

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. The establishment of the WESM facilitates a transparent and competitive electricity market for the country.

All generation companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC are eligible to become WESM members subject to compliance with membership requirements.

On June 28, 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly trading period). These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the Philippine Electricity Market Corporation ("**PEMC**") was incorporated as a non-stock, non-profit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM. The PEMC was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

The PEMC and the Independent Electricity Market Operator of the Philippines Inc. ("**IEMOP**"), have executed the Operating Agreement to formalize the transfer of all functions, assets and liabilities associated with market operations from PEMC to the IEMOP effective on September 26, 2018. IEMOP is poised to takeover the WESM, a function that is currently performed by PEMC. Republic Act No. 9136 requires PEMC to divest itself of this function in favor of a separate entity that is independent of the market participants. On February 6, 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. IEMOP, a nonstock, non-profit corporation, led by a Board of Directors, all of whom are independents and do not have any interest or connection to the WESM participants, was incorporated and organized to implement the transition plan. Starting on September 26, 2018, the IEMOP runs the electricity market and manages the registration of market participants, receive generation offers, come out with market prices and dispatches schedules of the generation plants, and handle billing, settlement, and collections, among other things. Under the policy and regulatory oversight of the DOE and the ERC, PEMC remains the governing body for WESM to monitor compliance of the market participants with the market rules.

Retail Competition and Open Access

The EPIRA likewise provides for a system of RCOA on transmission and distribution wires, whereby TRANSCO/NGCP and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution and wheeling charges. Conditions for the commencement of the open access system are as follows:

1. establishment of the WESM;
2. approval of unbundled transmission and distribution wheeling charges;
3. initial implementation of the cross-subsidy removal scheme;
4. privatization of at least 70.0% of the total capacity of generating assets of NPC in Luzon and Visayas; and
5. transfer of the management and control of at least 70.0% of the total energy output of power plants under contract with NPC to the IPPAs.

Prior to the implementation of the RCOA, the distribution utility exclusively procures energy on behalf of its customers, and delivers the energy through its distribution wires. With RCOA, competing Retail Electricity Suppliers will do the buying and selling of electricity, and have the distribution utility deliver the energy for them through the distribution utility's existing distribution wires. The Contestable Customers will have more choices in pricing and power supply contracting, thereby getting the best deal in terms of price and value for money.

The implementation of retail competition and open access is mandated by the EPIRA, subject to the fulfillment of certain conditions including, but not limited to, the establishment of the WESM, the unbundling of transmission and distribution wheeling charges, and privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that transmission and distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable and adverse financial effect on a distribution utility. The initial implementation of the cross-subsidy removal scheme was accomplished in 2001.

These arrangements are now in place, in satisfaction of the conditions for RCOA.

The EPIRA likewise provides for a socialized pricing mechanism such as the lifeline rate subsidy to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy removal for a period of 10 years, unless extended by law. Its application was extended for another 10 years by Republic Act No. 10150, which was approved in June 2011.

Implementation of Performance Based Regulation

On June 22, 2009, the ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering Performance Based Regulation ("PBR") for the fourth entry points, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies' customers. Under the PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period will be set by reference to projected revenues which are reviewed and approved by the ERC and used by the ERC to determine a distribution utility's efficiency factor. For each year during the regulatory period, a distribution utility's distribution charge is adjusted upwards or downwards taking into consideration the utility's efficiency factor set against changes in overall consumer prices in the Philippines.

The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC from the ERC to operate facilities used in the generation of electricity. A COC is valid for a period of five years from the date of issuance.

In addition to the COC requirement, a generation company must comply with technical, financial and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and the Distribution Code promulgated by the ERC. In this connection, the ERC has issued "Guidelines for the Financial Standards of Generation Companies," which sets the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements for the two most recent 12-months periods, if available, a schedule of liabilities, and a five-year financial plan. For the duration of the COC, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be a ground for the imposition of fines and penalties.

The ERC also governs the approval process for Power Supply Agreement ("PSA") between distribution utilities and power suppliers. Under ERC Resolution No. 38, Series of 2006, Rule 20 (B), the ERC specified that the procedures for Applications for Approval of Power Supply Contract other than those covered by the Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Rates (ERC Res. No. 11, Series of 2005). Aside from the regulatory certificates from the SEC, BOI, DOE, and the like, the ERC also requires additional documentary support for PSA approval. For instance, they require financial data such as debt-to-equity ratios, project costs, annual interests, weighted average cost of capital, bank loans, to name a few. The ERC also requires a specification of the cash flow on the initial costs, operating & maintenance expenses, Minimum Energy Offtake, fuel costs, and the like. In addition, technical and economic characteristics of the generating plant such as the kWh generation (basis of maintenance allowance), installed capacity, mode of operation, and dependable capacity, also need to be presented for ERC approval.

Both resolutions specify that ERC must render a decision within 90 days from the date of filing of the application. If no decision is rendered within the 90-day period, the PSA shall be deemed approved, unless the extension of the period is due to extraordinary circumstances.

Upon the introduction of RCOA, the rates charged by a generation company will no longer be regulated by the ERC, except rates for Captive Markets (which are determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction and operation, including environmental licenses and permits.

Retail rates charged by RES to Contestable Customers will not require ERC approval. Only the retail rates charged by Distribution Utilities to their Captive Customers will be subject to the approval of the ERC.

The Renewable Energy Act

The Renewable Energy Act of 2008 or Republic Act No. 9513 was enacted to promote the development, utilization, and commercialization of renewable energy resources. The DOE is the lead agency mandated to implement R.A. No. 9513.

R.A. No. 9513 aims to:

1. Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
2. increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and nonfiscal incentives;
3. encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment; and
4. establish the necessary infrastructure and mechanism to carry out the mandates specified in this Act and other existing laws.

Renewable energy developers and local manufacturers, fabricators and suppliers of locally-produced renewable energy equipment shall register with the DOE, through the Renewable Energy Management Bureau. Upon registration, a certification shall be issued to each developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to incentives under R.A. No. 9513.

Under R.A. No. 9513, renewable energy developers, as duly certified by the DOE, in consultation with the BOI, shall be entitled to incentives, including:

1. Income tax holiday for the first seven years of its commercial operations;
2. Duty-free importation of renewable energy machinery, equipment, and materials within the first ten years upon issuance of a certification of a renewable energy developer;
3. Special realty tax rates on equipment and machinery;
4. Net operating loss carry-over;
5. Corporate tax rate on net taxable income;
6. Accelerated depreciation of plant, machinery, and equipment;
7. Zero percent value-added tax rate for the sale of fuel or power generated from renewable sources of energy;
8. Cash incentive on renewable energy developers for missionary electrification;
9. Tax exemption of carbon credits; and
10. Tax credit on domestic capital equipment and services.

In addition, to accelerate the development of emerging renewable energy resources, a feed-in tariff system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass was created under R.A. No. 9513. The feed-in tariff system rules shall include, but not limited to the following:

1. Priority connections to the grid for electricity generated from emerging renewable energy resources such as wind, solar, ocean, run-of-river hydropower and biomass power plants within the territory of the Philippines;
2. The priority purchase and transmission of, and payment for, such electricity by the grid system operators;
3. Determine the fixed tariff to be paid to electricity produced from each type of emerging renewable energy and the mandated number of years for the application of these rates, which shall not be less than twelve (12) years; and

4. The feed-in tariff to be set shall be applied to the emerging renewable energy to be used in compliance with the renewable portfolio standard as provided for in this Act and in accordance with the RPS rules that will be established by the DOE.

The Energy Efficiency and Conservation Act

The Energy Efficiency and Conservation Act ("**EEC**") or Republic Act No. 11285 was enacted to establish a framework for introducing and institutionalizing policies on energy efficiency and conservation.

Under the EEC, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to incentives under Executive Order No. 226 or the "Omnibus Investments Code of 1987," and other applicable laws for ten years from the effectivity of the EEC. After the lapse of ten years, the inclusion of energy sufficient projects in the annual investment priorities plan shall be reviewed and may be extended by the BOI. Energy efficient projects are exempt from the nationality requirements under Article 32(1) of the Omnibus Investments Code of 1987, unless the project involved exploration, development and utilization of natural resources which is reserved to Filipino citizens, or corporations or association at least 60% of whose capital is owned by Filipino citizens as per Section 2, Article XII of the 1987 Constitution. Further, establishments that will implement or are implementing energy efficient projects are entitled to provision of awards and recognitions, and technical assistance from government agencies in the development and promotion of energy efficient technologies.

The following acts are prohibited under the EEC:

1. Failing to comply with energy labelling;
2. Removing, defacing, or altering any energy label on the energy-consuming product before the product is sold to the first purchaser, or leased to the first lessee;
3. Failing to provide accurate information or provision of false or misleading energy information as required to be submitted under the EECA;
4. Selling, leasing, or importing energy-consuming products that do not comply with the minimum energy performance;
5. Failing or willfully refusing to appoint or designate a Certified Energy Conservation Officer or Certified Energy Manager;
6. Willingly refusing to submit to an on-site inspection by the DOE;
7. Failing or willfully refusing to submit any of the reports required;
8. Failing to comply with issued orders of the DOE in the discharge of its enforcement powers; and
9. Violating any provisions of the IRR, codes, and guidelines issued in accordance with the EECA.

The DOE is empowered to impose fines and penalties for the violation of the provisions of the EEC, its IRR, and other related issuances. The fines and penalties shall range from P10,000.00 to P1,000,000.00, without prejudice to criminal penalties and penalties under existing regulations. The responsible officers and employees of establishments who commit any the prohibited acts listed above shall, upon conviction, suffer the penalty of imprisonment of one year to five years, or a fine ranging from: minimum of P100,000.00 to P100,000,000.00 twice amount of costs avoided for noncompliance, whichever is higher, both, upon the discretion the Any person aids or abets the commission of the prohibited acts or causes such commission by another, shall be liable as a principal. of associations, partnerships, or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, director, officer responsible for the violation.

CONSTRUCTION LAWS

Contractors' License Law

Under Presidential Decree No. 1746, the CIAP was created to promote, accelerate and regulate the growth and development of the construction industry in conformity with national goals.

Moreover, the PCAB was created to perform the licensing functions previously exercised by the Philippine Contractors Licensing Board under Republic Act No. 4566 or the Contractors' License Law. The Contractors' License Law provides that no contractor shall engage in the business of contracting without first having secured a license to conduct business from the PCAB.

In applying for and granting such license, PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of the firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

Construction without license is subject to the penalties under the law, and will cause the contractor to be deemed guilty of misdemeanor.

Construction Industry Arbitration Law

Under Executive Order No. 1008, series of 1985, or the Construction Industry Arbitration Law, the Construction Industry Arbitration Commission ("**CIAC**") was created.

The CIAC shall have original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the disputes arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts.

For the Board to acquire jurisdiction, the parties to a dispute must agree to submit the same to voluntary arbitration. The jurisdiction of the CIAC may include but is not limited to violation of specifications for materials and workmanship; violation of the terms of agreement; interpretation and/or application of contractual provisions; amount of damages and penalties; commencement time and delays; maintenance and defects; payment default of employer or contractor and changes in contract cost.

Construction disputes may be settled by a sole arbitrator or by a tribunal. Arbitrators are appointed by the parties from a list of arbitrators accredited by CIAC. The arbitral ward shall be binding upon the parties. It shall be final and not appealable, except on questions of law which shall be applicable to the Supreme Court.

As soon as a decision, order or award has become final and executory, the Arbitral Tribunal or the single arbitrator, with the concurrence of CIAC, shall issue a writ of execution requiring any sheriff or other proper officer to execute said decision, order, or award.

INFORMATION AND COMMUNICATIONS TECHNOLOGY LAWS

Electronic Commerce Act of 2000

Republic Act No. 8792 or the Electronic Commerce Act of 2000 ("R.A. No. 8792") recognizes the vital role of information and communications technology in nation building, the need to create an information- friendly environment which supports and ensures the availability, diversity and affordability of information and communications technology products and services. It aims to facilitate domestic and international dealings, transactions, arrangement agreements, contracts and exchanges and storage of information through the utilization of electronic, optical and similar medium to promote the universal use of electronic transaction in the government and general public.

R.A. No. 8792 restricts access to an electronic file, or an electronic signature of an electronic data message or electronic document only in favor of the individual or entity having a legal right to the possession or the use of plaintext, electronic signature or file and solely for the authorized purposes. The law also ensures confidentiality and prohibits any person who obtains access to any electronic key, electronic data message, electronic document, book, register, correspondence, information, or other material pursuant to any powers conferred under the said law, from convening to or sharing the same with any other person, except for purposes expressly authorized by law. The implementing rules of the law provides that the electronic key for identity or integrity shall not be made available to any person or party without the consent of the individual or entity in lawful possession of that electronic key.

The law clarifies that violations of the Consumer Act of the Philippines or Republic Act No. 7394 and other related laws through transactions covered by or using electronic data messages or electronic documents shall be penalized with the same penalties as provided therein.

Department of Information and Communications Technology Act of 2015

Republic Act No. 10844 or the Department of Information and Communications Technology Act of 2015 ("R.A. No. 10844"), signed into law on May 23, 2016, seeks to ensure the provision of a strategic, reliable, cost-efficient and citizen-centric information and communications technology ("ICT"). The Department of Information and Communications Technology ("DICT") shall be the primary policy, planning, coordinating, implementing, and administrative entity of the Executive Branch of the government that will plan, develop, and promote the national ICT development agenda. It shall prescribe rules for the establishment, operation and maintenance of ICT infrastructures in unserved and underserved areas, and ensure and protect the rights and welfare of consumers and business users to privacy, security and confidentiality in matters relating to ICT, in coordination with agencies concerned, private sector and relevant international bodies.

ICT refers to the totality of electronic means to access, create, collect, store, process, receive, transmit, present and disseminate information, while the ICT Sector pertains to those engaged in providing goods and services primarily intended to fulfill or enable the function of information processing and communication by electronic means. The ICT Sector includes telecommunications and broadcast information operators, ICT equipment manufacturers, multimedia content developers and providers, ICT solution providers, internet service providers, ICT training institutions, software developers and ICT- Enabled Services providers.

The law abolishes the following agencies with their powers and functions, applicable funds and appropriation, records, equipment, property, and personnel transferred to the DICT: (i) Information and Communications Technology Office; (ii) National Computer Center; (iii) National Computer Institute; (iv) Telecommunications Office; (v) National Telecommunications Training Institute; and (vi) All operating units of the Department of Transportation and Communications dealing with communications. The following agencies, on the other hand, are attached to the DICT and will continue to operate and function in accordance with the charters, laws or orders creating them insofar as not inconsistent with R.A. No. 10844: (i) NTC; (ii) NPC; and (iii) Cybercrime Investigation and Coordination Center.

Regulations on the Implementation of Community Quarantine

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 was declared as a pandemic by the World Health Organization. In light of the pandemic, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases ("**IATF**") was created by virtue of Executive Order No. 168, to facilitate the Philippine government's response to the COVID-19 pandemic. Among other issuances, the IATF issues and updates the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines ("**Quarantine Guidelines**"), which provide for the implementation of measures imposing restrictions on movement and transportation of people, regulation of the operation of industries, provision of food and essential services with varying levels of restriction.

On March 13, 2020, the President of the Philippines Rodrigo Duterte imposed stringent social distancing measures in the National Capital Region effective March 15, 2020, and on March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposing an enhanced community quarantine throughout the island of Luzon until April 12, 2020. Social distancing, travel restrictions, quarantine, suspension and closure of business, lockdown and other restrictive measures were later extended, re-implemented or strengthened multiple times in the Philippines in 2020 and 2021.

Due to the rising number of COVID-19 cases in the country, President Duterte re-imposed the enhanced community quarantine ("**ECQ**") in the Metro Manila and in Bulacan, Cavite, Laguna and Rizal provinces ("**NCR Plus**") from March 29, 2021 to April 4, 2021. The ECQ in these areas was then further extended for another week until April 11, 2021. During this period, strict social distancing measures were implemented. These include (i) curfew hours from 6 p.m. to 5 a.m. except for food delivery and other essential services; (ii) home quarantine for all households, with movement of residents limited to accessing essential goods and services; (iii) on-site skeletal workforce for certain establishments including government agencies and instrumentalities; (iv) prohibition of gatherings outside of residences and; (v) suspension of face-to-face classes at all school levels.

Subsequently, the ECQ was lifted and replaced with the less stringent MECQ, which was in effect from April 12, 2021 until May 14, 2021. Social Distancing measures that were implemented during MECQ include (i) curfew hours from 8 p.m. to 5 a.m. except for food delivery and other essential services; (ii) home quarantine for all households, with movement of residents limited to accessing essential goods and services; (iii) a maximum limit of 50% on-site capacity imposed for all establishments to encourage work-from-home arrangements; (iv) government agencies and instrumentalities operating fully, with a skeleton workforce on-site and the remainder under alternative work arrangements; (v) prohibition of gatherings outside of residences and; (vi) suspension of face-to-face classes at all school levels.

On May 13, 2021, President Duterte approved the IATF recommendation downgrading the quarantine classification of NCR Plus to general community quarantine ("**GCQ**") "with heightened restrictions" from May 15 to May 31. Under GCQ with heightened restrictions, the following measures are in place: (i) indoor gyms are not allowed to operate; (ii) venues for meetings and conferences are not allowed to operate; (iii) personal care services are allowed to operate at 50% as long as they are not requiring mask removal, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (iv) indoor dining in restaurants are allowed up 30% capacity but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (v) strict stay at home orders for persons below 18 years old and above 65 years old but fully-vaccinated seniors can freely move around as long as they have their vaccination cards.

NCR Plus continued to be under GCQ with heightened restrictions until June 15. From June 16 to 30, Metro Manila and Bulacan were placed under GCQ "with some restrictions," while the rest of NCR Plus continued to be under GCQ with heightened restrictions. Under GCQ with some restrictions, the following measures are in place: (i) indoor gyms are allowed to operate at up to 20% capacity, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (ii) venues for meetings and conferences are allowed to operate at up to 30% capacity, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (iii) personal care services are allowed to operate at 30% as long as they are not requiring mask removal, but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (iv)) indoor dining in restaurants are allowed up 40% capacity but if the establishment has a Safety Seal, it may operate an additional 10% capacity; (v) strict stay at home orders for persons below 18 years old and above 65 years old but fully-vaccinated seniors can freely move around as long as they have their vaccination cards.

On June 28, 2021, the President announced that Metro Manila and Bulacan will stay under GCQ with some restrictions until July 15, 2021 along with the province of Rizal, while the remaining two areas part of the NCR Plus bubble, will remain under GCQ with heightened restrictions until July 15, 2021. On July 15, 2021, this quarantine mode was extended until July 31, 2021. However, it was announced on July 23, 2021 that Metro Manila will revert back to GCQ with heightened restrictions from July 23 to 31 in light of the local transmission of the highly contagious COVID-19 Delta variant which was first detected in India.

With the looming threat of further spread of the COVID-19 Delta variant, the President placed Metro Manila under ECQ from August 6, 2021 to August 20, 2021, while certain other provinces and cities, including Bulacan, Cavite, Naga City and Bacolod City, remained under GCQ with heightened restrictions from August 1, 2021 to August 15, 2021. The GCQ classification without restrictions was imposed in several provinces and cities that included the City of Santiago in Isabela and Batangas from August 1, 2021 to August 31, 2021.

On September 13, 2021, the IATF issued guidelines for the pilot implementation of an alert level system in certain cities and municipalities. There will be five alert levels under the new system:

- Alert Level 1: Areas where case transmission is low and decreasing, total bed utilization rate, and intensive care unit utilization rate is low;

- Alert Level 2: Areas where case transmission is low and decreasing, healthcare utilization is low, or case counts are low but increasing, or case counts are low and decreasing but total bed utilization rate and intensive care unit utilization rate is increasing;

- Alert Level 3: Areas where case counts are high and/or increasing, with total bed utilization rate and intensive care unit utilization rate at increasing utilization;

- Alert Level 4: Areas where case counts are high and/or increasing, with total bed utilization rate and intensive care unit utilization rate at high utilization; and

- Alert Level 5: Areas where case counts are alarming, with total bed utilization rate and intensive care unit utilization rate at critical utilization.

PRINCIPAL AND SELLING SHAREHOLDERS

As of the date of this REIT Plan the shareholders of the Company are as follows:

Name	No. of Shares	Amount Subscribed (in ₱)	Amount Paid-up (in ₱)	Additional Paid-in Capital (in ₱)	% Ownership prior to Listing Date
Prime Asset Ventures, Inc.	5,000	5,000	5,000.00	N/A	Nil
S.I. P0wer Corporation	1,654,855,996	1,654,855,996	1,654,855,996	2,482,284,000.00	50.32%
Camotes Island Power Generation Corporation	1,633,807,997	1,633,807,997	1,633,807,997	2,450,712,000.00	49.68%
Garth F. Castañeda	1	1.00	1.00	N/A	Nil
Timothy Joseph M. Mendoza	1	1.00	1.00	N/A	Nil
Cynthia J. Javarez	1	1.00	1.00	N/A	Nil
Manuel Paolo A. Villar	1	1.00	1.00	N/A	Nil
Jose Rommel C. Orillaza	1	1.00	1.00	N/A	Nil
Leonardo Singson	1	1.00	1.00	N/A	Nil
Maria Isabel J. Rodriguez	1	1.00	1.00	N/A	Nil
TOTAL	**3,288,669,000**	**3,288,669,000.00**	**3,288,669,000.00**	**4,932,996,000.00**	**100%**

Upon completion of the Offer, a total of 3,288,669,000 common shares will remain issued and outstanding. The number of the Company's outstanding shares will not change with the completion of the Offer. The Offer Shares will represent approximately 48.96% of the issued and outstanding capital stock of PremiereREIT after the completion of the Offer, assuming the full exercise of the Overallotment Option, and approximately 42.57% of the issued and outstanding capital stock of PremiereREIT after completion of the Offer, assuming the Overallotment Option is not exercised. Upon completion of the Offer and full take up thereof by public shareholders, the Shares owned by the Sponsors will represent approximately 51.04% of the issued and outstanding capital stock of PremiereREIT, assuming the full exercise of the Overallotment Option, and approximately 57.43% of the issued and outstanding capital stock of PremiereREIT, assuming no exercise of any Overallotment Option.

PSE LOCK-UP REQUIREMENT

Under the PSE Consolidated Listing and Disclosure Rules, an applicant company shall cause its existing shareholders who own an equivalent of at least ten percent (10%) of the issued and outstanding shares of stock of the company to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- 180 days after the listing of said shares if the applicant company meets the track record requirements in Section 1, Article III, Part D of the PSE Consolidated Listing and Disclosure Rules; or

- 365 days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements of the PSE Consolidated Listing and Disclosure Rules.

In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument) completed and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price in the initial public offering, all such Shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such Shares.

The following shall be subject to a 365-day lock-up period counted from either 365 days from full payment of such Shares, or 365 days after Listing Date, as the case may be:

Assuming the Overallotment Option is not exercised:

Shareholder	**No. of Shares Subject to 365-day Lock-up Period**	**Lock-Up Period**
SIPCOR	950,375,879 Common Shares	365 days from Listing Date
CAMPCOR	938,288,114 Common Shares	365 days from Listing Date
Garth F. Castañeda	1 Common Share	365 days from full payment
Cynthia J. Javarez	1 Common Share	365 days from full payment
Jose Rommel C. Orillaza	1 Common Share	365 days from full payment
Manuel Paolo A. Villar	1 Common Share	365 days from full payment
Leonardo Singson	1 Common Share	365 days from full payment
Timothy Joseph M. Mendoza	1 Common Share	365 days from full payment
Maria Isabel J. Rodriguez	1 Common Share	365 days from full payment

Assuming the Overallotment Option is fully exercised:

Shareholder	**No. of Shares Subject to 365-day Lock-up Period**	**Lock-Up Period**
SIPCOR	844,703,862 Common Shares	365 days from Listing Date
CAMPCOR	833,960,131 Common Shares	365 days from Listing Date
Garth F. Castañeda	1 Common Share	365 days from full payment
Cynthia J. Javarez	1 Common Share	365 days from full payment
Jose Rommel C. Orillaza	1 Common Share	365 days from full payment
Manuel Paolo A. Villar	1 Common Share	365 days from full payment
Leonardo Singson	1 Common Share	365 days from full payment

Timothy Joseph M. Mendoza	1 Common Share	365 days from full payment
Maria Isabel J. Rodriguez	1 Common Share	365 days from full payment

On April 30, 2021, the PSE issued Memorandum CN – No. 2021-0029 requesting the public to comment on the proposed amendments to the lock-up rule for REITs. The amendments to the lock-up rule for REITs proposes to partially exempt the shares issued to a sponsor which may take place within the one hundred eighty (180)-day period before the offer period for the IPO from the lock-up requirement under Section 2(a) of Article III, Parts D and E of the PSE Consolidated Listing and Disclosure Rules.

On June 13, 2022, the PSE issued MEA No. 2022-0001, relating to the amendments to the Amended Listing Rules for Real Estate Investment Trusts ("REIT Listing Rules") relating to Lock-Up Exemption for REIT Sponsors and the Shareholder Equity Requirement. Under the revised rules, to enable a secondary offering of REIT shares during the IPO, even in cases where the actual issuance of REIT shares to the sponsors/promoters in exchange for their contributed properties at a price lower than the IPO price may take place within the one hundred eighty (180)-day period before the IPO due to pending regulatory approvals, such shares issued to sponsors/promoters shall be exempted from the application of the Lock-Up Rule, provided that:

a. The shares could not have been issued earlier than the 180-day period prior to the IPO because of pending regulatory requirements;

b. The sponsors/promoters sell the exempted shares during the IPO, provided that, such sponsors/promoters may only sell shares during IPO to the extent of forty-nine percent (49%) of the REIT's outstanding capital stock; and

c. REIT shares which are covered by this exemption but are not sold during the IPO shall lose their lock-up exemption and be subject to the 365-day lock-up counted from full payment.

With respect to the shares issued to our Sponsors as a part of the Property-for-Share Swap, these are exempted from the lock-up requirement pursuant to PSE-MEA No. 2022-0001, subject to the following conditions: (i) the shares could not have been issued earlier than the 180-day period prior to the IPO because of pending regulatory requirements, (ii) the sponsors sell the exempted shares during the IPO, provided that, such sponsors may only sell shares during IPO to the extent of forty-nine percent (49%) of the REIT's outstanding capital stock, and (iii) REIT shares which are covered by this exemption but are not sold during the IPO shall lose their lock-up exemption and be subject to the 365-day lock-up counted from listing date, pursuant to the separate relevant lock-up rule also applying to the Sponsors as holders of at least 10% of the total issued and outstanding shares of the Company.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS HOLDING MORE THAN 5% OF THE COMPANY'S VOTING SECURITIES AS OF THE DATE OF THIS REIT PLAN:

Title of Class	Name and address of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares held	% of total outstanding Shares
Common shares	SIPCOR Worldwide Corporate Center, Shaw Blvd., Mandaluyong City Shareholder	PAVI, parent company	Filipino	1,654,855,996	50.32%

Common shares	CAMPCOR 8F Vistahub Campus 1 Levi B. Mariano Ave., Brgy. Ususan, Taguig City Shareholder	PAVI, parent company	Filipino	1,633,807,997	49.68%

SECURITY OWNERSHIP OF MANAGEMENT AS OF THE DATE OF THIS REIT PLAN

Title of Class	Name of beneficial owner	Position	Nationality	Amount and Nature of Beneficial Ownership	% of total outstanding Shares
Common Shares	Garth F. Castañeda	Chairman and Independent Director	Filipino	1	Nil
Common Shares	Timothy Joseph M. Mendoza	Director, President and Chief Executive Officer	Filipino	1	Nil
Common Shares	Cynthia J. Javarez	Director	Filipino	1	Nil
Common Shares	Manuel Paolo A. Villar	Director	Filipino	1	Nil
Common Shares	Jose Rommel C. Orillaza	Director and Chief Operating Officer	Filipino	1	Nil
Common Shares	Leonardo Singson	Independent Director	Filipino	1	Nil
Common Shares	Maria Isabel J. Rodriguez	Independent Director	Filipino	1	Nil
			TOTAL	7	Nil

Except as disclosed above, none of the Company's other executive officers' own shares directly or indirectly in the Company. Ownership in the Company is limited to that indicated in the foregoing.

THE SELLING SHAREHOLDERS

SIPCOR was incorporated in the Philippines and registered with the SEC in September 2011. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. **SIPCPOR** is a wholly-owned subsidiary of PAVI.

CAMPCOR was incorporated in the Philippines and registered with the SEC in September 2019. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may be applied. Its first power plant facilities have an aggregate installed capacity of 6.9 MW for the Camotes main grid, and 1,280 kW for the Pilar grid, both in the province of Cebu. CAMPCOR is the sole power provider for Pilar Island and Camotes Island.

The following table below sets forth, for the Selling Shareholders, the number of Shares and percentage of outstanding shares held before the Offer, the maximum number of Option Shares to be sold pursuant to the Overallotment Option and the number of shares and percentage of outstanding shares owned immediately after the Offer:

Selling Shareholders	No. of Shares before the Offer	% of Shares Outstanding before the Offer	No. of Option Shares to be sold pursuant to the Overallotment Option	No exercise of Overallotment Option		Full exercise of Overallotment Option	
				No. of Shares held after the Offer	% of Shares Outstanding after the Offer	No. of Shares held after the Offer	% of Shares Outstanding after the Offer
SIPCOR	1,654,855,996	50.32%	105,672,018	950,375,879	28.90%	844,703,861	25.69%
CAMPCOR	1,633,807,997	49.68%	104,327,982	938,288,114	28.53%	833,960,132	25.36%

Furthermore, the following table illustrates the number of Offer Shares to be taken from each of the Selling Shareholders, broken down into the number of Firm Shares, Option Shares, and total Offer Shares subject to the Offer.

Selling Shareholders	Firm Shares	Option Shares	Total Offer Shares
SIPCOR	704,480,117	105,672,018	810,152,135
CAMPCOR	695,519,883	104,327,982	799,847,865
TOTAL	**1,400,000,000**	**210,000,000**	**1,610,000,000**

Jose Rommel C. Orillaza is the authorized representative of the Selling Shareholders.

Voting Trust Holders of 5% or more

As of the date of this REIT Plan, we are not aware of any person holding more than 5.0% of a class of our shares under a voting trust or similar agreement.

Change in Control

There has been no change in the control of the Company since it was incorporated.

RELATED PARTY TRANSACTIONS

Related Party Transactions and the REIT Law

Under the provisions of the REIT Law, a related party is defined to include:

- a director; the chairman of the board of directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment, officer and their equivalent positions, including consultants with similar rank or position (the "**Principal Officer**"); or a stockholder who is, directly or indirectly, the beneficial owner of more than ten percent of any class of the REIT's shares (a "**Principal Stockholder**"); or an associate of such persons;

- the sponsor or promoter of the REIT, meaning any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the REIT;

- the fund manager of the REIT, meaning any person who manages the functions of the REIT;

- any adviser of the REIT, meaning a lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the REIT;

- the property manager of the REIT, meaning a professional administrator of real properties who is engaged by the REIT to provide the property management services;

- a director, Principal Stockholder or Principal Officer of the sponsor/promoter of the REIT, fund manager, property manager, or associate of the any such persons;

- parent, subsidiary or affiliate to the REIT, the fund manager or the property manager; and

- any person who holds legal title to the shares of the REIT for the benefit of another for the purpose of circumventing the provisions of the REIT Law.

(collectively, "**Related Parties**")

Any contract or amendment thereto, between the REIT and any related party, as described above, including contracts for services, shall comply with the following minimum requirements:

- the REIT must fully, fairly, timely, and accurately disclose the identity of the Related Party or Parties, their relationship with the REIT, and other important terms and conditions of the transaction to the PSE and the SEC;

- the contract must be on fair reasonable terms, including the contract price;

- the contract must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT;

- the contract must be approved by the related party transactions committee which is constituted with the sole task of reviewing related party transactions. Majority of its members must be independent directors who shall vote unanimously in approving such related party transaction;

- the REIT must comply with 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;

- the contract must be accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and

- the REIT must also disclose any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the REIT.

Related Party Transactions and SEC Regulation

The SEC issued Memorandum Circular No. 10, Series of 2019, which took effect on April 27, 2019 (the "**RPT Circular**"). Under this RPT Circular, related party transactions, either individually or in aggregate over a twelve-month period, amounting to at least 10% of a company's total assets shall be considered as a material related party transaction ("**Material RPT**"). The SEC likewise included in the relevant definition of "related parties" directors, officers, substantial shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control or significant influence over the reporting publicly-listed company.

Some of the new and pertinent rules provided in the RPT Circular are as follows:

- newly listed companies shall submit their Material RPT policy within six months from their listing date, which policy must be consistent with the Circular. The Material RPT Policy shall be signed by the company's chairman and compliance officer;

- the board of directors shall adopt a group-wide Material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile, and complexity of operations;

- the Material RPT policy shall include, at a minimum: identification of related parties, coverage of Material RPT, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the Material RPT, guidelines in ensuring arm's length terms, approval of Material RPT, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive Material RPT;

- the approval of Material RPT shall be by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the Material RPT. If the majority vote of independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the company. The same board approval shall be secured for aggregate related party transactions within a twelve-month period that breaches the 10% materiality threshold covering the same related party;

- an Advisement Report on Material RPT shall be submitted to the SEC within three calendar days after the execution date of the transaction; and

- a summary of Material RPT for the reporting year shall be disclosed in the Integrated Annual Corporate Governance Report annually every May 30.

- The SEC likewise issued the Revised REIT IRR, which took effect on February 7, 2020. Under the REIR IRR, any contract between the REIT and Related Parties, including contracts involving the acquisition or lease of assets and contracts for services, shall comply with the following minimum requirements: full, fair, timely and accurate disclosures on the identity of the parties, their relationship with the REIT, and other important terms and conditions of the transaction have been made to the PSE and the SEC;

- Be on fair and reasonable terms, including the contract price;

- Approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT;

- Must also be approved by the Related Party Transactions Committee which is constituted with the sole task of reviewing related party transactions. Majority of its members must be independent directors who shall vote unanimously in approving such related party transactions;

- Compliance with the RPT Circular, or such other relevant regulations that may be issued by the Commission;

- Accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the Commission, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and

- Any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the REIT.

Our Existing Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

In the ordinary course of business, we enter into various transactions with related parties and affiliates, principally consisting of leases and subleases of properties, as may be applicable, and management fees for services received. Our policy is to settle intercompany receivables and payable on a net basis. Transactions entered with related parties are made at terms equivalent to those that prevail in arm's length transactions on terms comparable to those available from or to unrelated third parties, as the case may be. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured and payable/collectible in cash on demand. The Company will have a Related Party Transaction Committee in charge of evaluating proposed transactions – Please refer to the discussion under *Board of Directors and Senior Management – Related Party Transactions Committee* on page 176.

Our related party transactions were approved by at least a majority of the entire Board of Directors, including the unanimous vote of all independent directors of the REIT, as may be applicable. In addition, the Company will subject Related Party transactions to the review of the Related Party Transactions Committee once constituted after Listing Date.

We have the following transactions with related parties:

a. The Properties are subject of lease agreements or sublease agreement, as the case may be, with SIPCOR and CAMPCOR. The lease and sublease agreements are renewable upon mutual agreement of the parties.

b. The key management personnel of the Company are employees of PAVI, the Company's ultimate parent. The compensation of the said employees is paid by PAVI.

c. PAVI paid certain expenses on behalf of the Company. These expenses are incurred in relation to the incorporation of the Company.

Our Board and the RPT Committee, based on their experience, expertise, and knowledge of similar contracts in the industry, believe that the above-listed transactions were made on an arm's length basis at prevailing market rates, on normal commercial terms, and in accordance with our Company's and our Fund Manager's policies toward related party transactions. See "*Note 9 of the Interim Financial Statements*".

Future Related Party Transactions

As a REIT listed on the PSE, our Company will be regulated by the rules and regulations of the SEC as well as the Listing Rules and other regulations of the PSE. These rules and regulations, along with the REIT Law, regulate transactions entered into by us with related parties with respect to our acquisition of assets from or sale of assets to a related party, our investment in securities of or issued by a related party, and the engagement of a related party as a property management agent or marketing agent for our properties. Depending on the materiality of transactions entered into by us for the acquisition of assets from the sale of assets to or the investment in securities of or issued by, a related party, the rules described above may require us to announce such a transaction to the SEC and the PSE and may also require the approval of the Shareholders to be obtained.

Subject to compliance with the applicable requirements, our Company will not be prohibited by the rules of the SEC, the PSE, or the REIT Law from contracting or entering into any financial, banking, or any other type of transaction with a related party or from being interested in any such contract or transaction, provided that any such transaction shall be on normal, arm's length commercial terms and is not prejudicial to the interests of the Company and the Shareholders. See "The Fund Manager and the Property Manager".

Our expected future related party transactions are as follows:

Related Party	Relationship	Nature of Transaction	Value of Transaction
Sponsors	Parent Company	Lease or sublease over the Properties	The higher of (a) Guaranteed Annual Base Lease, or (b) Variable Base Lease.
VFund Management, Inc.	Fund Manager	Fund Management Agreement	0.5% of Rental Income less straight line adjustment, exclusive of value-added taxes + 0.5% of acquisition price for every property acquisition made, exclusive of VAT, if applicable (Acquisition Fee) + 0.5% of the sales price for every real property divested by the Company, exclusive of value-added taxes (Divestment Fee)
Vproperty Management, Inc.	Property Manager	Property Management Agreement	1.5% of Annual Rental Income less straight line adjustment, exclusive of value-added taxes

All future related party transactions will be subject to the review of the Related Party Transactions Committee and approved by at least a majority of the entire Board of Directors, including the unanimous vote of all independent directors of the REIT, as may be applicable.

Certain Relationships and Related Transactions

Our Company has no relationships that fall outside the definition of "related parties" under SFAS/IAS No. 24, but with whom our Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

Aside from those disclosed above, there are no other related party transactions, and ongoing contractual commitments as a result of related party arrangements.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Sponsors, the Sole Issue Manager, Bookrunner and Underwriter, [and the Participating Underwriter/s] or any of the parties or advisors in connection with the offer and sale of the Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, governed by its respective board of governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE maintains a single, unified trading floor in Bonifacio Global City in Taguig City.

In June 1998, the SEC granted the PSE "Self-Regulatory Organization" status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization and converted from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of ₱120 million. As of May 4, 2022, PSE has 85,106,285 issued shares, of which 3,513,952 are treasury shares, resulting in 81,592,333 total shares outstanding. Each of the then 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member-broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE board of governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the president of the PSE. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging ("**SME**") Board. In 2013, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of incorporation of the Company. Each index represents the numerical average of the prices of component stocks.

The PSE has a benchmark index, referred to as the PSEi, which, as of the date thereof, reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective as of April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of 30 selected stocks listed on the PSE. In July 2010, the PSE's new trading system, now known as PSE Trade, was launched. In June 2015, the PSE Trade system was replaced by PSE Trade XTS.

In December 2013, the PSE Electronic Disclosure Generation Technology ("**EDGe**"), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

Furthermore, the PSE launched its Corporate Governance Guidebook in November 2010 to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

The table below indicates the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			(in ₱ billions)	(in ₱ billions)
2000.............................	1,494.5	229	2,576.5	357.7
2001.............................	1,168.1	231	2,141.4	159.6
2002.............................	1,018.4	234	2,083.2	159.7
2003.............................	1,442.4	236	2,973.8	145.4
2004.............................	1,822.8	235	4,766.3	206.6
2005.............................	2,096.0	237	5,948.4	383.5
2006.............................	2,982.5	239	7,173.2	572.6
2007.............................	3,621.6	244	7,977.6	1,338.3
2008.............................	1,872.9	246	4,069.2	763.9
2009.............................	3,052.7	248	6,029.1	994.2
2010.............................	4,201.1	253	8,866.1	1,207.4
2011.............................	4,372.0	245	8,697.0	1,422.6
2012.............................	5,812.7	254	10,952.7	1,771.7
2013.............................	5,889.8	257	11,931.3	2,546.2
2014.............................	7,230.6	263	14,251.7	2,130.1
2015.............................	6,952.1	263	13,650.0	1,510.0
2016.............................	6,840.6	268	14,438.8	1,776.3
2017.............................	8,558.4	273	17,583.1	3,596.9
2018.............................	7,466.0	267	16,146.7	1,736.8
2019	7,815.3	271	16,710.0	1,770.0
2020.............................	7,139.7	271	15,888.9	1,770.9
2021.............................	7,122.6	280	18,081.1	2,233.1

Source: PSE and PSE Annual Reports.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Trading on the PSE pre-opens at 9:00 a.m., opens at 9:30 a.m., breaks from 12:00 noon and resumes at 1:00 p.m., pre-closes at 2:45 p.m., in run-off from 2:50 p.m., and closes at 3:00 p.m.. Trading days are Mondays to Fridays, except legal and special holidays, days when the BSP clearing house is closed and such other days as may be declared by the SEC or the PSE, to be a non-trading day. The PSE may also shorten or adjust trading hours on account of government quarantine measures, such as those implemented due to the COVID-19 pandemic in 2020.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- in the event the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price). Otherwise, such an order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE;

- in the event the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price). Otherwise, such an order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE;

- in the event the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C). Otherwise, such an order will be rejected by the PSE.

Non-Resident Transactions

When the purchase or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three Banking Days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a certificate of registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned subsidiary of the PSE and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for: (a) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE trading participants; (b) guaranteeing the settlement of trades in the event of a PSE trading participant's default through the implementation of its "Fails Management System" and administration of the Clearing and Trade Guaranty Fund, and; (c) performing risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after the transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the Philippine Depository & Trust Corp. (formerly the Philippine Central Depository, Inc.) ("**PDTC**"). Each PSE trading participant maintains a cash settlement account with one of the nine existing settlement banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank AG Manila Branch, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited and Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker-level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-

PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO Unibank, RCBC, Metrobank, DB, Unionbank, HSBC and Maybank.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation ("**PCD Nominee**") whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. On the other hand, immobilization is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Company's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g., brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his or her participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his or her interests in the shares must execute the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his or her stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are generally on the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of the ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III, Part A of the PSE's Revised Listing Rules.

In addition to the foregoing, the PSE also apprised all listed companies and market participants through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the Exchange shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the SEC.

For listing applications, the amended rule on lodgment of securities is applicable to:

- the offer shares/securities of the applicant company in the case of an initial public offering;
- the shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;
- new securities to be offered and applied for listing by an existing listed company; and additional listing of securities of an existing listed company; and
- additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

- for a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a registry confirmation advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date; and
- for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice, the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancelation. The transfer agent shall issue a registry confirmation advice to PCD Nominee evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Scripless Shares

The REIT Law provides that all the shares of a REIT shall be in uncertificated form. The PSE Amended REIT Listing Rules require that a REIT shall establish sufficient control and procedures that shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any of the non-public shareholders. The REIT shall make the necessary arrangement with a central securities depository on the recording of its shareholders under a Name-On Central Depository arrangement.

Amended Rule on Minimum Public Ownership

On December 1, 2017, the SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("**SEC MC 13-2017**") on the rules and regulations on minimum public ownership ("**MPO**") on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) purpose of investment; and (c) extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investors are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies are required to establish and implement an internal policy and procedure to monitor its MPO and shall immediately report to the SEC within the next business day if its MPO has fallen below 20%. Listed companies shall submit to the SEC within ten days after knowledge about the deficiency in its MPO, a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from the date of such decline. Listed companies shall submit to the SEC a public ownership report and progress report on submitted business plan within 15 days after the end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these requirements shall subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

On August 4, 2020, the PSE issued Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

Market Capitalization	**Minimum Public Offer**
Not exceeding ₱500M	33% or ₱50M, whichever is higher
Over ₱500M to ₱1B	25% or ₱100M, whichever is higher
Over ₱1B	20% or ₱250M, whichever is higher

A company listing through an IPO is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

Under Section 8.1 of the REIT Law and Section 5.1(a) of the Revised REIT IRR, a REIT must be a public company. It is required to maintain its status as a listed company and upon and after listing, have at least 1,000 Public Shareholders each owning at least 50 shares of any class of shares, and who, in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT. Failure to maintain the public ownership requirement will result in the imposition of a trading suspension for a period not more than six months. If the REIT still fails to comply with the public ownership requirement within the six-month period, it will be automatically delisted.

Amended REIT Listing Rules

On June 13, 2022, the PSE issued PSE Memorandum No. 2022-0001 amending the Listing Rules for Real Estate Investment Trusts ("Amended REIT Listing Rules"). The salient provisions of the amendments affected the (1) REIT Lock-Up Exemption in Initial Public Offerings; (2) 49% Maximum Limit of REIT IPO Lock-Up Exemption; (3) Required Stockholders' Equity for REIT Listing Applicants; and (4) Secondary Offering of Shares of a Newly-Formed REIT.

Section 5 of the Amended REIT Listing Rules now provides for the Lock-Up of shares consistent with the PSE Consolidated Listing and Disclosure Rules, as well as the requirements for an exemption from lock-up of certain shares. Paragraph (a) of the same provides that a company applying for listing as a REIT on the Main Board shall cause its existing stockholders who own an equivalent of at least ten percent (10%) of the issued and outstanding shares of stock of the company to refrain from disposing of their shares in any manner for a certain period after the listing of such shares. Should the applicant company meet the track record requirements in Article III, Part D, Section 1 of the PSE Consolidated Listing and Disclosure Rules, the shares shall be locked up for a period of one hundred eighty (180) days. If the applicant company is (1) a newly-incorporated REIT invoking the track record of its income-generating real estate assets; or (2) is exempt from the track record and operating history requirements under Article III, Part D, Section 1(B)(i) of the PSE Consolidated Listing and Disclosure Rules, the shares shall be locked up for a period of three hundred sixty-five (365) days.

For companies applying for listing on the Small, Medium, and Emerging Board ("SME Board"), non-public stockholders and their related parties are mandated to refrain from disposing of their shares in any manner for a period of one (1) year after the listing of such shares. All other stockholders are not subject to the one-year mandatory lock-up.

Paragraph (c) of Section 5 provides a mandatory lock-up period of at least three hundred sixty-five (365) days from the full payment of shares that are transferred if: (1) such transfer is done and fully paid for within one hundred eighty (180) days prior to the start of the offering period, or prior to the listing date in the case of applicant companies listing by way of introduction; and (2) the transaction price is lower than that of the offer price in the initial public offering or than that of the listing price in the case of applicant companies listing by way of introduction. However, such lock-up requirement shall not apply to shares issued to sponsors/promoters within one hundred eighty (180) days prior to the start of the offering period at a transaction price lower than the offer price ("Exempted Shares") provided that: (i) the shares could not could not have been issued earlier than the 180-day period prior to the IPO because of pending regulatory requirements beyond the control of such sponsors/promoters; (ii) the sponsors/promoters sell the exempted shares during the IPO, provided that, such sponsors/promoters may only sell shares during IPO to the extent of forty-nine (49%) of the outstanding capital stock of the REIT; and (iii) the exempted shares that are not sold during the IPO shall lose their exempt status and be subject to the 365- day lock-up counted from full payment as provided under Paragraph (c) of Section 5.

The PSE Rules make it clear that the maximum limit for the foregoing REIT Lock-Up Exemption is forty-nine (49%) of the outstanding capital stock of the REIT to be consistent with the objective of maximizing public participation in REITs while simultaneously preventing the immediate and full exit of the sponsors/promoters from the REIT during IPO that may prejudice minority shareholders.

Under Section 5(m), the applicant REIT company must have a stockholders' equity of art least five hundred million pesos (₱500,000,000.00) at the time of the filing of the listing application.

Finally, Section 4(i) of the Amended REIT Listing Rules clarifies that a newly-formed REIT is not prohibited from undertaking a secondary offering of shares during the initial public offering.

TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. The following discussion is based upon laws, regulations, rulings, income tax treaties, administrative practices and judicial decisions in effect at the date of this REIT Plan and is subject to any changes occurring after such date. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. This discussion does not provide information regarding the tax aspects of acquiring, owning, holding or disposing of the shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequences in light of particular situations of acquiring, owning, holding and disposing of the shares in such other jurisdictions.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF LOCAL AND NATIONAL TAX LAWS.

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

- *who is an individual and is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**") took effect. The TRAIN Law amended various provisions of the Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax. On March 26, 2021, the second package of the Comprehensive Tax Reform program, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (the "**CREATE Law**") was signed into law. The CREATE Law amended various provisions of the Tax Code covering corporate income tax.

IPO Tax

Republic Act No. 11494, otherwise known as the Bayanihan to Recover As One Act, took effect on September 15, 2020. Section 6 of this law repealed Section 127(B) of the Tax Code on the IPO Tax. As such, the Offer is not subject to the IPO Tax.

Under Revenue Regulations No. 23-2020 issued by the BIR, tax on shares of stocks sold, bartered, exchanged or other disposition through IPO provided under Section 127(B) of the Tax Code is repealed. Every sale, barter, exchange or other disposition through IPO of shares of stock in closely held corporations shall no longer be subject to IPO Tax.

Section 13 (iv) of the REIT Law exempts any initial public offering of REIT from IPO tax.
Corporate Income Tax

A domestic corporation is subject to a tax of 25% of its taxable income from all sources within and outside the Philippines. Taxable net income refers to items of income specified under Section 32 (A) of the Tax Code, less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction ("**OSD**") equivalent to an amount not exceeding 40% of the corporation's gross income.

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 03-2020 and by the CREATE Law, a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25%, as provided under Section 27(A) of the Tax Code, on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

Passive income of a domestic corporations are taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

Beginning July 1, 2020 and until June 30, 2023, a minimum corporate income tax of 1% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax. After June 30, 2023, the rate of minimum corporate income tax shall be 2% of the gross income as of the end of the taxable year.

Any excess of the minimum corporate income tax, however, over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labor dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

Sale, Exchange or Disposition of Shares after the IPO

Taxes on Transfer of Shares Listed and Traded in the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. A value-added tax ("**VAT**") of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange or disposition through the PSE, and is generally passed on to the client, the seller or transferor. The stock transaction tax is classified as a percentage tax and is paid in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the SEC shall impose a trading suspension for a period of not more than six months on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public of the listed companies issued and outstanding shares at all times.

Under the REIT Law and the Revised REIT IRR, a REIT must be a public company and to be considered as such, a REIT, must: (a) maintain its status as a listed company; and (b) upon and after listing, have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT or subject to 33.33% MPO.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax, documentary stamp tax, and possibly donor's tax if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor's tax under Section 100 of the Tax Code.) Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("**R.R. 16-12**") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Capital Gains Tax, if the Sale Was Made Outside the PSE

Pursuant to the TRAIN Law and CREATE Law, the net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, a domestic corporation (other than a dealer in securities), a resident foreign corporation, or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year.

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code, provided, however, that a sale, exchange or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm's length and free from donative intent) will be considered as made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief must be filed with and approved by the BIR in accordance with BIR regulations to avail of the exemption (Please see discussion below on tax treaties).

The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration ("**CAR**"), certifying that capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax, or other conditions have been met.

Tax on Dividends

In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a non-resident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty in force between the Philippines and the country of domicile of the non-resident holder.

Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

The BIR has issued Revenue Memorandum Order No. 14-2021 ("**RMO No. 14-2021**") to streamline the procedures and documents for the availment of treaty benefits covering all items of income, including dividends, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty. Under this regulation, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division ("**ITAD**") of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a tax treaty relief application ("**TTRA**") with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company's shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident's entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD.

Transfer taxes (e.g., VAT on deemed sale, DST, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to all the shareholders of the corporation are generally not subject to Philippine income tax. However, the subsequent sale, exchange, or disposition of shares in a domestic corporation received as stock dividends by the shareholder is subject to either: (a) stock transaction tax, if the transfer is through a local stock exchange; or (b) capital gains tax and DST, if otherwise.

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

	Dividends (%)	**Stock transaction tax on sale or disposition effected through the PSE (%)[9]**	**Capital gains tax due on disposition of shares outside the PSE (%)**
Canada	25[1]	0.6	May be exempt[13]
China	15[2]	Exempt[10]	May be exempt[13]
France	15[3]	Exempt[11]	May be exempt[13]
Germany	15[4]	Exempt[12]	May be exempt[13]
Japan	15[5]	0.6	May be exempt[13]
Singapore	25[6]	0.6	May be exempt[13]
United Kingdom	25[7]	0.6	Exempt[14]

United States	25[8]	0.6	May be exempt[13]

Notes:

(1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.

(3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.

(4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases.

(5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.

(6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.

(7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Tax Code provided certain conditions are met.

(9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by the Section 39 of the TRAIN.

(10) Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.

(11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995.

(12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.

(13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.

(14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

Documentary Stamp Tax

The original issue of shares is subject to a documentary stamp tax ("**DST**") of ₱2.00 for each ₱200.00, or a fractional part thereof, of the par value of the shares issued. The transfer of shares outside the PSE is subject to DST at the rate of ₱1.50 on each ₱200.00, or a fractional part thereof, of the par value of the shares.

The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by either or both the vendor and the vendee of the shares.

However, the sale, barter or exchange of shares listed and traded at the PSE is exempt from documentary stamp tax.

Estate and Donor's Taxes

Shares issued by a domestic corporation are deemed to have a Philippine situs and their transfer by way of a succession or donation, even if made by a non-resident or donor outside the Philippines, is subject to Philippine estate and donor's tax.

The transfer of shares of stock upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, shall be subject to an estate tax which is levied on the net estate of the deceased at the rate of 6%. An Investor shall be subject to donor's tax at the rate of 6% based on the total net gifts (such as shares of stock) in excess of ₱250,000.00 made during a calendar year, regardless of the relationship (by blood or by affinity) between the donor and the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock:

1. if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or

2. if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Shares exceeded the value of the consideration may be deemed a gift, and a donor's tax may be imposed on the transferor of the Shares, based on Section 100 of the Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation Outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donor's tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This REIT Plan does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

PLAN OF DISTRIBUTION

At least [980,000,000] Institutional Offer Shares, or [70]% of the Firm Shares, are (subject to re-allocation as described below) being offered for sale to QBs in the Philippines by the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s] (the "**Institutional Offer**").

Up to [420,000,000] Trading Participants and Retail Offer Shares, or [30]% of the Firm Shares, are (subject to re-allocation as described below) being offered by the Sole Issue Manager, Underwriter and Bookrunner at the Offer Price to all of the Eligible PSE Trading Participants and LSIs in the Philippines (the "**Trading Participants and Retail Offer**"). The number of Offer Shares to be made available to the Eligible PSE Trading Participants and LSIs will be up to [280,000,000] Firm Shares and up to [140,000,000] Firm Shares, respectively, or [20]% and [10]%, respectively, subject to final allocation as may be determined by the Sole Issue Manager, Underwriter and Bookrunner.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholders, and the Sole Issue Manager, Underwriter and Bookrunner. The Sole Issue Manager, Underwriter and will underwrite, on a firm commitment basis, the Firm Shares, subject to any reallocation, clawback, clawforward or any other such mechanisms as described below.

The Offer Shares shall be lodged with the PDTC and shall be issued to the investors in scripless form. All of the shares of stock of the REIT shall be issued in the form of uncertificated securities. Investors may not require the Company to issue a certificate in respect of any share recorded at their name.

Underwriting Commitment

The Company, the Selling Shareholders, and the Sole Issue Manager, Underwriter and Bookrunner have entered into an Underwriting Agreement to be dated on or about [●] (the "**Underwriting Agreement**") whereby the Sole Issue Manager, Underwriter and Bookrunner agreed to underwrite on a firm commitment basis all the Firm Shares.

There were no cornerstone investors and the Company did not enter into any cornerstone investment agreements in connection with the Institutional Offer.

Sole Issue Manager, Underwriter and Bookrunner	Number of Firm Shares	% of Firm Shares	Estimated Fees[104] (in ₱)
China Bank Capital Corporation	1,400,000,000	100%	[68,084,800.00]
Total	**1,400,000,000**	**100%**	**₱[**68,084,800.00**]**

The foregoing table does not reflect the exercise of the Overallotment Option that may or may not be exercised by the Stabilizing Agent to purchase up to 210,000,000 Option Shares.

There is no arrangement for the Sole Issue Manager, Underwriter and Bookrunner to return any of the Offer Shares relating to the Trading Participants and Retail Offer or the Institutional Offer to the Company or the Selling Shareholders.

Roles and Responsibilities of the Sole Issue Manager, Underwriter and Bookrunner

The Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter] are assisting the Company and the Selling Shareholders in the book-building process, which includes marketing and allocation of the Offer to potential investors as described in this Plan of Distribution.

For the purpose of complying with its commitments under the Underwriting Agreement, the Sole Issue Manager, Underwriter and Bookrunner may, under such terms and conditions consistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Sole Issue Manager, Underwriter and Bookrunner, enter into agreements with other participating underwriters and appoint selling agents for the sale

[104] The estimated fees of the Sole Issue Manager, Underwriter and Bookrunner excludes the fees payable to the PSE Trading Participants.

and distribution to the public of the Firm Shares; provided, that the Sole Issue Manager, Underwriter and Bookrunner shall remain solely responsible to the Issuer in respect of its obligations under the Underwriting Agreement entered into by it with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Sole Issue Manager, Underwriter and Bookrunner with such participating underwriters and selling agents.

The Trading Participants and Retail Offer Shares shall (subject to re-allocation as described below) initially be offered by the Sole Issue Manager, Underwriter and Bookrunner to all of the Eligible PSE Trading Participants and LSIs in the Philippines. The Sole Issue Manager, Underwriter and Bookrunner has undertaken to underwrite the Trading Participants and Retail Offer on a firm commitment basis.

The Sole Issue Manager, Underwriter and Bookrunner and its affiliates have engaged in transactions with, and have performed various investment banking, commercial banking and other services for the Company's Affiliates and the Selling Shareholders in the past, and may do so for the Company, the Selling Shareholders and their respective subsidiaries and affiliates from time to time in the future. However, all services provided by the Sole Issue Manager, Underwriter and Bookrunner including in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to the Company or the Selling Shareholders. The Sole Issue Manager, Underwriter and Bookrunner does not have any right to designate or nominate a member of the Board. The Sole Issue Manager, Underwriter and Bookrunner has no direct or indirect relationship with the Company in terms of share ownership and, other than as Sole Issue Manager, Underwriter and Bookrunner for the Offer, does not have any material relationship with the Company or the Selling Shareholders.

The Sole Issue Manager, Underwriter and Bookrunner will receive underwriting and selling fees from the Issuer of up to [2.6316]% of the gross proceeds from the sale of the Offer Shares, which includes any amounts that may be ceded to [other participating underwriters and] selling agents such as Eligible PSE Trading Participants, where applicable.

The estimated underwriting, selling, and TP Selling Fees amount to approximately ₱[84,737,520.00], assuming that the Overallotment Option is fully exercised. The estimated underwriting, and TP fees amount to approximately ₱[73,684,800.00], assuming that the Overallotment Option is not exercised.

Sole Issue Manager, Underwriter and Bookrunner

China Bank Capital Corporation

China Bank Capital is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company's services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. China Bank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2021, it has total assets of ₱2.80 billion and a capital base of ₱2.69 billion.

The Sole Issue Manager, Underwriter and Bookrunner has no direct or indirect relationship with the Company in terms of share ownership and, other than as the Sole Issue Manager, Underwriter and Bookrunner for the Offer, does not have any material relationship with the Company or any of the Selling Shareholders.

THE TRADING PARTICIPANTS AND RETAIL OFFER

The Trading Participants and Retail Offer Shares shall (subject to re-allocation as described below) initially be offered by the Sole Issue Manager, Underwriter and Bookrunner to all of the Eligible PSE Trading Participants and LSIs in the Philippines. Up to [280,000,000] Trading Participants and Retail Offer Shares, or [20]% of the Firm Shares, shall be allocated among the Eligible PSE Trading Participants. Each Eligible PSE Trading Participant shall initially be allocated up to [2,276,000] Firm Shares and subject to reallocation as may be determined by the Sole Issue Manager, Underwriter and Bookrunner. Based on the initial allocation for each Eligible PSE Trading Participant, there will be a total of [52,000] residual Firm Shares to be allocated as may be determined by the Sole Issue Manager, Underwriter and Bookrunner. A total of up to [140,000,000] Trading Participants and Retail Offer Shares, or 10% of the Firm Shares, shall be made available nationwide to LSIs through the PSE Electronic Allocation System or "PSE EASy." An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱[100,000.00]. In the case of this Offer, the minimum subscription of LSIs shall be [1,000] Shares or ₱[●] while the maximum subscription shall be [50,000] Shares or up to ₱[●] There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Sole Issue Manager, Underwriter and Bookrunner shall prioritize subscriptions of local small investors with the smallest orders.

Upon closing of the Trading Participants and Retail Offer, any allocation of Trading Participants and Retail Offer Shares not taken up by the Eligible PSE Trading Participants and the LSIs shall be distributed by the Sole Issue Manager, Underwriter and Bookrunner to its clients or the general public in the Philippines. The Sole Issue Manager, Underwriter and Bookrunner shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer, or otherwise not taken up by the Eligible PSE Trading Participants, LSIs, clients of the Sole Issue Manager, Underwriter and Bookrunner or the general public in the Philippines, pursuant to the terms and conditions of the Underwriting Agreement (as defined below). Nothing herein or in the Underwriting Agreement shall limit the rights of the Sole Issue Manager, Underwriter and Bookrunner from purchasing the Offer Shares for its own account.

On or before 12:00 noon on [December 5], 2022, the Eligible PSE Trading Participants shall submit to the Receiving Agent their respective Application and other required documents therein from the Trading Participants and Retail Offer Shares.

For LSI applicants, applications shall be done via the PSE EASy (https://easy.pse.com.ph/). LSI applications shall be processed on a first come, first served basis, while the final share allocation shall be determined through a distribution mechanism wherein fully paid applications will be allocated in ascending order (i.e. from the lowest to the highest), and upon the Receiving Agent's validation or confirmation of complete payment of the purchased shares. Multiple applications (i.e. two or more applications by the same LSI applicant) will not be allowed.

The procedure in subscribing to the Offer Shares via PSE EASy shall be described in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website.

An LSI applicant should nominate in the Application the Eligible PSE Trading Participant through which its shares will be lodged. Otherwise, the Application shall not be accepted.

For more details on the Procedure for Application for the Offer, please refer to the Offer Implementing Guidelines.

An application to purchase the Trading Participants and Retail Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the Receiving Agent or such other financial institutions that may be invited to manage the LSI program. Payment for the Trading Participants and Retail Offer Shares may be made using any of the modes of payment indicated in the Company's Offer Implementing Guidelines for LSIs following the payment instructions generated through PSE EASy. LSI applicants may check the status of their subscription applications through their PSE EASy investor accounts.

Eligible PSE Trading Participants who take up Trading Participants and Retail Offer Shares shall be entitled to a selling fee of [1.00]%, inclusive of VAT, of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant Eligible PSE Trading Participant. The TP Selling Fees, less the applicable withholding tax, will be paid by the Receiving Agent to the Eligible PSE Trading Participants starting on the tenth (10^{th}) Banking Day from the Listing Date.

All of the Trading Participants and Retail Offer Shares are or shall be lodged with the PDTC and shall be issued to the Eligible PSE Trading Participants and LSIs in scripless form. All of the shares of stock of the REIT shall be issued in the form of uncertificated securities. Investors may not require the Company to issue a certificate in respect of any share recorded at their name.

THE INSTITUTIONAL OFFER

The Institutional Offer Shares will be offered for sale to qualified buyers and other investors in the Philippines by the Sole Issue Manager, Underwriter and Bookrunner [and the Participating Underwriter/s].

Reallocation

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to further adjustment as may be determined by the Sole Issue Manager, Underwriter and Bookrunner. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. Unless otherwise agreed by the Sole Issue Manager, Underwriter and Bookrunner, the reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer and the Institutional Offer.

THE OVERALLOTMENT OPTION

In connection with the Offer, pursuant to the approval of the SEC dated [●], the Selling Shareholders have granted the Stabilizing Agent an Overallotment Option, exercisable in whole or in part to purchase up to [210,000,000] Option Shares at the Offer Price and on the same terms and conditions as the Firm Shares, as set forth herein, from time to time for a period which shall not exceed 30 calendar days from and including the Listing Date. In connection therewith, the Selling Shareholders have entered into a Greenshoe Agreement with the Stabilizing Agent to, among other things, utilize up to [210,000,000] Option Shares to cover over-allocations under the Institutional Offer. The Option Shares may be over-allotted and the Stabilizing Agent may effect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than thirty (30) days from and including the Listing Date.

Any Shares that may be delivered to the Stabilizing Agent under the Greenshoe Agreement dated [●] between [●] and [●] will be re-delivered to the Selling Shareholders either through the purchase of Shares in the open market by the Stabilizing Agent in the conduct of stabilization activities or through the exercise of the Overallotment Option by the Stabilizing Agent. The Stabilizing Agent may purchase Shares in the open market only if the market price of the Shares falls below the Offer Price. The initial stabilization action shall be at a price below the Offer Price. After the initial stabilization action, (i) if there has not been an independent trade (i.e., a trade made by a person other than the Stabilizing Agent for itself or on behalf of its clients) in the market at a higher price than the initial stabilization trade, the subsequent trade shall be below the initial stabilization price, or (ii) if there has been an independent trade in the market at a higher price than the initial stabilization trade, the subsequent trade shall be at the lower of the stabilizing action price or the independent trade price. Such activities may stabilize, maintain or otherwise affect the market price of the Shares, which may have the effect of preventing a decline in the market price of the Shares and may also cause the price of the Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter disposing of or selling the Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Shares will not decline significantly before or after any such stabilizing activities end.

Once the Overallotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Shares in the open market for the conduct of stabilization activities. As discussed under the section "*Dilution*", if the Overallotment Option is fully exercised, the number of shares held by new investors will be [1,610,000,000] Shares and the public float will increase to [48.96]%. The partial or full exercise of the Overallotment Option will not trigger the issuance of any new Shares to the Selling Shareholders to offset the Shares sold under the Overallotment Option. To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders, and the corresponding filing fee for the Overallotment Option shall be forfeited.

SELLING RESTRICTIONS

The distribution of this REIT Plan or any offering material and the offer, sale or delivery of the Offer Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this REIT Plan or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This REIT Plan may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No securities, except for a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

NAME-ON CENTRAL DEPOSITORY ARRANGEMENT

The REIT Law provides that all the shares of a REIT shall be in uncertificated form. Further, the REIT shall engage the services of a duly licensed transfer agent to monitor subsequent transfers of the shares. Such transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any non-public shareholders. The PSE Amended REIT Listing Rules require that a REIT shall establish sufficient control and procedures that shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any of the non-public shareholders.

The Company has engaged the services of Stock Transfer Service, Inc., a duly licensed transfer agent, to monitor subsequent transfers of the shares. The said transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any non-public shareholders. The Company is making the necessary arrangements with the PDTC as central securities depository on the recording of the Company's shareholders under a Name-On Central Depository arrangement.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by [●], our legal counsel, and Picazo Buyco Tan Fider & Santos, legal counsel to the Sole Issue Manager, Underwriter and Bookrunner.

Each of the foregoing legal counsel has neither shareholdings nor any right, whether legally enforceable or not, to nominate persons or to subscribe for our securities. None of the legal counsel will receive any direct or indirect interest in any of our securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT AUDITORS AND OTHER EXPERTS

Independent Auditors

Punongbayan & Araullo, independent auditors, (i) audited the combined carve-out financial statements of the Properties as of and for the years ended December 31, 2021, 2020 and 2019 included in this REIT Plan in accordance with Philippine Standards on Auditing, (ii) performed an assurance engagement to report on the compilation of the Company's pro forma financial information as of and for the period ended May 31, 2022 and as of and for the year ended December 31, 2021, included in this REIT Plan in accordance with Philippine Standard on Assurance Engagements ("PSAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, (iii) audited the Company's financial statements as of and for the period from March 4, 2022 to May 4, 2022 included in this REIT Plan in accordance with Philippine Standards on Auditing, and (iv) examined the Profit Forecast and Profit Projection of the Company in accordance with PSAE 3400, The Examination of Prospective Financial Information. The financial information for such periods is extracted from the financial statements included in this REIT Plan, which have been prepared in accordance with PFRS. Punongbayan & Araullo has agreed to the inclusion of its reports in this REIT Plan.

Punongbayan & Araullo has acted as the Company's independent auditor since July 3, 2022, and has acted as the Sponsors' independent auditor since September 2, 2015. Nelson J. Dino is the current audit partner of the Company and the Sponsors and has served as such since September 2, 2015. The Company has not had any material disagreements on accounting and financial disclosures with Punongbayan & Araullo.

Punongbayan & Araullo 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. [Name of auditor] 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 paid for professional services rendered in respect of the audit of our financial statements, excluding out-of-pocket expenses incidental to such services and excluding fees directly related to the Offer:

	2022
Audit and Audit Related Fees (in ₱)	₱ 1,500,000

There is no arrangement that experts will receive a direct or indirect interest in the Company or as a promoter, underwriter, voting trustee, director, officer, or employee of the Company.

As of the date of this REIT Plan, Punongbayan & Araullo has not been engaged by the Company for any non-audit services, including tax services, apart from services relating to the Offering under this REIT Plan.

Property Valuer

Asian Appraisal Company, Inc. was responsible for preparing the valuation reports of the Properties as of December 31, 2021, which are attached to this REIT Plan as Annex B (*Valuation Reports*). The professional fees of such engagement amounted to ₱1.20 million.

Asian Appraisal Company, Inc. is a Philippine corporation with SEC Registration Number 19099. It is also an SEC-accredited asset valuer. The certifying officer of Asian Appraisal for the Valuation Reports attached to this REIT Plan is Engr. John C. Par, a professional appraiser duly licensed by the Professional Regulatory Board of Real Estate Services pursuant to Republic Act No. 9646.

Below are the directors and officers of Asian Appraisal:

Name	**Position**
Anthony M. Te	Director and Chairman
Felix Cesar L. Zerrudo	Director and President
Arlene Keh	Director
Milagros T. Blancas	Director
Emmanuel P. Te	Director
Elmer B. Serrano	Director
Cristina A. Glindro	Director and Treasurer
Diane Madelyn C. Ching	Director and Corporate Secretary

Based on a sworn certification executed on [●] by the Corporate Secretary of Asian Appraisal:

1. Asian Appraisal Company, Inc. was registered on July 10, 1961, under SEC Registration Number 19099 and accredited by the Securities and Exchange Commission as an Appraisal Company under Accreditation No. 021 valid until April 22, 2026;

2. As of [●], the corporation has a cumulative experience of at least 60 years in the valuation and appraisal business;

3. Asian Appraisal Company, Inc. renders professional services to professional service to Philippine Veterans Bank and at least two (2) public companies, including Government Services Insurance System, and Department of Public Works and Highways;

4. Asian Appraisal Company, Inc. or any of its directors and/or officers have not been the subject of an adverse judgement in any administrative, civil, or criminal case involving the Corporation’s appraisal business;

5. Asian Appraisal Company, Inc. shall ensure that its opinion and valuation are independent of and unaffected by its business or commercial relationship with other persons;

6. Asian Appraisal Company, Inc., as well as its directors and principal officers, comply with the fit and proper rule, as provided under Republic Act No. 9856 (“REIT Act”), and its revised implementing rules and regulations; and

7. Asian Appraisal Company, Inc. is solvent and is of sound and financial condition.

Asian Appraisal 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.

A brief discussion of the assumptions and methodologies used by Asian Appraisal is attached as Annex “B”

Independent Market Research Consultant

Frost & Sullivan, an independent market research consultant, was responsible for preparing the industry report entitled “Power Generation Industry in the Philippines with Focus on Diesel/Heavy Fuel Oil Power Generation with Potential Expansion for Renewable Energy Development” and dated April 14, 2022 portions of which have been presented in the section entitled “*Industry Overview*” in this REIT Plan and the full version of which is attached to this REIT Plan as Annex C (*Market Research Report*). Frost & Sullivan is one of the leading research and analytics companies, that provides intelligence across a myriad of sectors, including power generation and energy storage. It provides services to both local and multinational corporations across all sectors worldwide. The professional fees billed by [●] for such work amounted to ₱[●], inclusive of Value-Added Tax.

Frost & Sullivan 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.

Conflict of Interest Statement

None of the abovementioned advisers have any direct or indirect interest in our Company, the Property Manager or the Fund Manager. Moreover, none of the above mentioned advisers are affiliates, directors or senior executives of our Company, the Property Manager or the Fund Manager.

INDEX TO THE COMPANY'S FINANCIAL STATEMENTS

P&A Grant Thornton

FOR SEC FILING

Interim Financial Statements and
Independent Auditors' Report

Premiere Island Philippines Holding Corporation

For the Period March 4, 2022 to May 31, 2022

P&A Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors
Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

Opinion

We have audited the interim financial statements of Premiere Island Philippines Holding Corporation (the Company), which comprise the interim statement of financial position as of May 31, 2022, and the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the period March 4, 2022 to May 31, 2022, and notes to the interim financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2022, and its financial performance and its cash flows for the period then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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 *Auditors' Responsibilities for the Audit of the Interim Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics) together with the ethical requirements that are relevant to our audit of the interim financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As disclosed in Note 1 to the interim financial statements, the Company was incorporated on March 4, 2022 and has not yet started commercial operations as of May 31, 2022.

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

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

In preparing the interim 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.

Auditors' Responsibilities for the Audit of the Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 interim 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 interim 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 auditors' report to the related disclosures in the interim 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 auditors' 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 interim financial statements, including the disclosures, and whether the interim 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.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 22, 2022

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
INTERIM STATEMENT OF FINANCIAL POSITION
MAY 31, 2022
(Amounts in Philippine Pesos)

	Notes		
ASSETS			
CURRENT ASSET			
Cash in bank	4	P	5,000
NON-CURRENT ASSETS			
Investment properties	6		7,762,930,000
Property and equipment - net	5		910,740,000
Deferred tax asset	8		13,597,718
Total Non-current Assets			8,687,267,718
TOTAL ASSETS		P	8,687,272,718
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Due to ultimate parent company	9	P	54,390,873
Lease liability	7		230,280
Total Current Liabilities			54,621,153
NON-CURRENT LIABILITY			
Lease liability	7		6,327,436
Total Liabilities			60,948,589
EQUITY			
Capital stock	10		3,288,669,000
Additional paid-in capital	10		5,328,952,851
Retained earnings	2		8,702,278
Total Equity			8,626,324,129
TOTAL LIABILITIES AND EQUITY		P	8,687,272,718

See Notes to Interim Financial Statements.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD MARCH 4, 2022 TO MAY 31, 2022*
(Amounts in Philippine Pesos)

	Notes	
INCOME		P -
EXPENSE		
Taxes and licenses	9	(4,895,440)
LOSS BEFORE TAX		(4,895,440)
TAX INCOME	8	13,597,718
NET PROFIT		8,702,278
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME		P 8,702,278
Basic and diluted earnings per share	11	P 0.2328

* The Company was incorporated on March 4, 2022 and has not yet started its commercial operations as of May 31, 2022.

See Notes to Interim Financial Statements.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD MARCH 4, 2022 TO MAY 31, 2022*
(Amounts in Philippine Pesos)

	Note		
CAPITAL STOCK			
Balance at beginning of period		P	-
Issuance of shares during the period	10		3,288,669,000
Balance at end of period			3,288,669,000
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period			-
Issuance of shares during the period	10		5,328,952,851
Balance at end of period			5,328,952,851
RETAINED EARNINGS			
Balance at beginning of period			-
Net profit during the period			8,702,278
Balance at end of period			8,702,278
TOTAL EQUITY		P	8,626,324,129

* The Company was incorporated on March 4, 2022 and has not yet started its commercial operations as of May 31, 2022.

See Notes to Interim Financial Statements.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD MARCH 4, 2022 TO MAY 31, 2022*
(Amounts in Philippine Pesos)

	Notes		
CASH FLOWS FROM PRE-OPERATING ACTIVITIES			
Loss before tax		(P	4,895,440)
Increase in due to ultimate parent company	9		54,390,873
Net Cash From Pre-operating Activities			49,495,433
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of stock issue costs		(	49,495,433)
Proceeds from issuance of shares	10		5,000
Net Cash Used in Financing Activities		(	49,490,433)
NET INCREASE IN CASH			5,000
CASH AT BEGINNING OF PERIOD			-
CASH AT END OF PERIOD		P	5,000

Supplemental Information on Non-cash Investing and Financing Activities:

(1) On May 31, 2022, the Company entered into an asset-for-share swap transaction with S.I. P0wer Corporation (SIPCOR) and Camotes Island Power Generation Corporation (CAMCOR). Both SIPCOR and CAMCOR transferred, assigned and conveyed absolutely in favor of the Company all certain parcels of land, buildings and generation assets (see Notes 5 and 6) in exchange for P3.3 billion of the Company's common shares (see Note 10).

(2) On May 31, 2022, the Company recognized lease liability amounting to P6.6 million as a result of the assignment of lease agreement to the Company by SIPCOR as approved by the National Power Corporation (see Note 7). The related right-of-use asset was also recognized as part of Investment Properties under the asset-for-share swap transaction.

* The Company was incorporated on March 4, 2022 and has not yet started its commercial operations as of May 31, 2022.

See Notes to Interim Financial Statements.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
NOTES TO INTERIM FINANCIAL STATEMENTS
MAY 31, 2022
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Premiere Island Philippines Holding Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 4, 2022. The Company's primary purpose is to engage in the investment, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real property and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness and other securities or obligations or any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay thereof in money or by exchanging thereof stocks, bonds, and other evidences of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of interest, dividends, and income arising from such property, and while the owner or holder thereof, to exercise all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; provided that it shall not act as stock broker or dealer in securities nor solicit, take, accept and/or issue investments and/or investment contracts from public investors. As of May 31, 2022, the Company has not yet started its commercial operations.

S.I. P0wer Corp. (SIPCOR) holds 50.32% interest over the Company while Camotes Island Power Generation Corporation (CAMCOR) holds 49.68% ownership over the Company. SIPCOR also holds 94% ownership interest over CAMCOR. Accordingly, SIPCOR effectively holds 97.02% ownership of the Company's total issued and outstanding capital stock, thereby making SIPCOR as the Company's parent company. SIPCOR and CAMCOR is presently engaged in buying, acquiring, leasing, constructing, maintaining, and operating plants, work, systems, poles, poles wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity.

Prime Asset Ventures, Inc. (PAVI) is the Company's ultimate parent company. PAVI is presently engaged primarily to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, develop or otherwise, dispose of real and personal property of every kind, and to grant loans and/or assume or undertake or guarantee or secure either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, its related parties or any third party, without engaging in the business of a financing company or lending investor.

The Company's registered office address and principal place of business is located at 4th Starmall IT Hub CV Starr Ave., Philamlife Pamplona Dos Las Piñas, Las Piñas City. On the other hand, SIPCOR and PAVI's registered office, which is also their principal place of business, is located at Worldwide Corporate Center, Shaw Blvd., Mandaluyong City.

1.2 Approval of the Interim Financial Statements

The interim financial statements of the Company as of May 31, 2022 and for the period March 4, 2022 to May 31, 2022 were authorized for issue by the Company's Board of Directors (BOD) on July 22, 2022. The Company's stockholders and BOD have the power to amend the financial statements after issuance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these interim financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to the periods presented, unless otherwise stated.

2.1 First Time Adoption of Philippine Financial Reporting Standards

This is the first set of interim financial statements prepared by the Company in accordance with Philippine Financial Reporting Standards (PFRS). The accounting policies set out below and in the succeeding page have been applied in preparing the Company's interim financial statements for the period March 4, 2022 to May 31, 2022.

2.2 Basis of Preparation of Interim Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The interim financial statements of the Company have been prepared in accordance with PFRS. PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The interim financial statements of the Company have been prepared solely for the inclusion in the Real Estate Investment Trust (REIT) Plan prepared by the Company's management in connection with its planned REIT offering.

The interim financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Interim Financial Statements

The interim financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expense and other comprehensive income or loss in a single interim statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These interim financial statements are presented in Philippine pesos, the Company's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the interim financial statements of the Company are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.3 Amended PFRS Effective Subsequent to 2022 but Not Adopted Early

There are pronouncements effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's interim financial statements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.4 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the relevant financial asset classification applicable to the Company is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss.

The Company's financial assets at amortized cost are presented as Cash in Bank in the interim statement of financial position. For purpose of cash flows reporting and presentation, cash in bank pertains to demand deposits which are subject to insignificant risk of change in value.

Financial asset measured at amortized cost is included in current asset, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

(ii) Impairment of Financial Asset

The Company assesses expected credit losses (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

For cash in bank, the Company applies low credit risk simplification and measures the ECL on the financial assets based on a 12-month ECL basis unless there has been a significant increase in credit risk since origination, in which case, the loss allowance will be based on lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through an allowance for impairment account. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liability

Financial liability, which pertain to due to ultimate parent company, is recognized initially at its fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

All interest-related charges, except any capitalized borrowing costs, are recognized as expense in profit or loss under Interest Expense in the interim statement of comprehensive income.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the interim statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the interim statement of financial position when the Company currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.5 Property and Equipment

Property and equipment are initially recognized at cost. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Following initial recognition at cost, generation assets, such as plant, are carried at revalued amount which is the fair value at the date of the revaluation, as determined by independent appraiser, less subsequent accumulated depreciation and any accumulated impairment losses.

Revalued amount is the fair market value determined based on appraisal by external professional appraiser once every two years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Reserves account in the interim statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Annually, an amount from the Revaluation Reserves account is transferred to Retained Earnings account for the depreciation relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in Revaluation Reserves account relating to them are transferred to Retained Earnings account.

Depreciation of the generation asset is computed on the straight-line basis over the estimated useful lives of 22 years.

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 (see Note 2.10).

The residual values, estimated useful lives and method of depreciation of generation assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.6 Investment Properties

Properties that are held for long-term rental or for capital appreciation or both, and that are not occupied by the Company, which comprises of right-of-use asset, land and buildings, are classified as investment properties.

Investment properties are initially measured at cost, including related transactions costs and borrowing costs. After initial recognition, investment properties are carried at fair value at each reporting date and are revalued at every year. Fair value is based on the income approach and is determined annually by an independent appraiser with sufficient experience with respect to both the location and the nature of the investment properties (see Note 15.3).

Any gain or loss resulting from either a change in the fair value of an investment property is immediately recognized in profit or loss as Fair value gains on investment properties account under the Other Income (Charges) section of the interim statement of comprehensive income.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The right-of-use asset classified as investment property is derecognized when the Company subleases the asset to another party and the lease is accounted for under finance lease (see Note 2.9). Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation and commencement of an operating lease to another party. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of a development with a view to sale.

2.7 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. 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. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the interim financial statements. Similarly, probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the interim financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.8 Expense Recognition

Expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred.

2.9 Leases

(a) Company as Lessee

For any new contracts entered into, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the interim statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company's right-of-use asset is carried at fair value at each reporting date and are revalued at every year. Fair value is based on the income approach and is determined annually by an independent appraiser with sufficient experience with respect to both the location and the nature of the investment properties (see Note 15.3). The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.10).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the interim statement of financial position, right-of-use asset is presented as part of investment properties while lease liability has been presented separately from other liabilities in the interim statement of financial position.

(b) Company as Lessor

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.10 Impairment of Non-financial Assets

The Company's non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.11 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense 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.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.12 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.13 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital (APIC) includes any premiums received on the issuance of capital. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Retained earnings represent current period results of pre-operations as reported in the interim statement of comprehensive income.

2.14 Earnings Per Share

Basic earnings per share is computed by dividing net profit by the weighted average number of shares issued and outstanding, adjusted retrospectively for any share dividend declared, share split and reverse share split during the current year, if any.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive common shares. Currently, the Company does not have potential dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

2.15 Events After the End of the Reporting Period

Any event after the end of the reporting period that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the interim financial statements. Events after the end of the reporting period that are not adjusting events, if any, are disclosed when material to the interim financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's interim financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the interim financial statements and related notes. Judgments and estimates 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the interim financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for the lease due to the provision in its contract that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

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 only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Distinction Among Investment Properties and Owner-occupied Properties

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes, the Company accounts for the portions separately if these portions can be sold separately (or leased out separately under finance lease). If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(c) Distinction Between Operating and Finance Leases as Lessor

The Company has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish the lease agreements as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Management has determined that its current lease agreements as lessor are operating leases.

(d) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provision are discussed in Note 2.7 and disclosures on relevant provisions and contingencies are presented in Note 12.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding page are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Fair Value Measurement of Investment Properties

The Company's investment properties, composed of right-of-use asset, land and buildings, are measured using the fair value model. In determining the fair value of these assets, the Company engages the services of professional and independent appraisers applying the income approach. In determining the fair value under the income approach, significant estimates are made such as revenues generated, costs expenses related to the operations of the development and discount rate (see Note 15.3).

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 6 and 15.3.

For investment properties with valuation conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(b) Estimation of Useful Lives of Generation Assets

The Company estimates the useful lives of generation assets based on the period over which the assets are expected to be available-for-use. The estimated useful lives of generation assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

The carrying amounts of generation assets are analyzed in Note 5. Based on management's assessment as at May 31, 2022, there is no change in estimated useful lives of generation assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Also, the Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.10. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the Company's non-financial assets required to be recognized for the period March 4 to May 31, 2022 based on management's assessment.

(d) *Determination of Realizable Amount of Deferred Tax Asset*

The Company reviews its deferred tax asset at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax asset recognized as at May 31, 2022 will be fully utilized in the coming years. The carrying value of the deferred tax asset as of May 31, 2022 is disclosed in Note 8.

4. CASH IN BANK

Cash in bank of the Company amounted to P5,000 as of May 31, 2022. Cash in bank generally earns interest based on daily bank deposit rates.

5. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of generation assets at the beginning and end of 2022 amounted to nil and P910.7 million, respectively.

On May 31, 2022, the Company received the property and equipment from SIPCOR by way of assignment as a result of the asset-for-share swap (see Note 10). The fair value of the generation assets was determined by independent and SEC-accredited property appraisers. The appraisal cut-off date is May 31, 2022. The Company's management assessed that the latest appraisal made holds the same fair market values as of May 31, 2022.

The Company did not have any fully depreciated generations assets as of May 31, 2022.

The carrying amount of generation assets that would have been recognized had the assets been carried under the cost model as of May 31, 2022 is the same as its fair value. There was no depreciation charges recognized during the period.

The information on the fair value measurement and disclosures related to the generation assets are presented in Note 15.3.

6. INVESTMENT PROPERTIES

On May 31, 2022, the Company, SIPCOR and CAMCOR executed a deed of assignment whereas SIPCOR and CAMCOR cede, assign and transfer to the Company, in a manner absolute and irrevocable, the parcels of land located in Siquijor, Siquijor, Lazi, Siquijor, Camotes Island, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, to the Company, in consideration for the issuance of Company's shares (see Note 10). The parcels of land include the land owned by the National Power Corporation (NPC) to which the lease right was assigned to the Company as approved by NPC (see Note 7). The parcels of land, including the right-of-use asset on the lease right from the lease agreement with NPC, and the buildings are presented as Investment Properties in the interim statement of financial position. These parcels of land and buildings are recognized in reference to their fair values and the information on the fair value measurement and disclosures are presented in Note 15.3.

The breakdown of the Company's investment properties, which are held to earn rental, are as follows:

Land	P 4,166,270,000
Buildings	2,270,810,000
Right-of-use asset	1,325,850,000
	P 7,762,930,000

The fair values of the investment properties were determined by independent and SEC-accredited property appraisers. The appraisal cut-off date is May 31, 2022. The Company's management assessed that the latest appraisal made holds the same fair market values as of May 31, 2022.

The Company does not have contractual commitments for purchase of investment properties. The operating lease commitments of the Company as lessor are fully disclosed in Note 12.1.

7. LEASES

The Company and its parent company agreed to assign the lease of the land situated in Siquijor, Siquijor owned by NPC to the Company. The lease has an original term of 20 years with renewal option and an escalation rate of 20% every five years. The assignment was approved by the NPC. The lease allows the Company to sublet the asset to another party. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. The lease did not contain an option to purchase the underlying lease asset at the end of the lease. Since the land is being subleased by the Company to the parent company, the right-of-use asset is presented as part of Investment Properties in the interim statement of financial position (see Note 6). On April 11, 2022, the Company entered into a sublease agreement with the parent company.

Lease liability is presented in the interim statement of financial position as follows:

Current	P 230,280
Non-current	6,327,436
	P 6,557,716

The movements in the lease liability recognized in the interim statement of financial position are as follows:

Balance at beginning of period	P -
Additions during the period	6,557,716
Balance at end of period	P 6,557,716

There was no cash outflow in respect of the lease for the period March 4, 2022 to May 31, 2022.

8. INCOME TAXES

The Company has not yet started commercial operations; hence, it is in a tax loss position for the period March 4, 2022 to May 31, 2022. Furthermore, the Company is not yet subject to the minimum corporate income tax (MCIT), computed at the applicable rate of gross income as defined under the tax regulations, as the Company had only been incorporated in March 2022. The Company will only be subjected to MCIT at the beginning of 2026 taxable year.

The net operating loss carry-over (NOLCO) incurred for the period March 4, 2022 to May 31, 2022 amounting to P54,390,873 can be claimed as a deduction from future taxable income within three years after the year it was incurred.

For financial reporting purposes, the Company recognized the deferred tax asset arising from the Company's NOLCO. As of May 31, 2022, the amount of deferred tax asset amounts to P13.6 million.

The Company claimed itemized deductions in computing for its income tax due for the period March 4, 2022 to May 31, 2022.

9. RELATED PARTY TRANSACTIONS

The Company's related parties include the ultimate parent company, parent company, stockholders, key management personnel and others as defined in Note 2.12. A summary of the Company's transactions and outstanding balances, if any, with its related parties is presented below.

9.1 Lease Agreements

On April 11, 2022, the Company entered into various lease and sublease agreements with the parent company and a stockholder for the lease of real estate properties for energy generation use (see Notes 7 and 12.1). The lease agreement will commence in June 2022.

9.2 Accommodation of Expenses

For the period March 4, 2022 to May 31, 2022, the SEC and Bureau of Internal Revenue registration and filing fees amounting to P16.6 million, documentary stamp tax (DST) on issuance of shares and DST on lease agreements amounting to P32.9 million and P4.9 million, respectively, were paid by the ultimate parent company. The related DST on lease agreements is presented under Taxes and licenses in the interim statement of comprehensive income while the SEC registration and filing fees and DST on issuance of shares totalling to P49.5 million is charged against APIC (see Note 10). Such amount is still outstanding as of May 31, 2022 and is presented as Due to Ultimate Parent Company in the interim statement of financial position. This outstanding balance is unsecured, noninterest-bearing and is payable in cash on demand or through offsetting arrangement.

9.3 Key Management Personnel Compensation

There were no key management personnel compensation incurred as the Company's management and administrative functions were handled by the ultimate parent company at no cost or consideration to the Company.

10. EQUITY

Capital stock consists of the following as of May 31, 2022:

	Shares	Amount
Common shares		
Authorized	7,500,000,000	P 7,500,000,000
Issued and outstanding		
Balance at beginning of period	-	P -
Issuance during the period	3,288,669,000	3,288,669,000
Balance at end of period	3,288,669,000	P 3,288,669,000

On March 9, 2022, the Company applied for the increase in authorized capital stock from P5,000 divided into 5,000 common shares with par value of P1.0 per share to P7.5 billion divided into 7,500,000,000 common shares with par value of P1.0 per share. Under the terms of the capital increase, the Company will issue a total of 3,288,664,000 common shares to SIPCOR and CAMCOR at an issue price of P2.5 per share, or the aggregate issue or subscription price of P8,221,660,000, in exchange for the transfer, assignment and conveyance by SIPCOR and CAMCOR of all their rights, title and interests in certain properties (see Notes 5 and 6), free from liabilities and debts and free from all liens and encumbrances. The application was approved by the SEC on May 31, 2022. Pursuant to the capital increase and the asset-for-share swap transaction, the Company issued 1,654,856,000 common shares to SIPCOR and 1,633,808,000 common shares to CAMCOR.

Under the terms of the asset-for-share swap transaction, the Company, as a lessor and/or sublessor of the properties assigned by SIPCOR and CAMCOR, executed lease and sublease agreements with each of SIPCOR and CAMCOR to enable the latter to use the assigned properties for their continuing power generation operations. The asset-for share swap transaction, forming part of the capital increase of the Company, was approved by the SEC on the same date.

Subsequently, the Company, SIPCOR and CAMCOR agreed to amend the terms of the lease and sublease agreements covering the lease and sublease of the transferred properties by the Company to SIPCOR and CAMCOR. Pursuant to these amendments and in compliance with REIT regulations, the Company caused the valuation of the properties transferred by SIPCOR and CAMCOR, as a result of which, the said properties transferred by SIPCOR and CAMCOR were valued at P8.7 billion as of May 31, 2022.

The Company recognized additional paid-in capital on the excess over par value totalling to P5.3 billion, net of the stock issue costs totalling to P49.5 million as of May 31, 2022 (see Note 9.2).

The Company has three stockholders owning 100 or more shares of the Company's capital stock as of May 31, 2022.

11. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

Net earnings for the period	P 8,702,278
Divided by weighted number of outstanding common shares	37,376,182
Basic and diluted earnings per share	P 0.2328

The Company has no potential dilutive common shares as of May 31, 2022.

12. COMMITMENTS AND CONTINGENCIES

12.1 Operating Lease Commitments – Company as a Lessor

On April 11, 2022, the Company entered into several operating lease agreements with the parent company and a stockholder covering real estate properties for energy generation use located in Siquijor and Cebu for periods ranging from 8 to 10 years for fixed annual lease rate, subject to an annual escalation rate of 3% (see Notes 5 and 6). The lease agreements are renewable upon mutual agreement by both parties. The lease agreements will commence in June 2022.

On the same date, the Company entered into an operating sublease agreement with the parent company covering a land owned by NPC located in Siquijor for a period of 8 years for a fixed annual lease rate, subject to an annual escalation rate of 3% (see Note 6). The sublease agreement is renewable upon mutual agreement by both parties. The sublease agreement will take effect in June 2022.

The future minimum lease receivable under these agreements as of May 31, 2022 are shown below.

Within one year	P 537,629,610
After one year but not more than five years	2,316,719,006
More than five years	2,756,046,085
	P 5,610,394,701

The Company is subject to risk incidental to the operation of its investment properties and generation assets, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. All of the Company's lease agreements are from related parties. If the expected growth does not meet management's expectations, the Company may not be able to lease its properties in a timely manner or collect rent at profitable rates.

12.2 Others

There are other commitments and contingent liabilities that may arise in the normal course of the Company's operations, which are not reflected in the financial statements. As of May 31, 2022, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

13. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's financial asset and financial liability by category is disclosed in Note 14. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its parent company, in close coordination with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial risks.

The Company does not engage in trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed are discussed below.

13.1 Market Risk

As of May 31, 2022, the Company is exposed to market risk through its cash in bank, which is subject to changes in market interest rates. However, management believes that the related interest rate risk exposure is not significant.

13.2 Credit Risk

The Company's credit risk is attributable to cash in bank. The Company maintains defined credit policies and continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial asset is the carrying amount of the financial asset as shown in the interim statements of financial position which relates to cash in bank. The credit risk for cash in bank is considered negligible since the counterparty is a reputable bank with high quality external credit rating. Cash in bank are insured by the Philippine Deposit Insurance Corporation up to a maximum of P0.5 million for every depositor per banking institution.

13.3 Liquidity Risk

As of May 31, 2022, the Company's maximum liquidity risk is the carrying amounts of due to parent company in the interim statement of financial position amounting to P54.4 million. The Company's financial liability representing due to parent company is payable upon demand.

The contractual maturity reflects the gross cash flows and the carrying value of the liability at the end of the reporting period.

14. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

14.1 Carrying Amounts and Fair Value by Category

The carrying value and fair value of the category of financial asset and financial liability, which relates to cash in bank and due to ultimate parent company, amounted to P5,000 and P54.4 million, respectively.

See Note 2.3 for the description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 13.

14.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set off financial instruments and do not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As of May 31, 2022, the Company's cash in bank and due to ultimate parent company are not from the same related party.

15. FAIR VALUE MEASUREMENT AND DISCLOSURE

15.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, 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.

15.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Company has no financial instruments measured at fair value that are not carried at fair value but are required to be disclosed as at May 31, 2022. Accordingly, the Company opted not to present its financial instruments in the fair value hierarchy anymore. Nevertheless, based on the management's review of its financial instruments measured at cost, except for cash, which is considered in Level 1, all the rest are determined to be Level 3.

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instruments where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

15.3 Fair Value Measurement of Non-financial Assets

As of May 31, 2022, the Company's investment properties amounting to P7.8 billion are classified under Level 3 of the hierarchy of fair value measurements. In addition, the Company's generation assets amounting to P910.7 million as of May 31, 2022 are also classified under Level 3 of the hierarchy of fair value measurements.

The fair values of the Company's investment properties (see Note 6) and property and equipment (see Note 5) are determined on the basis of the appraisals performed by Asian Appraisal Company, Inc., an independent appraiser, with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the properties, and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

Fair value as determined by independent appraisers are based on the income approach. Under income approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value. There has been no change in the valuation techniques used by the Company during the period. Also, there were no transfers into or out of Level 3 fair value hierarchy.

16. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

As of May 31, 2022, the Company is not exposed to any externally-imposed capital requirements.

17. SEGMENT REPORTING

The Company has no reportable segment as of May 31, 2022 and for the period March 4, 2022 to May 31, 2022 since the Company is just newly incorporated and yet to start its commercial operations.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 11, 2022, the Company's BOD approved the declaration of cash dividends amounting to P2.0 million from its unrestricted retained earnings payable to stockholders of record as of July 11, 2022 and payable on or before August 29, 2022.

P&A Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors
Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the interim financial statements of Premiere Island Philippines Holding Corporation (the Company) for the period March 4, 2022 to May 31, 2022, on which we have rendered our report dated July 22, 2022. Our audit was made for the purpose of forming an opinion on the interim financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the interim financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the interim financial statements and, in our opinion, is fairly stated in all material respects in relation to the interim financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 22, 2022

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
List of Supplementary Information
May 31, 2022

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
Schedule E
Indebtedness to Related Parties
May 31, 2022
(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Ultimate Parent Company -		
Prime Asset Ventures, Inc.		
Accommodation of expenses	P -	P 54,390,873

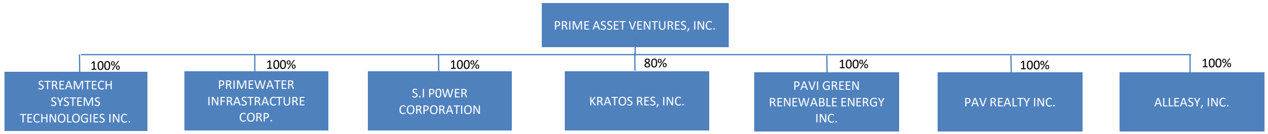
PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
Schedule G
Capital Stock
May 31, 2022

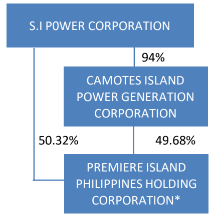
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common	7,500,000,000	3,288,669,000	-	3,288,668,996	4	-

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas, Las Piñas City
May 31, 2022
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Period Ended May 31, 2022

Retained Earnings at Beginning of Period		P -
Net Loss Realized during the Period		
Net income per audited financial statements	8,702,278	
Deferred tax income	(13,597,718)	(4,895,440)
Deficit at End of Period		(P 4,895,440)

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
May 31, 2022





*Premiere Island Philippines Holding Corporation was incorporated on March 4, 2022.

P&A Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
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6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors
Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the interim financial statements of Premiere Island Philippines Holding Corporation (the Company) for the period March 4, 2022 to May 31, 2022, on which we have rendered our report dated July 22, 2022. Our audits were made for the purpose of forming an opinion on the 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, 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 purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the interim financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's interim financial statements as of May 31, 2022 and for the period March 4, 2022 to May 31, 2022 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
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Firm - No. 0002 (until Dec. 31, 2024)
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 22, 2022

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
Supplemental Schedule of Financial Soundness Indicators
May 31, 2022

Ratio	Formula			2022
Current ratio	Total Current Assets divided by Total Current Liabilities			0.00
	Total Current Assets	P	5,000	
	Divide by: Total Current Liabilities		54,621,153	
	Current ratio		0.00	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities			0.00
	Total Current Assets	P	5,000	
	Less: Other Current Assets		-	
	Quick Assets		5,000	
	Divide by: Total Current Liabilities		54,621,153	
	Acid test ratio		0.00	
Solvency ratio	Total Liabilities divided by Total Assets			0.01
	Total Liabilities	P	60,948,589	
	Divide by: Total Assets		8,687,272,718	
	Solvency ratio		0.01	
Debt-to-equity ratio	Total Liabilities divided by Total Equity			0.01
	Total Liabilities	P	60,948,589	
	Divide by: Total Equity		8,626,324,129	
	Debt-to-equity ratio		0.01	
Assets-to-equity ratio	Total Assets divided by Total Equity			1.01
	Total Assets	P	8,687,272,718	
	Divide by: Total Equity		8,626,324,129	
	Assets-to-equity ratio		1.01	
Return on equity	Net Profit divided by Total Equity			0.00
	Net Profit	P	8,702,278	
	Divide by: Total Equity		8,626,324,129	
	Return on equity		0.0010	
Return on assets	Net Profit divided by Total Assets			0.00
	Net Profit	P	8,702,278	
	Divide by: Total Assets		8,687,272,718	
	Return on assets		0.0010	
Book value per share	Total Equity divided by Outstanding Shares			2.62
	Total Equity	P	8,626,324,129	
	Divide by: Outstanding Shares		3,288,669,000	
	Book value per share		2.62	
Earnings per share	Net Profit divided by Weighted Average Outstanding Shares			0.2328
	Net Profit	P	8,702,278	
	Divide by: Weighted Average Outstanding Shares		37,376,182	
	Earnings per share		0.2328	

Premiere Island
POWER REIT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR INTERIM FINANCIAL STATEMENTS

The management of **Premiere Island Philippines Holding Corporation** (the Company) is responsible for the preparation and fair presentation of the interim financial statements, including the schedules attached therein, as of May 31, 2022 and for the period March 4, 2022 to May 31, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 to cease operations, or has no realistic alternative 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.

Punongbayan & Araullo, independent auditors appointed by the stockholders, has audited the interim financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

TIMOTHY JOSEPH M. MENDOZA
Chairman of the Board / Chief Executive Officer

MARYKNOLL B. ZAMORA
Treasurer / CFO

Signed this _____ day of _________

ACKNOWLEDGEMENT

Republic of the Philippines)
MAKATI CITY) S.S.

BEFORE ME, a Notary Public in and for MAKATI CITY, Philippines, this OCT 05 2022, personally appeared:

Name	**Valid ID No.**	**Date & Place Issued**
Timothy Joseph M. Mendoza	Driver's License No. N26-98-018797	LTO – valid until 06/10/2024
Maryknoll B. Zamora	Driver's License No. N01-99-234497	LTO – valid until 12/20/2031

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation and they acknowledged to me that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above-written.

Doc. No. 8;
Page No. 3;
Book No. I;
Series of 2022.

SAMANTHA ESTHER T. BUYCO
Appointment No. M-335
Notary Public for Makati City
Until December 31, 2023
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 81094
PTR No. 9015889/Makati City/05-26-2022
IBP No. 216407/Bulacan/05-24-2022
MCLE Exempted-Admitted to the bar in 2022

P&A Grant Thornton

FOR SEC FILING

Combined Carve-Out Financial Statements and Independent Auditors' Report

Premiere Island Philippines Holding Corporation

December 31, 2021, 2020 and 2019

Report of Independent Auditors

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

Opinion

We have audited the combined carve-out financial statements of the Assigned Properties of S.I. P0wer Corporation (SIPCOR) and Camotes Island Power Generation Corporation (CAMCOR) [SIPCOR's and CAMCOR's properties to be transferred to Premiere Island Philippines Holding Corporation (the Assigned Properties)], which comprise the combined carve-out statements of financial position as at December 31, 2021, 2020 and 2019 and the combined carve-out statements of comprehensive income, combined carve-out statements of changes in equity and combined carve-out statements of cash flows for the years then ended, and notes to the combined carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined carve-out financial statements present fairly, in all material respects, the financial position of the Assigned Properties as at December 31, 2021, 2020 and 2019, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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 *Auditors' Responsibilities for the Audit of the Combined Carve-out Financial Statements* section of our report. We are independent of the Assigned Properties in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the combined carve-out financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Combined Carve-out Financial Statements

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

In preparing the combined carve-out financial statements, management is responsible for assessing SIPCOR's and CAMCOR'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 SIPCOR and CAMCOR or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SIPCOR'S and CAMCOR's financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 combined carve-out 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 combined carve-out 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 SIPCOR's and CAMCOR'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 Assigned Properties' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined carve-out 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 auditors' report. However, future events or conditions may cause SIPCOR and CAMCOR to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined carve-out financial statements, including the disclosures, and whether the combined carve-out 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.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 22, 2022

SIPCOR AND CAMCOR PROJECT

(A Project of S.I. P0wer Corporation and Camotes Island Power Generation Corporation)

COMBINED CARVE-OUT STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021, 2020 AND 2019

(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
ASSETS				
CURRENT ASSETS				
Cash		**P 3,383,468**	P 21,331,453	P 91,103,521
Trade and other receivables	4	**166,889,225**	127,455,884	119,932,482
Inventories	5	**66,752,954**	23,246,190	21,212,765
Prepayments and other current assets	6	**76,824,724**	81,037,448	112,450,433
Total Current Assets		**313,850,371**	253,070,975	344,699,201
NON-CURRENT ASSETS				
Property, plant and equipment - net	7	**343,028,069**	329,273,492	308,318,283
Right-of-use assets	10	**5,770,260**	6,251,115	6,813,265
Deferred tax assets	14	**221,550**	250,264	257,235
Other non-current asset	6	**-**	2,160,000	2,585,333
Total Non-current Assets		**349,019,879**	337,934,871	317,974,116
TOTAL ASSETS		**P 662,870,250**	P 591,005,846	P 662,673,317
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	9	**P 170,672,547**	P 92,713,988	P 111,471,491
Interest-bearing loans	8	**78,000,000**	52,000,000	52,000,000
Lease liabilities	10	**215,293**	201,282	188,183
Total Current Liabilities		**248,887,840**	144,915,270	163,659,674
NON-CURRENT LIABILITIES				
Interest-bearing loans	8	**-**	78,000,000	130,000,000
Lease liabilities	10	**6,432,130**	6,647,423	6,848,705
Total Non-current Liabilities		**6,432,130**	84,647,423	136,848,705
Total Liabilities		**255,319,970**	229,562,693	300,508,379
EQUITY				
Invested equity	11	**407,550,280**	361,443,153	362,164,938
TOTAL LIABILITIES AND EQUITY		**P 662,870,250**	P 591,005,846	P 662,673,317

See Notes to Combined Carve-out Financial Statements.

SIPCOR AND CAMCOR PROJECT
(A Project of S.I. P0wer Corporation and Camotes Island Power Generation Corporation)
COMBINED CARVE-OUT STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
SALE OF ELECTRICITY	2, 15	**P 400,675,482**	P 388,857,027	P 409,050,357
COST OF ELECTRICITY SOLD	12	**284,754,025**	303,778,667	349,598,501
GROSS PROFIT		**115,921,457**	85,078,360	59,451,856
GENERAL AND ADMINISTRATIVE EXPENSES	12	**23,815,455**	29,015,227	28,058,273
OPERATING PROFIT		**92,106,002**	56,063,133	31,393,583
OTHER INCOME (CHARGES) – Net				
Other income	15	**15,824,938**	18,863,210	15,531,012
Finance costs	8, 10	**(8,278,954)**	(11,831,944)	(15,268,553)
Finance income		**35,978**	61,235	46,324
Other expense		**(11,383)**	(5,672)	(12,160)
Foreign currency loss - net		**-**	-	(490,081)
		7,570,579	7,086,829	(193,458)
PROFIT BEFORE TAX		**99,676,581**	63,149,962	31,200,125
TAX EXPENSE	14	**(24,450,999)**	(6,000,606)	(5,579,378)
NET PROFIT		**75,225,582**	57,149,356	25,620,747
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE INCOME		**P 75,225,582**	P 57,149,356	P 25,620,747

See Notes to Combined Carve-out Financial Statements.

SIPCOR AND CAMCOR PROJECT

(A Project of S.I. P0wer Corporation and Camotes Island Power Generation Corporation)

COMBINED CARVE-OUT STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(Amounts in Philippine Pesos)

	Note	2021	2020	2019
EQUITY	11			
Invested Equity				
Balance at beginning of year		**P 361,443,153**	P 362,164,938	P 246,865,329
Net contributions to (distributions) of invested equity		**(29,118,455)**	(57,871,141)	89,678,862
Total comprehensive income		**75,225,582**	57,149,356	25,620,747
Balance at end of year		**P 407,550,280**	P 361,443,153	P 362,164,938

See Notes to Combined Carve-out Financial Statements.

SIPCOR AND CAMCOR PROJECT
(A Project of S.I. P0wer Corporation and Camotes Island Power Generation Corporation)
COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 99,676,581	P 63,149,962	P 31,200,125
Adjustments for:				
Depreciation and amortization	7, 10, 12	19,179,614	17,643,394	17,392,494
Interest expense	8, 10	8,278,954	11,831,944	15,268,553
Interest income		(35,978)	(61,235)	(46,324)
Operating profit before working capital changes		127,099,171	92,564,065	63,814,848
Increase in trade and other receivables		(39,433,341)	(7,523,402)	(29,283,061)
Increase in inventories		(43,506,764)	(2,033,425)	(5,172,243)
Decrease (increase) in prepayments and other current assets		4,212,724	31,412,985	(31,266,869)
Decrease (increase) in other non-current assets		2,160,000	425,333	(2,585,333)
Increase (decrease) in trade and other payables		62,551,215	(18,718,400)	38,609,730
Cash generated from operations		113,083,005	96,127,156	34,117,072
Interest received		35,978	61,235	46,324
Cash paid for income taxes		(9,203,278)	(5,980,099)	(5,708,881)
Net Cash From Operating Activities		103,915,705	90,208,292	28,454,515
CASH FLOWS FROM AN INVESTING ACTIVITY				
Acquisitions of property and equipment	7	(32,453,336)	(38,036,453)	(1,036,668)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans and borrowings	8, 20	(52,000,000)	(52,000,000)	(45,500,000)
Net contributions to (distributions of) invested equity		(29,118,455)	(57,871,141)	89,678,862
Interest paid		(7,613,899)	(11,394,766)	(14,956,133)
Repayment of lease liabilities	10, 20	(678,000)	(678,000)	(668,203)
Net Cash From (Used in) Financing Activities		(89,410,354)	(121,943,907)	28,554,526
NET INCREASE (DECREASE) IN CASH		(17,947,985)	(69,772,068)	55,972,373
CASH AT BEGINNING OF YEAR		21,331,453	91,103,521	35,131,148
CASH AT END OF YEAR		P 3,383,468	P 21,331,453	P 91,103,521

See Notes to Combined Carve-out Financial Statements.

SIPCOR AND CAMCOR PROJECT
(A Project of S.I. P0wer Corporation and Camotes Island Power Generation Corporation)
NOTES TO COMBINED CARVE-OUT FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

S.I. P0wer Corporation (SIPCOR) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 9, 2011 to buy, acquire, lease, construct, maintain, and operate plants, work, systems, poles, poles wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity.

SIPCOR is a wholly owned subsidiary of Prime Asset Ventures, Inc. (PAVI or the ultimate parent company). PAVI was organized to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, develop, or otherwise, dispose of real and personal property of any kind. SIPCOR holds 94% as of December 31, 2021 and 2020 and 70% as of December 31, 2019 of the shares of stock of Camotes Island Power Generation Corporation (CAMCOR), a company incorporated and domiciled in Philippines which is presently engaged in domestic distribution and sale of electricity.

SIPCOR owns and operates four 1.616-megawatt bunker-fired diesel generator power stations located in Siquijor, Siquijor and Lazi, Siquijor. SIPCOR has a Power Supply Agreement (PSA) with the Province of Siquijor Electric Cooperative, Inc. (PROSIELCO) wherein SIPCOR commits to provide and PROSIELCO commits to purchase in each contract year a minimum number of kilowatt-hours of net electrical output for a cooperation period of 20 years starting in 2015 (see Note 15.2).

On the other hand, CAMCOR has a PSA with the Camotes Electric Cooperative, Inc. (CELCO) wherein CAMCOR commits to provide and CELCO commits to purchase in each contract year a minimum number of kilowatt-hours of net electrical output for a cooperation period of 15 years starting in 2020. The PSA covering CELCO will not be transferred to PREIT upon its incorporation; thus, revenues generated from CELCO are not included in these combined carve-out financial statements.

The registered office address of SIPCOR and PAVI is located at Worldwide Corporate Center, Shaw Blvd., Mandaluyong City. Meanwhile, the registered office address of CAMCOR is located at 8F Vistahub Campus 1 Levi B. Mariano Ave. Brgy. Ususan, Taguig City.

1.2 Camotes Island Power Generation Corporation and S.I P0wer Corporation's Real Estate Investment Trust Properties

Subsequent to the reporting period for which the combined carve-out financial statements have been prepared, on March 4, 2022, Premiere Island Philippines Holding Corporation (PREIT) was incorporated and registered with the SEC. PREIT's primary purpose is to engage in the investment, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real property and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness and other securities or obligations or any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay thereof in money or by exchanging thereof stocks, bonds, and other evidences of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of interest, dividends, and income arising from such property, and while the owner or holder thereof, to exercise all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; provided that it shall not act as stock broker or dealer in securities nor solicit, take, accept and/or issue investments and/or investment contracts from public investors.

Consequently, on May 31, 2022, SIPCOR and CAMCOR transferred all of their rights, titles, and interests in the Assigned Properties (as identified below) to PREIT through an asset-for-share swap transaction pursuant to which PREIT issued to SIPCOR and CAMCOR a total of 1,654,856,000 common shares and 1,633,808,000 common shares, respectively, with a par value of P1.00 per share.

As of May 31, 2022, the corresponding fair values of the Assigned Properties are as follows:

Land	P 4,166,270,000
Building	2,270,810,000
Generation assets	910,740,000
Right-of-use assets (net of lease liabilities of P6,557,716)	1,319,292,284
	P 8,667,112,284

SIPCOR and CAMCOR holds 50.32% and 49.68% ownership, respectively, over PREIT. Due to SIPCOR's ownership interest over CAMCOR (see Note 1.1), SIPCOR has an effective ownership interest over PREIT of 97.02%, making SIPCOR its parent company.

1.3 Impact of Covid-19 to the Assigned Properties' Operations

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Assigned Properties' business operations.

Due to the impact of the COVID-19 pandemic to the Assigned Properties' business, SIPCOR and CAMCOR have taken the following actions:

- additional administrative expenses were incurred to ensure health and safety of its employees and customers such as the frequent disinfection of facilities; and,
- additional shuttle services were also provided to the employees

Management has considered the consequences of COVID-19 pandemic and other events and conditions related to it that occurred in 2021. The impact of COVID-19 pandemic on future performance, measurement of some assets and liabilities and liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon SIPCOR's and CAMCOR's ability to continue as a going concern.

1.4 Approval of Combined Carve-out Financial Statements

The combined carve-out financial statements of the Assigned Properties as of December 31, 2021 (including the comparative combined carve-out financial statements as of and for the years ended December 31, 2020 and 2019) were approved and authorized for issue by SIPCOR's and CAMCOR's BODs on July 22, 2022. SIPCOR's and CAMCOR's stockholders and BODs have the power to amend the financial statements after issuance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these combined carve-out financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Combined Carve-out Financial Statements

(a) Basis of Preparation

The accompanying combined carve-out financial statements have been prepared by separating the historical financial information of the Assigned Properties arising from the respective financial statements of SIPCOR and CAMCOR, prepared in accordance with the Philippine Financial Reporting Standards (PFRS). Furthermore, these combined carve-out financial statements provide comparative information in respect of the previous periods.

The statutory financial information of SIPCOR and CAMCOR, as separate legal entities, are different from the financial information of the Assigned Properties which is the subject to the accompanying combined carve-out financial statements. There are no statutory financial statements for PREIT for all the periods in these combined carve-out financial statements as PREIT was only incorporated on March 4, 2022.

The accompanying combined carve-out financial statements of the Assigned Properties have been prepared for inclusion in the REIT plan for submission to the SEC. PFRS do not include specific guidance for preparation of combined and carved-out financial statements. The principles used in the preparation of combined and carved-out financial statements of the Assigned Properties are as follows:

- The combined carve-out financial statements are based on historical income and expenses, assets, liabilities, equity and cash flows of the combining assets. Equity is determined by combining the historical accumulated earnings of the combining assets, adjusted for the effects of elimination of transactions between the entities, if any. The individual financial information of each of the combining assets are prepared in accordance with PFRS.

- The historical financial information of the combined assets was carved out from the accounting systems and records of SIPCOR and CAMCOR, which use December 31 calendar year. The carve-out financial information presented herein reflects income and expenses, assets, liabilities and cash flows that have formed part of the combined assets' historical financial information. These include, among others, (i) assets and liabilities attributable to the operations, including cash, trade and other receivables, inventories, and trade and other payables; (ii) working capital directly attributable and identifiable to the combined assets; (iii) third party debt and related expenses directly attributable to the real estate assets, if any, and (iv) income taxes in accordance with Philippine Accounting Standard (PAS) 12, *Income Taxes*, as if the combining assets is a separate taxpayer.

- Each of the properties has neither formed part of any separate legal entities nor presented any stand-alone financial statements, and accordingly, it is not practicable to present share capital or an analysis of equity reserves.

The accounting policies and method of computation adopted in the preparation of the combined carve-out financial statements are consistent with those followed in the preparation of the each entity's financial statements as at and for the years ended December 31, 2021, 2020 and 2019.

(b) Basis of Combination

The individual financial information of the combining assets, as described in Note 1.2, as of and for the years ended December 31, 2021, 2020, and 2019, which were prepared for the same reporting period using their own set of accounting policies, are adjusted to the accounting policies of SIPCOR and CAMCOR when combined financial statements are prepared. Any intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full.

(c) Statement of Compliance with Philippine Financial Reporting Standards

The combined carve-out financial statements of the Assigned Properties have been prepared in accordance with PFRS. PFRS are adopted by the Financial Reporting Standards Council (FRSC), from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

(d) Presentation of Combined carve-out Financial Statements

The combined carve-out financial statements are presented in accordance with PAS 1, *Presentation of Financial Statements*. The Assigned Properties present all items of income, expense and other comprehensive income or loss, if any, in a single combined carve-out statement of comprehensive income.

(e) Functional and Presentation Currency

These combined carve-out financial statements are presented in Philippine pesos, the Assigned Properties' presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the combined carve-out financial statements of the Assigned Properties are measured using the Assigned Properties' functional currency. Functional currency is the currency of the primary economic environment in which the Assigned Properties operate.

2.2 Adoption of Amended PFRS

(a) Effective in 2021 that are Relevant to the Assigned Properties

The Assigned Properties adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 9, PFRS 7, and PFRS 16 (Amendments)	:	Interest Rate Benchmark Reform Phase 2 – Financial Instruments, Financial Instruments: Disclosure, Leases
PFRS 16 (Amendments)	:	Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

The following are the relevant information about these pronouncements.

(i) PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no impact to the Assigned Properties' financial statements as the Assigned Properties' did not have any financial instruments subject to LIBOR.

(ii) The Assigned Properties opted to early adopt the application of the amendments to PFRS 16*, Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*, which is effective from April 1, 2021. The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Assigned Properties' combined carve-out financial statements as the Assigned Properties did not receive any rent concession from its lessors in 2021.

(b) Effective Subsequent to 2021 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Assigned Properties' combined carve-out financial statements:

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Assigned Properties:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 percent' Test for Derecognition of Liabilities*

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(vi) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(vii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.3 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets at amortized cost is the only classification applicable to the Assigned Properties.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Assigned Properties' business model whose objective is to hold financial assets in order to collect contractual cash flows; and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Assigned Properties' financial assets at amortized cost are presented in the combined carve-out statement of financial position as Cash and Trade and Other Receivables (except for Advances to officers and employees).

For purposes of cash flows reporting and presentation, cash includes cash on hand and demand deposits which earn interest based on daily bank deposit rates and are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the combined carve-out statement of comprehensive income under Other Income (Charges).

(ii) Impairment of Financial Assets

At the end of the reporting period, the Assigned Properties assess and recognize allowance for expected credit losses (ECL) on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Assigned Properties apply the simplified approach in measuring ECL, which uses a lifetime expected loss allowance, for trade and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Assigned Properties do not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date [see Note 16.2(b)].

The Assigned Properties determine whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life of the financial assets between the reporting date and the date of the initial recognition. In making this assessment, the Assigned Properties consider both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Assigned Properties would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

The Assigned Properties recognize an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Assigned Properties neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Assigned Properties recognize their retained interest in the asset and an associated liability for amounts they may have to pay. If the Assigned Properties retain substantially all the risks and rewards of ownership of a transferred financial asset, the Assigned Properties continue to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include trade and other payables (except tax-related liabilities), and interest-bearing loans and borrowings, are recognized when the Assigned Properties become a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost using the effective interest method for those with maturities beyond one year, less settlement payments.

All interest-related charges, except for capitalized borrowing costs, incurred on a financial liability are recognized as an expense under Finance Costs under Other Income (Charges) in the combined carve-out statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Assigned Properties do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the combined carve-out statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the combined carve-out statement of financial position when the Assigned Properties currently have legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.4 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the current replacement cost.

Cost is determined using the weighted average method. The cost of fuel inventories and spare parts includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

2.5 Prepayments and Other Assets

Prepayments and other assets, which are non-financial assets, pertain to other resources controlled by the Assigned Properties as a result of past events. They are recognized at cost in the financial statements when it is probable that the future economic benefits will flow to the Assigned Properties and the asset has a cost or value that can be measured reliably. These are subsequently charged to profit or loss as utilized or reclassified to another asset, if applicable.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Assigned Properties beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

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 (see Note 2.10).

2.6 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost, and are subsequently measured at acquisition cost less accumulated depreciation and amortization, and any accumulated impairment losses. Land held for use in production or administration is stated at cost less any accumulated impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building	22 years
Plant machineries and other equipment	22 years
Transportation equipment	5 years
Computer equipment	2 years

Leasehold improvements are amortized over their estimated useful life of 20 years or the term of the lease, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.12) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

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 (see Note 2.10).

The residual values, estimated useful lives and method of depreciation and amortization of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment, including the related accumulated depreciation and amortization, and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.7 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. 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. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the combined carve-out financial statements. Similarly, probable inflows of economic benefits to the Assigned Properties that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the combined carve-out financial statements. On the other hand, any reimbursement that the Assigned Properties can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.8 Revenue and Expense Recognition

Revenue arises mainly from generation and transmission of electricity to PROSIELCO.

To determine whether to recognize revenue, the Assigned Properties follow a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

The Assigned Properties determine whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when or as the Assigned Properties satisfy a performance obligation by transferring control of the promised service to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Assigned Properties' performance as the Assigned Properties perform;
(ii) the Assigned Properties' performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Assigned Properties' performance does not create an asset with an alternative use to the Assigned Properties and the entity has an enforceable right to payment for performance completed to date.

The Assigned Properties often enter into transactions involving the generation and transmission of electricity to PROSIELCO. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Assigned Properties use the practical expedient of right to invoice in PFRS 15, which is to recognize the value of services rendered, that is acknowledged by PROSIELCO.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the performance obligation is disclosed in Note 3.1(b)]:

a) *Sale of electricity* – Recognized by the amount in which the Assigned Properties have a right to invoice that corresponds directly with the value of services rendered to PROSIELCO, which is based on the stipulated contract by both parties. Invoices for converted electricity delivered are due within a month upon receipt by the customer.

b) *Other income* – Other income comprise of rebate income received from supplier for the purchase of inventories. Other income is recognized at a point in time when rebate income are received from supplier.

Costs and expenses are recognized in profit or loss upon utilization of goods and services or at the date they are incurred. Finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.12).

2.9 Leases – Assigned Properties as Lessee

For any new contracts entered into, the Assigned Properties consider whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Assigned Properties assess whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Assigned Properties;

- the Assigned Properties have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Assigned Properties have the right to direct the use of the identified asset throughout the period of use. The Assigned Properties assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Assigned Properties recognize a right-of-use asset and a lease liability in the combined carve-out statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Assigned Properties, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Assigned Properties depreciate the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Assigned Properties also assess the right-of-use asset for impairment when such indicators exist (see Note 2.10).

On the other hand, the Assigned Properties measure the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Assigned Properties' incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Assigned Properties have elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the combined carve-out statement of financial position, right-of-use assets and lease liabilities have been presented separately from property, plant and equipment and other liabilities, respectively.

2.10 Impairment of Non-financial Assets

The Assigned Properties' inventories, property, plant and equipment, right-of-use assets and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Assigned Properties' latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.11 Employee Benefits

The Assigned Properties provide short-term benefits to its employees. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Assigned Properties have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.13 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Assigned Properties expect, at the end of the reporting period, to cover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense 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.

Deferred tax assets and deferred tax liabilities are offset if the Assigned Properties have a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.14 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Assigned Properties and their related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with SIPCOR and CAMCOR; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of SIPCOR and CAMCOR that give them significant influence over the Assigned Properties and close members of the family of any such individual.

2.15 Invested Equity

Invested equity consists of the residual interest on the assets and liabilities from the combining properties and the accumulated combined carve-out net income for the years ended December 31, 2021, 2020 and 2019, increased by contributions and reduced by distributions of invested equity. The presumed cash distributions of invested equity are calculated by adding or subtracting net cash from (used in) operating activities, net cash from (used in) investing activities and net cash from (used in) financing activities other than the presumed cash distributions or distributions of invested equity.

The net cash flows associated with Assigned Properties, except for the amount of required cash balance for the day-to-day operations of the Assigned Properties, flows to the overall net cash flows of the Assigned Properties. Accordingly, all other net cash flows were reverted to the Assigned Properties in the form of distributions of invested equity as presented under the Cash Flows from Financing Activities section of the combined carve-out statements of cash flows.

2.16 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Assigned Properties' combined carve-out financial position at the end of the reporting period (adjusting event) is reflected in the combined carve-out financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the combined carve-out financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Assigned Properties' combined carve-out financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the combined carve-out financial statements and related notes. Judgments and estimates 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. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Assigned Properties' accounting policies, management has made the following judgments presented below and in the succeeding page, apart from those involving estimation, which have the most significant effect on the amounts recognized in the combined carve-out financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/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 factors that are normally the most relevant are (a) if there are significant penalties should the Assigned Properties pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Assigned Properties are reasonably certain to extend and not to terminate the lease contract. Otherwise, the Assigned Properties consider other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Assigned Properties did not include the renewal period as part of the lease term due to the provision in its contracts that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised, or the Assigned Properties become obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Assigned Properties.

(b) *Determination of Timing of Satisfaction of Performance Obligations*

The Assigned Properties determine that its revenues from energy generation services should be recognized over time. The Assigned Properties apply the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date to PROSIELCO (i.e., generally when PROSIELCO has acknowledged the Assigned Properties' right to invoice).

In making its judgment, the Assigned Properties consider the timing of receipt and consumption of benefits provided by the Assigned Properties to the customers. The Assigned Properties provide the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Assigned Properties' service as it performs.
In determining the best method of measuring the progress of the Assigned Properties' rendering of services, the management considers the output method, which uses direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised as basis in recognizing revenues. Such measurements include results of performance completed to date, time elapsed and appraisals of milestones reached or activities already performed.

(c) *Determination of Transaction Price and Amounts Allocated to Performance Obligations*

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value-added tax (VAT)].

The transaction price is considered receivable to the extent of services rendered (see Note 2.8). Also, the Assigned Properties use the practical expedient in PFRS 15 with respect to non-adjustment of the promised amount of consideration for the effects of any financing component as the Assigned Properties expect, at contract inception, that the period between when the Assigned Properties transfer promised services to the customer and payment due date is one year or less.

(d) *Determination of ECL on Trade and Other Receivables*

Management assessed that there is no need to establish allowance for ECL on its trade and other receivables since these are expected to be collected in full, which is based on the Assigned Properties' historical experience, current conditions and forecasted collectability of these financial assets based on the liquidity of the counterparties.

The provision matrix is based on the Assigned Properties' historical observed default rates. The Assigned Properties' management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Assigned Properties' trade and other receivables are disclosed in Note 16.2(b).

(e) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provision are discussed in Note 2.7 and other relevant disclosures are presented in Note 15.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding page are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Assigned Properties measure its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Assigned Properties' incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 16.2(b).

There were no impairment losses recognized on receivables based on management's evaluation as of December 31, 2021, 2020 and 2019.

(c) Estimation of Useful Lives of Property, Plant and Equipment and Right-of-Use Assets

The Assigned Properties estimate the useful lives of property, plant and equipment and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and right-of-use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property, plant and equipment and right-of-use assets are analyzed in Notes 7 and 10.1, respectively. Based on management's assessment as at December 31, 2021, 2020 and 2019, there is no change in estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. Future realization of the carrying amounts of inventories as presented in Note 5 is affected by price changes in different market segments of fuel. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Assigned Properties' inventories within the next financial reporting period.

(e) *Evaluation of Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.10). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses recognized on property, plant and equipment, right-of-use assets and other non-financial assets in 2021, 2020 and 2019 based on management's assessment.

(f) *Determination of Realizable Amount of Deferred Tax Assets*

Management reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2021, 2020 and 2019 will be fully utilized in the coming years. The carrying value of deferred tax assets is disclosed in Note 14.

4. TRADE AND OTHER RECEIVABLES

The combined carve-out balance of this account is composed of the following:

	2021	2020	2019
Trade receivables	**P 148,822,173**	P 107,624,558	P 104,402,884
Non-trade receivables	**4,742,832**	9,199,002	7,684,716
Advances to officers and employees	**4,263,098**	1,571,202	1,332,160
Others	**9,061,122**	9,061,122	6,512,722
	P 166,889,225	P 127,455,884	P 119,932,482

Trade receivables are usually due within 30 to 90 days and do not bear any interest.

Non-trade receivables pertain to receivables arising from other income earned by the Assigned Properties.

Others include due from third parties that arise from the advance payment of other supplies.

All of the Assigned Properties' trade and other receivables have been reviewed for impairment using the ECL model. Based on such review, all receivables as of December 31, 2021, 2020 and 2019 were found to be collectible.

5. INVENTORIES

The details of inventories, which are all stated at cost and lower than its net realizable value, are shown below (see Note 15.3).

		2021		2020		2019
Bunker fuel oil	**P**	**42,232,026**	P	14,988,925	P	12,979,277
Spare parts		**22,819,183**		6,248,547		6,100,958
Diesel fuel oil		**1,515,543**		750,158		1,090,121
Lube oil		**186,202**		1,258,560		1,042,409
	P	**66,752,954**	P	23,246,190	P	21,212,765

Cost of inventories charged to operations are presented as Cost of Electricity Sold in the combined carve-out statements of comprehensive income (see Note 12).

6. PREPAYMENTS AND OTHER ASSETS

The combined carve-out balance of this account consists of:

		2021		2020		2019
Current:						
Input VAT	**P**	**55,918,108**	P	49,988,378	P	51,199,939
Prepayments		**16,264,824**		15,877,769		47,243,838
Deferred input VAT		**4,641,797**		1,080,000		1,849,695
Creditable withholding tax		**-**		14,091,301		12,156,961
		76,824,724		81,037,448		112,450,433
Non-current –						
Deferred input VAT		**-**		2,160,000		2,585,333
	P	**76,824,724**	P	83,197,448	P	115,035,766

Prepayments include advance rent and insurance.

Deferred input VAT pertains to the input VAT on purchases of capital goods exceeding P1.0 million which is subject to amortization.

7. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment at the beginning and end of 2021, 2020 and 2019 are shown below.

	Plant Machineries and Other Equipment	Land	Building	Computer Equipment	Transportation Equipment	Leasehold Improvements	Construction-in-Progress	Total
December 31, 2021								
Cost	P 352,932,428	P 6,677,475	P 92,132,295	P 1,008,420	P 3,402,429	P 7,259,784	P -	P 463,412,831
Accumulated depreciation and amortization	(97,936,820)	-	(18,305,839)	(824,754)	(1,854,525)	(1,462,824)	-	(120,384,762)
Net carrying amount	**P 254,995,608**	**P 6,677,475**	**P 73,826,456**	**P 183,666**	**P 1,547,904**	**P 5,796,960**	**P -**	**P 343,028,069**
December 31, 2020								
Cost	P 322,456,842	P 6,677,475	P 57,132,295	P 752,366	P 1,680,733	P 7,259,784	P 35,000,000	P 430,959,495
Accumulated depreciation and amortization	(83,406,816)	-	(14,949,498)	(752,366)	(1,476,809)	(1,100,514)	-	(101,686,003)
Net carrying amount	P 239,050,026	P 6,677,475	P 42,182,797	P -	P 203,924	P 6,159,270	P 35,000,000	P 329,273,492
December 31, 2019								
Cost	P 319,420,389	P 6,677,475	P 57,132,295	P 752,366	P 1,680,733	P 7,259,784	P -	P 392,923,042
Accumulated depreciation and amortization	(69,571,174)	-	(12,468,155)	(686,563)	(1,140,662)	(` 738,205)	-	(84,604,759)
Net carrying amount	P 249,849,215	P 6,677,475	P 44,664,140	P 65,803	P 540,071	P 6,521,579	P -	P 308,318,283

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2021, 2020 and 2019 is shown below.

	Plant Machineries and Other Equipment	Land	Building	Computer Equipment	Transportation Equipment	Leasehold Improvements	Construction-in-Progress	Total
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 239,050,026	P 6,677,475	P 42,182,797	P -	P 203,924	P 6,159,270	P 35,000,000	P 329,273,492
Additions	30,475,586	-	-	256,054	1,721,696	-	-	32,453,336
Reclassification	-	-	35,000,000	-	-	-	(35,000,000)	-
Depreciation and amortization	(14,530,004)	-	(3,356,341)	(72,388)	(377,716)	(362,310)	-	(18,698,759)
Balance at December 31, 2021, net of accumulated depreciation and amortization	**P 254,995,608**	**P 6,677,475**	**P 73,826,456**	**P 183,666**	**P 1,547,904**	**P 5,796,960**	**P -**	**P 343,028,069**
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 249,849,215	P 6,677,475	P 44,664,140	P 65,803	P 540,071	P 6,521,579	P -	P 308,318,283
Additions	3,036,453	-	-	-	-	-	35,000,000	38,036,453
Depreciation and amortization	(13,835,642)	-	(2,481,343)	(65,803)	(336,147)	(362,309)	-	(17,081,244)
Balance at December 31, 2020, net of accumulated depreciation and amortization	P 239,050,026	P 6,677,475	P 42,182,797	P -	P 203,924	P 6,159,270	P 35,000,000	P 329,273,492
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 262,786,181	P 6,677,475	P 47,145,476	P -	P 781,527	P 6,883,890	P -	P 324,274,549
Additions	905,061	-	-	131,607	-	-	-	1,036,668
Depreciation and amortization	(13,842,027)	-	(2,481,336)	(65,804)	(241,456)	(362,311)	-	(16,992,934)
Balance at December 31, 2019, net of accumulated depreciation and amortization	P 249,849,215	P 6,677,475	P 44,664,140	P 65,803	P 540,071	P 6,251,579	P -	P 308,318,283

Construction-in-progress pertains to accumulated costs incurred on the construction of the Assigned Properties' property, plant and equipment which will be reclassified to the respective accounts upon completion.

The amount of depreciation and amortization of property, plant and equipment is allocated in the combined carve-out statements of comprehensive income as follows (see Note 12):

	2021	2020	2019
Cost of electricity sold	**P 16,281,188**	P 14,199,692	P 14,145,660
General and administrative expenses	**2,417,571**	2,881,552	2,847,274
	P 18,698,759	P 17,081,244	P 16,992,934

Land and plant machineries with total carrying value of P230.1 million, P240.0 million and P250.7 million as of December 31, 2021, 2020 and 2019, respectively, secure the Assigned Properties' interest-bearing loans and borrowings (see Note 8).

The cost of fully depreciated and amortized assets that are still being used in operations amounted to P1.7 million as of December 31, 2021 and 2020 and P1.4 million as of December 31, 2019.

8. INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings of the Assigned Properties as of December 31 are broken down as follows:

	2021	2020	2019
Current	**P 78,000,000**	P 52,000,000	P 52,000,000
Non-current	**-**	78,000,000	130,000,000
	P 78,000,000	P 130,000,000	P 182,000,000

In the normal course of business, SIPCOR obtained secured, interest-bearing loan from a local financial institution with a term of seven years, payable on a quarterly basis and bears a fixed annual interest rate. Under the loan agreement, SIPCOR has to maintain certain financial covenants. SIPCOR complied with these financial covenants as of December 31, 2021, 2020 and 2019 (see Note 19). The loan is secured by SIPCOR's land and plant machineries (see Note 7).

The total interest expense incurred by the Assigned Properties from these loans amounted to P7.7 million, P11.3 million and P14.8 million in 2021, 2020 and 2019, respectively, and is presented as part of Finance Costs under Other Income (Charges) – net in the combined carve-out statements of comprehensive income.

Subsequent to the reporting period for which the combined carve-out financial statements have been prepared, in February 2022, the Assigned Properties paid for and settled the remaining outstanding balance of its interest-bearing loans and borrowings.

9. TRADE AND OTHER PAYABLES

The combined carve-out balance of this account consists of:

	Note	2021	2020	2019
Trade payables		**P 146,650,913**	P 73,716,570	P 95,510,456
Accrued expenses	13.1	**8,379,595**	7,437,506	3,296,741
Income tax payable		**7,738,008**	-	-
Deferred output VAT		**7,309,461**	10,908,474	11,117,603
Withholding taxes		**561,481**	606,642	1,511,326
Others		**33,089**	44,796	35,365
		P 170,672,547	P 92,713,988	P 111,471,491

Trade payables include payable to supplier, payables to contracts, and other trade payables which are expected to be settled within 12 months from the end of the reporting period.

Accrued expenses include accrual for interest, professional fees, contracted services, management fees, and utilities and are expected to be settled within 12 months from the end of the reporting period.

Deferred output VAT pertain to balance of output VAT from previous years and output VAT from taxable receipts of the 2021 sale of electricity.

10. LEASES

The Assigned Properties have leases for land, powerplant, and tanks. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the combined carve-out statements of financial position as right-of-use assets and lease liabilities.

Each lease generally imposes a restriction that, unless there is a contractual right for the Assigned Properties to sublet the asset to another party, the right-of-use asset can only be used by the Assigned Properties. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Assigned Properties are prohibited from selling or pledging the underlying leased assets as security. The Assigned Properties must also keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The lease is under an agreement with NPC for the Siquijor Diesel Power Plant and land underlying situated in Candanay Sur, Siquijor. The lease has a term of 20 years with renewal options and an escalation rate of 20% every five years. With the exception of short-term leases, the leases are reflected in the combined carve-out statements of financial position as right-of-use assets and lease liabilities. The Assigned Properties classify its right-of-use assets in a manner consistent with its property, plant and equipment in the statements of financial position (see Note 7).

10.1 Right-of-Use-Assets

The reconciliation of right-of-use assets is presented below.

	2021	2020	2019
Cost			
Balance at beginning and end of year	**P 7,212,825**	P 7,212,825	P 7,212,825
Accumulated amortization			
Balance at beginning of year	**961,710**	399,560	-
Amortization for the year	**480,855**	562,150	399,560
Balance at end of year	**1,442,565**	961,710	399,560
	P 5,770,260	P 6,251,115	P 6,813,265

The amortization of the right-of-use assets is presented as part of Depreciation and amortization under General and Administrative Expenses in the combined carve-out statements of comprehensive income (see Note 12).

The Assigned Properties' right-of-use assets pertains to lease of powerplant and the underlying land with a term of 20 years and a remaining lease term of 13 years, 14 years and 15 years as of December 31, 2021, 2020 and 2019, respectively.

10.2 Lease Liabilities

Lease liabilities are presented in the combined carve-out statements of financial position as follows:

	2021	2020	2019
Current	**P 215,293**	P 201,282	P 188,183
Non-current	**6,432,130**	6,647,423	6,848,705
	P 6,647,423	P 6,848,705	P 7,036,888

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as of December 31, 2021, 2020 and 2019 is as follows:

	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
December 31, 2021								
Lease payments	P 678,000	P 678,000	P 813,600	P 813,600	P 813,600	P 4,556,160	P 1,952,640	P 10,305,600
Finance charges	(462,707)	(447,721)	(431,692)	(405,109)	(376,675)	(1,347,799)	(186,474)	(3,658,177)
Net present values	**P 215,293**	**P 230,279**	**P 381,908**	**P 408,491**	**P 436,925**	**P 3,208,361**	**P 1,766,166**	**P 6,647,423**
December 31, 2020								
Lease payments	P 678,000	P 678,000	P 678,000	P 813,600	P 813,600	P 4,393,440	P 2,928,960	P 10,983,600
Finance charges	(476,718)	(462,707)	(447,721)	(431,692)	(405,109)	(1,546,001)	(364,947)	(4,134,895)
Net present values	P 201,282	P 215,293	P 230,279	P 381,908	P 408,491	P 2,847,439	P 2,564,013	P 6,848,705
December 31, 2019								
Lease payments	P 678,000	P 678,000	P 678,000	P 678,000	P 813,600	P 4,230,720	P 3,905,280	P 11,661,600
Finance charges	(489,817)	(476,718)	(462,707)	(447,721)	(431,692)	(1,720,715)	(595,342)	(4,624,712)
Net present values	P 188,183	P 201,282	P 215,293	P 230,279	P 381,908	P 2,510,005	P 3,309,938	P 7,036,888

10.3 Lease Payments Not Recognized as Liabilities

The Assigned Properties have elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses relating short-term leases amounted to P0.2 million, P0.8 million and P0.1 million in 2021, 2020 and 2019, respectively, and are presented as Rentals as under General and Administrative Expenses in the combined carve-out statements of comprehensive income (see Note 12).

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P0.7 million in 2021, 2020 and 2019. Interest expense in relation to lease liabilities amounted to P0.5 million in 2021, 2020 and 2019, and is presented as part of Finance Costs under Other Income (Charges) - net in the combined carve-out statements of comprehensive income.

11. INVESTED EQUITY

The equity section presented in the combined carve-out statement of financial position is prepared by combining the equity from SIPCOR and CAMCOR attributable to the Assigned Properties and the historical accumulated earnings of the Assigned Properties, adjusted for the effects of elimination of transactions between SIPCOR and CAMCOR, increased by contributions and reduced by distributions of invested equity. Accordingly, the amounts of Invested Equity shown in the combined carve-out statement of financial position do not necessarily reflect the consolidated amounts of what SIPCOR's and CAMCOR's shareholders would have been had the infusion of assets as disclosed in Note 1.2 been completed, nor had it been a separate stand-alone entity, during the periods presented. The combined carve-out financial statements neither represent the financial information of SIPCOR and CAMCOR prepared on a basis as if SIPCOR and CAMCOR were operating solely, nor do they give an indication of the results, cash flows and financial position of these entities in the future.

12. COST AND EXPENSES BY NATURE

This account includes the following:

	Notes	2021	2020	2019
Fuel expense	5, 15.3	**P 263,398,205**	P 257,611,651	P 303,075,646
Depreciation and amortization	7, 10.1	**19,179,614**	17,643,394	17,392,492
Taxes and licenses		**7,752,671**	5,340,200	6,335,507
Operations and maintenance	15.4	**5,074,632**	24,604,417	26,062,889
Salaries and short-term employee benefits		**4,583,107**	10,756,626	9,198,319
Management fees	13.1	**2,453,916**	3,644,883	3,815,460
Service fee		**1,473,612**	1,494,251	1,717,745
Professional fees		**1,363,678**	742,811	722,080
Insurance		**932,288**	901,212	925,463
Office supplies		**835,803**	543,709	80,295
Transportation and travel		**308,121**	190,162	162,812
Charitable contributions	15.1(b)	**265,768**	326,023	316,245
Repairs and maintenance		**232,659**	156,343	596,089
Utilities		**230,382**	383,395	244,534
Rentals	10.3	**188,144**	801,626	107,368
Meetings and conference		**169,915**	58,438	121,503
Representation		**102,026**	225,324	227,650
Excess of actual input VAT over standard input VAT		**-**	7,362,907	6,314,30
Advertising		**-**	-	12,767
Others		**24,939**	6,522	227,604
		P 308,569,480	P 332,793,894	P 377,656,774

The breakdown of fuel expense is shown as follows:

	2021	2020	2019
Beginning inventory	**P 23,246,190**	P 21,212,765	P 16,040,521
Purchases	**306,904,969**	259,645,076	308,247,890
Ending inventory	**(66,752,954)**	(23,246,190)	(21,212,765)
	P 263,398,205	P 257,611,651	P 303,075,646

These expenses are classified in the combined carve-out statements of comprehensive income as follows:

	2021	2020	2019
Cost of electricity sold	**P 284,754,025**	P 303,778,667	P 349,598,501
General and administrative expenses	**23,815,455**	29,015,227	28,058,273
	P 308,569,480	P 332,793,894	P 377,656,774

The Assigned Properties' cost of electricity sold for the years ended December 31 are composed of the following:

	Notes	2021	2020	2019
Fuel expense	5, 15.3	**P 263,398,205**	P 257,611,651	P 303,075,646
Depreciation and amortization	7	**16,281,188**	14,199,692	14,145,660
Operations and maintenance	15.4	**5,074,632**	24,604,417	26,062,889
Excess of actual input VAT over standard input VAT		**-**	7,362,907	6,314,306
		P 284,754,025	P 303,778,667	P 349,598,501

13. RELATED PARTY TRANSACTIONS

The Assigned Properties' related parties include its ultimate parent company. Transactions with the ultimate parent company are as follows:

13.1 Management Fees

PAVI charges management fees to the Assigned Properties for the administrative services it provides, including the management and accounting functions of the Assigned Properties. The said charges, which are noninterest-bearing, unsecured and are payable in cash upon demand, is presented as Management fees under General and Administrative Expenses in the combined carve-out statements of comprehensive income (see Note 12). The outstanding balance amounting to P0.7 million as of December 31, 2021 and 2020 is presented as part of Accrued expenses under Trade and Other Payables in the 2021 and 2020 combined carve-out statements of financial position (see Note 9). There was no outstanding balance as of December 31, 2019.

13.2 Key Management Personnel Compensation

There is no key management personnel compensation recognized in both years as compensation is paid by the ultimate parent company at no cost to the Assigned Properties.

14. TAXES

On March 26, 2021, Republic Act (R.A.) No. 11534, *the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The CREATE Act aims to lower certain corporate taxes and rationalize tax incentives given to certain taxpayers. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Assigned Properties:

- regular corporate income tax (RCIT) rate is decreased from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- the imposition of 10% tax on improperly accumulated retained earnings is repealed; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the respective annual income tax returns of SIPCOR and CAMCOR, as it relates to the Assigned Properties, was lower by P0.5 million than the amount presented in the 2020 profit or loss and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax assets as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax assets in 2020 by P41,710 and such was recognized in the 2021 profit or loss.

The components of tax expense as reported in profit or loss and in the combined carve-out other comprehensive income or loss for the years ended December 31 are as follows:

	2021	2020	2019
Reported in profit or loss:			
Current tax expense:			
RCIT at 25% in 2021 and 30% in 2020 and 2019	**P 24,924,945**	P 5,980,392	P 5,710,821
Adjustment due to change in in the income tax rate	**(509,856)**	-	-
Final tax at 20% and 15%	**7,196**	12,243	9,217
	24,422,285	5,992,635	5,720,038
Deferred tax expense (income) relating to:			
Effect of change in the income tax rate	**41,710**	-	-
Origination and reversal of temporary differences	**(12,996)**	7,971	(140,660)
	28,714	7,971	(140,660)
	P 24,450,999	P 6,000,606	P 5,579,378

The reconciliation of tax on pretax profit computed at the applicable statutory rate to tax expense as reported in the profit or loss section of the combined carve-out statements of comprehensive income is presented below.

	2021	2020	2019
Tax on pretax profit at 25% in 2021 and 30% in 2020 and 2019	**P 24,919,145**	P 18,944,989	P 9,360,038
Effects of the change in income tax rate	**(468,146)**	-	-
Adjustment for income subjected to lower income tax rates	**(1,799)**	(6,128)	(4,680)
Tax effects of:			
Non-deductible expenses	**1,799**	6,063	6,103
Income subjected to income tax holiday (ITH)	**-**	(12,944,318)	(3,782,083)
	P 24,450,999	P 6,000,606	P 5,579,378

The operations of the Assigned Properties are subject to MCIT, which is computed at 1% in 2021 and 2% in 2020 and 2019 of gross income, as defined under the tax regulations, or to RCIT, whichever is higher. In 2021, 2020 and 2019, the Assigned Properties were subjected to RCIT as it was higher than MCIT.

The combined carve-out net deferred tax assets as at the end of the reporting periods relate to the following:

	Combined Carved-out Statements of Financial Position			Profit or Loss		
	2021	2020	2019	**2021**	2020	2019
Leases – PFRS 16	**P 221,550**	P 181,988	P 69,798	**(P 39,562)**	(P 112,190)	(P 69,798)
Accrued rent	**-**	68,276	48,476	**68,276**	(19,800)	76,162
Unrealized foreign currency exchange losses	**-**	-	139,961	**-**	139,961	(147,024)
Deferred tax assets	**P 221,550**	P 250,264	P 257,235			
Deferred tax expense (income)				**P 28,714**	P 7,971	(P 140,660)

In 2021, 2020 and 2019, SIPCOR and CAMCOR opted to continue claiming itemized deductions in computing for its income tax due.

15. COMMITMENTS AND CONTINGENCIES

15.1 Regulatory Commitments

(a) Electric Power Industry Reform Act of 2001 (R.A. No. 9136)

On June 8, 2001, the Philippine Congress approved R.A. No. 9136, *Electric Power Industry Reform Act of 2001*, providing for restructuring of the electric power industry.

On March 16, 2015, SIPCOR and CAMCOR received a Certificate of Compliance (COCs) from the Energy Regulatory Commission (ERC) to acknowledge SIPCOR's and CAMCOR's compliance with the terms and conditions of R.A. No. 9136. The COCs proved the compliance of SIPCOR and CAMCOR to the standards set forth by R.A. No. 9136, as well as health, safety and environmental clearances from the ERC. The COCs are valid for a period of five years from the date of issuance subject to renewal at the date of expiration by submission of the required documents set forth in the COCs.

The COCs were renewed by the ERC on February 18, 2020 and are valid for another period of five years or until March 15, 2025.

(b) *Department of Energy Act of 1992 (R.A. No. 7638)*

In pursuance of R.A. No. 7638, *Department of Energy Act of 1992*, the Department of Energy (DoE) promulgated Energy Regulations (ER) No. 1-94 which became effective on June 1994. ER No. 1-94 grants financial benefits to communities hosting energy resource and/or energy generating facility, equivalent to one centavo per kilowatt-hour of the total electricity sales of the energy-generating facility, which benefits shall constitute an electrification fund, a development and livelihood fund, and a reforestation, watershed management, health and/or environment enhancement fund. The computation of one centavo for every kilowatt-hour of electricity sold will commence from the date of the start of operation of the facility. The energy-generating facility shall be solely liable to shoulder the remittance of one centavo financial benefits to the DoE.

In compliance with R.A. No. 7638, the Assigned Properties incurred and recognized an expense amounting to P0.3 million in 2021, 2020 and 2019 which are presented as Charitable contributions under General and Administrative Expenses in the combined carve-out statements of comprehensive income (see Note 12). The Assigned Properties have no outstanding balance in relation to this requirement as of December 31, 2021, 2020 and 2019.

15.2 Power Supply Agreement with PROSIELCO

On October 22, 2011, SIPCOR entered into a PSA with PROSIELCO. Under the PSA, SIPCOR committed to supply electricity to PROSIELCO for a cooperation period of 20 years. The agreement provides for, among others, the agreed minimum supply level and electricity fees, payment of fees, penalties or liquidated damages in the event of termination of agreement under certain circumstances, and the recovery of any costs incurred as a result of change in circumstances including change in any laws or regulations of the Philippines. On December 17, 2012, the ERC approved the PSA. The PSA is for a period of 20 years commencing on February 10, 2015.

Another PSA was entered into by SIPCOR and PROSIELCO on September 24, 2018 for the supply of additional capacity over a 20-year cooperation period. Similar with the October 22, 2011 PSA, the September 24, 2018 PSA likewise provides for the agreed minimum supply level and electricity fees, payment of fees, penalties or liquidated damages in the event of termination of agreement under certain circumstances, and the recovery of any costs incurred as a result of change in circumstances including change in any laws or regulations of the Philippines, among others. The ERC granted provisional authority or interim relief on this PSA on July 23, 2019.

The total monthly energy fee for the supply of power is being billed by SIPCOR to PROSIELCO and NPC. Billings to PROSIELCO are based on subsidized approved generation rate (SAGR) and third generation rate adjustment mechanism. Any excess between the true cost generation rate which allows recovery of the SIPCOR's costs of generation for a billing period and SAGR will be recovered by SIPCOR from the Missionary Electrification Subsidy through billings to the NPC.

Revenues arising from these agreements, as they relate to the Assigned Properties, are presented as Sale of Electricity in the combined carve-out statements of comprehensive income. Outstanding receivables related to this agreement are presented as Trade receivables under the Trade and Other Receivables account in the combined carve-out statements of financial position (see Note 4). No impairment was recognized on these receivables in 2021, 2020 and 2019 since management believes that these receivables are fully collectible.

15.3 Purchase Agreement for Petroleum Products

In November 2014 and May 2015, SIPCOR and CAMCOR entered into agreements with Petron Corporation (Petron) and First Metro Gas, Inc. (First Metro Gas), respectively, for the supply of the petroleum products to ensure the uninterrupted supply for running the bunker-fired generators. SIPCOR and CAMCOR, under the terms and conditions of the agreements, shall purchase diesel and lube oil from Petron and bunker oil from First Metro Gas, monthly.

In 2021, 2020 and 2019, the SIPCOR and CAMCOR purchased petroleum products amounting to P306.9 million, P259.6 million and P308.2 million, respectively (see Note 12). Total remaining inventories at the end of each year is presented under Inventories account in the combined carve-out statements of financial position (see Note 5).

SIPCOR and CAMCOR also receive rebates from these suppliers which amounted to P15.8 million, P18.9 million and P15.5 million in 2021, 2020 and 2019, respectively, and is presented as part of Other Income under Other Income (Charges) - net in the combined carve-out statements of comprehensive income. The related outstanding receivable from this transaction is presented as part of Non-trade Receivables under Trade and Other Receivables in the statements of financial position (see Note 4).

15.4 Operations and Maintenance Agreement with Isla del Fuego Power Utility Services Corporation

In December 2012, SIPCOR and CAMCOR entered into an operations and maintenance agreement with Philippine Power Distributors Investment Corporation (PPDIC) for the operations and management of the Assigned Properties' power generating stations in Lazi, Siquijor and Siquijor, Siquijor.

In November 2014, pursuant to a Deed of Assignment, PPDIC assigned, conveyed and ceded all its rights, interests and obligations under the operations and maintenance agreement in favor of Isla del Fuego Power Utility Services Corporation. Effective September 25, 2019, this agreement was terminated, and the Assigned Properties assumed the operations and maintenance of the power generating stations.

Total expenses incurred by the Assigned Properties amounted to P26.1 million in 2019 in relation to the operations and maintenance agreement presented as Operations and maintenance under Cost of Electricity Sold in the 2019 combined carve-out statement of comprehensive income (see Note 12).

15.5 Others

There are other commitments and contingent liabilities that arise in the normal course of the Assigned Properties' operations which have not been reflected in the financial statements. Management is of the opinion that losses, if any, from these other commitments and contingencies will not have material effects on the Assigned Properties' combined carve-out financial statements as of December 31, 2021, 2020 and 2019.

16. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Assigned Properties are exposed to a variety of financial risks in relation to financial instruments. The Assigned Properties' financial assets and financial liabilities by category are summarized in Note 17. The main types of risks are market risk, credit risk and liquidity risk.

SIPCOR's and CAMCOR's risk management is coordinated with the BOD, and focuses on actively securing the Assigned Properties' short to medium-term cash flows by minimizing the exposure to financial markets.

The Assigned Properties do not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Assigned Properties are exposed to are described below and in the succeeding page.

16.1 Interest Rate Risk

The Assigned Properties have no significant exposure to interest rate risk as its financial instrument is composed only of cash and certain interest-bearing loans with fixed interest rates which are subject to negligible risk of interest fluctuation.

16.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Assigned Properties. The Assigned Properties are exposed to this risk for various financial instruments arising from and selling electricity, lending to related parties and placing deposits with banks.

SIPCOR and CAMCOR continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Assigned Properties' policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the combined carve-out statements of financial position or in the detailed analysis provided in the combined carve-out notes to the financial statements, as summarized below.

	2021	2020	2019
Cash	**P 3,383,468**	P 21,331,453	P 91,103,521
Trade and other receivables	**162,626,127**	125,884,682	118,600,321
	P 166,009,595	P 147,216,135	P 219,703,842

None of the Assigned Properties' financial assets are secured by collateral or other credit enhancements, except for cash as described below and in the succeeding page.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash pertains to cash in banks, which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Assigned Properties apply the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

In respect of trade and other receivables, the Assigned Properties are not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Assigned Properties also considered macroeconomic factors affecting the ability of the customers to settle the receivables. The Assigned Properties have identified the inflation rate to be the most relevant factor.

On that basis, it was determined that no loss allowance is needed to be recognized as at December 31, 2021, 2020 and 2019. The Assigned Properties' management continues to monitor customer default rates and macroeconomic factors affecting the ability of the customers to settle the receivables. Management considers the credit quality of trade and other receivables are not past due or impaired to be good.

16.3 Liquidity Risk

The Assigned Properties manage its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Assigned Properties maintain cash to meet its liquidity requirements for up to 60-day period. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Assigned Properties' financial liabilities, except for lease liabilities presented in Note 10.2, have contractual maturities which are presented below.

	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
December 31, 2021			
Interest-bearing loans and borrowings	P 28,479,153	P 53,589,137	P -
Trade and other payables	155,245,801	-	-
	P 183,724,954	**P 53,589,137**	**P -**
December 31, 2020			
Interest-bearing loans and borrowings	P 30,283,977	P 29,403,878	P 82,068,292
Trade and other payables	81,355,362	-	-
	P 111,639,339	P 29,403,878	P 82,068,292
December 31, 2019			
Interest-bearing loans and borrowings	P 32,123,509	P 31,218,618	P 141,756,147
Trade and other payables	99,807,197	-	-
	P 131,903,706	P 31,218,618	P 141,756,147

The contractual maturities presented in the foregoing tables reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods presented. In addition, certain financial liabilities are secured through mortgage of certain land and plant machineries (see Notes 7 and 8).

17. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

17.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The carrying amounts of the categories of financial assets and financial liabilities, measured at amortized cost, presented in the statements of financial position are shown below.

		2021		2020		2019	
	Notes	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial liabilities							
Financial liabilities at amortized cost:							
Interest-bearing loans and borrowings	8	**P 78,000,000**	**P 82,068,290**	P 130,000,000	P 141,756,147	P 182,000,000	P 205,098,274
Lease liabilities	10.2	**6,647,423**	**10,305,600**	6,848,705	10,983,600	7,036,888	11,661,600
		P 84,647,423	**P 92,373,890**	P 136,848,705	P 152,739,747	P 189,036,888	P 216,759,874

Management considers that due to the short-term nature of other financial assets and financial liabilities, as disclosed in Note 16, or the effect of discounting for those with maturities of more than one year is not material, their carrying amounts as of December 31, 2021, 2020 and 2019 approximate their fair values. Accordingly, only fair values of interest-bearing loans and borrowings and lease liabilities are presented.

See Note 2.3 for a description of the accounting policies for each category of financial instrument. A description of the Assigned Properties' risk management objectives and policies for financial instruments is provided in Note 16.

17.2 Offsetting of Financial Assets and Financial Liabilities

The Assigned Properties have not set off financial instruments in 2021, 2020 and 2019 and does not have relevant offsetting agreements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders.

18. FAIR VALUE MEASUREMENTS AND DISCLOSURES

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, 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.

When the Assigned Properties use valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

All of the Assigned Properties' financial assets and financial liabilities as of December 31, 2021, 2020 and 2019 is included in Level 3, except for Cash, which is included in Level 1.

19. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The Assigned Properties' capital management objective is to ensure the Assigned Properties' ability to continue as a going concern entity.

The Assigned Properties monitor capital on the basis of the carrying amount of equity as presented in the combined carve-out statements of financial position. Capital for the reporting periods under review is summarized below.

	2021	2020	2019
Total liabilities	**P 255,319,970**	P 229,562,693	P 300,508,379
Total equity	**407,550,280**	361,443,153	362,164,938
Debt-to-equity ratio	**0.63 : 1.00**	0.64 : 1.00	0.83 : 1.00

The Assigned Properties set the amount of capital in proportion to its overall financing structure, i.e. equity and liabilities. The Assigned Properties manage the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying asset.

Under the loan agreement, SIPCOR has to maintain certain financial covenants such as current ratio and debt service coverage ratio. As of December 31, 2021, 2020 and 2019, SIPCOR remains in compliance with the abovementioned covenants.

20. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Assigned Properties' liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (Note 8)	Lease Liabilities (Note 10.2)	Total
Balance as of January 1, 2021	P 130,000,000	P 6,848,705	P 136,848,705
Cash flows from financing activities:			
Repayments of borrowings	(52,000,000)	-	(52,000,000)
Repayments of lease liabilities	-	(678,000)	(678,000)
Non-cash financing activity –			
Interest amortization	-	476,718	476,718
Balance as of December 31, 2021	**P 78,000,000**	**P 6,647,423**	**P 84,647,423**
Balance as of January 1, 2020	P 182,000,000	P 7,036,888	P 189,036,888
Cash flows from financing activities:			
Repayments of borrowings	(52,000,000)	-	(52,000,000)
Repayments of lease liabilities	-	(678,000)	(678,000)
Non-cash financing activity –			
Interest amortization	-	489,817	489,817
Balance as of December 31, 2020	P 130,000,000	P 6,848,705	P 136,848,705
Balance as of January 1, 2019 as previously reported	P 227,500,000	P 7,212,825	P 234,712,825
Cash flows from financing activities:			
Repayments of borrowings	(45,500,000)	-	(45,500,000)
Repayments of lease liabilities	-	(668,203)	(668,203)
Non-cash financing activity –			
Interest amortization	-	492,266	492,266
Balance as of December 31, 2019	P 182,000,000	P 7,036,888	P 189,036,888

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Combined Carve-out Financial Statements

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The Board of Directors and Stockholders
Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the combined carve-out financial statements the Assigned Properties of S.I. P0wer Corporation (SIPCOR) and Camotes Island Power Generation Corporation (CAMCOR) [SIPCOR's and CAMCOR's properties to be transferred to Premiere Island Philippines Holding Corporation (the Assigned Properties)] as at December 31, 2021, 2020 and 2019 and for the years then ended, and have issued our report thereon dated July 22, 2022. Our audits were made for the purpose of forming an opinion on the basic combined carve-out financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic combined carve-out financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of SIPCOR's and CAMCOR's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic combined carve-out financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined carve-out financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

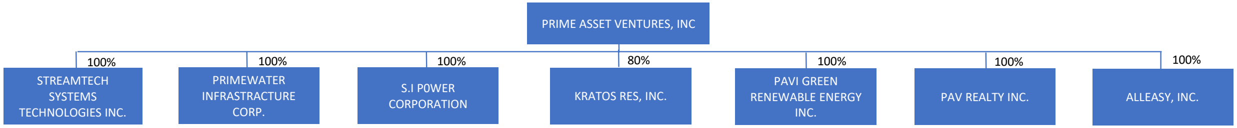
July 22, 2022

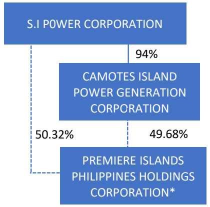
SIPCOR and CAMCOR Project
List of Supplementary Information
December 31, 2021

SIPCOR and CAMCOR Project
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***
Interest-bearing loan	N/A	P 78,000,000	N/A

SIPCOR and CAMCOR Project
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2021





*Premiere Island Philippines Holding Corporation was incorporated on March 4, 2022.

P&A Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicator

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Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
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Philamlife Pamplona Dos Las Piñas
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the combined carve-out financial statements of the Assigned Properties of S.I. P0wer Corporation (SIPCOR) and Camotes Island Power Generation Corporation (CAMCOR) [SIPCOR's and CAMCOR's properties to be transferred to Premiere Island Philippines Holding Corporation (the Assigned Properties)] as at December 31, 2021, 2020 and 2019 and for the years then ended, and have issued our report thereon dated July 22, 2022. Our audits were made for the purpose of forming an opinion on the basic combined carve-out 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, are the responsibility of SIPCOR's and CAMCOR'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 Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic combined carve-out financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Assigned Properties' combined carve-out financial statements as at December 31, 2021, 2020 and 2019 and for the years then ended, and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 22, 2022

SIPCOR and CAMCOR Project
SUPPLEMENTAL SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2021

Ratio	Formula	December 31, 2021	December 31, 2020	December 31, 2019
Current ratio	Current assets / Current liabilities	1.26	1.75	2.11
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	0.68	1.03	1.29
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	1.63	0.71	0.35
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.19	0.36	0.50
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.63	1.64	1.83
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	13.04	6.34	3.04
Return on equity	Net profit / Average total stockholders' equity	0.20	0.16	0.08
Return on assets	Net profit/ Average total assets	0.12	0.09	0.04
Net profit margin	Net profit / Total revenues	0.19	0.15	0.06

Premiere Island
POWER REIT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR COMBINED CARVED-OUT FINANCIAL STATEMENTS

The management of **Premiere Island Philippines Holding Corporation** (the Company) is responsible for the preparation and fair presentation of the combined carved-out financial statements, including the schedules attached therein, as of December 31, 2021 (including the comparative combined carve-out financial statements as of and 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 or error.

In preparing the combined carved-out 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 to cease operations, or has no realistic alternative 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.

Punongbayan & Araullo, independent auditors appointed by the stockholders, has audited the combined carved-out financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

TIMOTHY JOSEPH M. MENDOZA
Chairman of the Board / Chief Executive Officer

MARYKNOLL B. ZAMORA
Treasurer / CFO

Signed this _____ day of _________

ACKNOWLEDGEMENT

Republic of the Philippines)
MAKATI CITY) S.S.

BEFORE ME, a Notary Public in and for MAKATI CITY, Philippines, this OCT 0 5 2022, personally appeared:

Name	Valid ID No.	Date & Place Issued
Timothy Joseph M. Mendoza	Driver's License No. N26-98-018797	LTO – valid until 06/10/2024
Maryknoll B. Zamora	Driver's License No. N01-99-234497	LTO – valid until 12/20/2031

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation and they acknowledged to me that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above-written.

Doc. No. 7;
Page No. 3;
Book No. I;
Series of 2022.

SAMANTHA ESTHER T. BUYCO
Appointment No. M-335
Notary Public for Makati City
Until December 31, 2023
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 81094
PTR No. 9015889/Makati City/05-26-2022
IBP No. 216407/Bulacan/05-24-2022
MCLE Exempted-Admitted to the bar in 2022

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Independent Auditors' Assurance Report on the Compilation of Pro Forma Condensed Financial Information Included in a Prospectus

The Board of Directors
Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

Introduction

We have completed our assurance engagement to report on the compilation of pro forma condensed financial information of Premiere Island Philippines Holding Corporation (the Company). The pro forma condensed financial information consists of the pro forma condensed statements of financial position as at May 31, 2022 and December 31, 2021 and the pro forma condensed statements of comprehensive income, pro forma condensed statements of changes in equity and pro forma condensed statements of cash flows for the five months ended May 31, 2022 and for the year ended December 31, 2021, and a summary of related notes. The applicable criteria on the basis of which 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 management of the Company to illustrate the impact of the events or transactions set out in Note 2 to the pro forma condensed financial information on the Company's pro forma financial position as at May 31, 2022 and December 31, 2021 and on its pro forma financial performance and its pro forma cash flows for the five months ended May 31, 2022 and for the year ended December 31, 2021.

Management's Responsibility for the Pro Forma Condensed Financial Information

Management of the Company is responsible for compiling the pro forma condensed financial information on the basis of the applicable criteria set out in Note 2 to the pro forma condensed financial information.

Auditors' Responsibilities

Our responsibility is to express an opinion, as required by Section 9, Part II of the Revised Securities Regulation Code Rule 68, 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 described 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 Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the pro forma condensed financial information on the basis of the applicable criteria described 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 financial statements nor have we, in the course of this engagement, separately 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 significant events or transactions on unadjusted financial information of the Company as if the events had occurred or the transactions 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 events or transactions 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 management in the compilation of the pro forma condensed financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, 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 reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditors' judgment, having regard to the auditors' understanding of the nature of the Company, the events or transactions in respect of which the pro forma financial statements has been compiled, and other relevant engagement circumstances.

The engagement involves evaluating whether management has compiled the pro forma condensed financial information in accordance with the Company's accounting policies on the basis of applicable criteria prescribed in Note 2 to the pro forma condensed financial information. It also involves evaluating the overall presentation and disclosure 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 properly compiled on the basis stated in Note 2 to the pro forma condensed financial information.

Other Matter

This report is issued for use of the Company's management as part of the prospectus in relation to the Company's initial public offering.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2022 (until Aug. 3, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

November 7, 2022

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
PRO FORMA CONDENSED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2022 AND DECEMBER 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	May 31, 2022	December 31, 2021
A S S E T S		
CURRENT ASSETS		
Cash	P 391,062,185	P 249,866,236
Trade receivables	44,249,351	28,704,955
Total Current Assets	435,311,536	278,571,191
NON-CURRENT ASSETS		
Trade receivables	66,947,312	42,339,761
Property and equipment - net	910,740,000	926,390,000
Investment properties	7,762,930,000	7,842,840,000
Total Non-current Assets	8,740,617,312	8,811,569,761
TOTAL ASSETS	P 9,175,928,848	P 9,090,140,952
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 57,230,857	P 57,952,085
Lease liability	230,280	215,293
Income tax payable	12,156,120	17,627,188
Total Current Liabilities	69,617,257	75,794,566
NON-CURRENT LIABILITIES		
Lease liability	6,327,436	6,432,128
Deferred tax liabilities - net	77,688,400	98,894,285
Total Non-current Liabilities	84,015,836	105,326,413
Total Liabilities	153,633,093	181,120,979
EQUITY		
Capital stock	3,288,669,000	3,288,669,000
Additional paid-in-capital	5,071,141,864	5,071,141,864
Revaluation surplus	137,719,716	136,595,535
Retained earnings	524,765,175	412,613,574
Total Equity	9,022,295,755	8,909,019,973
TOTAL LIABILITIES AND EQUITY	P 9,175,928,848	P 9,090,140,952

See Notes to Pro Forma Condensed Financial Information.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
PRO FORMA CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIVE MONTHS ENDED MAY 31, 2022 AND
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	May 31, 2022	December 31, 2021
RENTAL INCOME	**P 245,854,304**	P 386,799,223
COST OF RENTALS	**28,937,958**	53,695,388
GROSS PROFIT	**216,916,346**	333,103,835
OTHER OPERATING EXPENSES	**1,814,567**	8,252,352
OPERATING PROFIT	**215,101,779**	324,851,483
FINANCE COSTS	**(192,795)**	(476,718)
FAIR VALUE GAINS (LOSSES) ON INVESTMENT PROPERTIES	**(79,910,000)**	212,110,000
PROFIT BEFORE TAX	**134,998,984**	536,484,765
TAX EXPENSE	**25,994,746**	123,871,191
NET PROFIT	**109,004,238**	412,613,574
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss		
Revaluation increase in property and equipment	**5,695,392**	182,127,380
Tax expense	**(1,423,848)**	(45,531,845)
	4,271,544	136,595,535
TOTAL COMPREHENSIVE INCOME	**P 113,275,782**	P 549,209,109
BASIC AND DILUTED EARNINGS PER SHARE	**P 0.0331**	P 0.1876

See Notes to Pro Forma Condensed Financial Information.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
PRO FORMA CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIVE MONTHS ENDED MAY 31, 2022 AND FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Capital Stock	Additional Paid-In Capital	Revaluation Surplus	Retained Earnings	Total
Balance at January 1, 2022	P 3,288,669,000	P 5,071,141,864	P 136,595,535	P 412,613,574	P 8,909,019,973
Transfer of revaluation surplus through depreciation	-	-	(3,147,363)	3,147,363	-
Total comprehensive income for the period	-	-	4,271,544	109,004,238	113,275,782
Balance at May 31, 2022	**P 3,288,669,000**	**P 5,071,141,864**	**P 137,719,716**	**P 524,765,175**	**P 9,022,295,755**
Balance at January 1, 2021	P -	P -	P -	P -	P -
Issuance of shares during the year	3,288,669,000	5,071,141,864	-	-	8,359,810,864
Total comprehensive income for the year	-	-	136,595,535	412,613,574	549,209,109
Balance at December 31, 2021	P 3,288,669,000	P 5,071,141,864	P 136,595,535	P 412,613,574	P 8,909,019,973

See Notes to Pro Forma Condensed Financial Information.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
PRO FORMA CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FIVE MONTHS ENDED MAY 31, 2022 AND
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	May 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**P 134,998,984**	P 536,484,765
Adjustments for:		
Fair value losses (gains) on investment properties	**79,910,000**	(212,110,000)
Depreciation and amortization	**21,345,392**	41,157,380
Finance cost	**192,795**	476,718
Operating profit before working capital changes	**236,447,171**	366,008,863
Increase in trade receivables	**(40,151,947)**	(71,044,716)
Increase (decrease) in trade and other payables	**(721,228)**	8,456,652
Cash generated from operations	**195,573,996**	303,420,799
Cash paid for income taxes	**(54,095,547)**	(52,881,563)
Net Cash From Operating Activities	**141,478,449**	250,539,236
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(192,795)**	(476,718)
Lease payment	**(89,705)**	(201,282)
Proceeds from issuance of capital stock	**-**	5,000
Net Cash Used in Financing Activities	**(282,500)**	(673,000)
NET INCREASE IN CASH	**141,195,949**	249,866,236
CASH AT BEGINNING OF PERIOD	**249,866,236**	-
CASH AT END OF PERIOD	**P 391,062,185**	P 249,866,236

See Notes to Pro Forma Condensed Financial Information.

PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
NOTES TO PRO FORMA CONDENSED FINANCIAL INFORMATION
MAY 31, 2022 AND DECEMBER 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

1. GENERAL INFORMATION

1.1 Corporate Information

Premiere Island Philippines Holding Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 4, 2022. The Company's primary purpose is to engage in the investment, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real property and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness and other securities or obligations or any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay thereof in money or by exchanging thereof stocks, bonds, and other evidences of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of interest, dividends, and income arising from such property, and while the owner or holder thereof, to exercise all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; provided that it shall not act as stock broker or dealer in securities nor solicit, take, accept and/or issue investments and/or investment contracts from public investors. As of May 31, 2022, the Company has not yet started its commercial operations.

S.I. P0wer Corp. (SIPCOR or the Parent Company) holds 50.32% interest over the Company while Camotes Island Power Generation Corporation (CAMCOR) holds 49.68% ownership over the Company. SIPCOR also holds 94% ownership interest over CAMCOR. Accordingly, SIPCOR effectively holds 97.02% ownership of the Company's total issued and outstanding capital stock, thereby making SIPCOR as the Company's parent company. SIPCOR and CAMCOR is presently engaged in buying, acquiring, leasing, constructing, maintaining, and operating plants, work, systems, poles, poles wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity.

Prime Asset Ventures, Inc. (PAVI) is the Company's ultimate parent company. PAVI is presently engaged primarily to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, develop or otherwise, dispose of real and personal property of every kind, and to grant loans and/or assume or undertake or guarantee or secure either on its general credit or on the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, its related parties or any third party, without engaging in the business of a financing company or lending investor.

On March 9, 2022, majority of the members of the Board of Directors (BOD) and two-thirds of the stockholders of the Company approved the amendments to the Articles of Incorporation and By-Laws of the Company which relates to the increase in authorized capital stock from P5,000 divided into 5,000 common shares with par value of P1.0 per share to P7,500,000,000 divided into 7,500,000,000 common shares with par value of P1.0 per share.

On May 31, 2022, the SEC approved the amendments to the Company's Articles of Incorporation and By-Laws.

The Company's registered office address and principal place of business is located at 4th Starmall IT Hub CV Starr Ave., Philamlife Pamplona Dos Las Piñas, Las Piñas City. On the other hand, SIPCOR and PAVI's registered office, which is also their principal place of business, is located at Worldwide Corporate Center, Shaw Blvd., Mandaluyong City.

1.2 Approval of Pro forma Condensed Financial Information

The unaudited pro forma condensed financial information of the Company as of and for the five months ended May 31, 2022 and for the year ended December 31, 2021 were authorized for issue by the Company's BOD on November 7, 2022. The Company's stockholders and BOD have the power to amend the pro forma condensed financial information after issuance.

2. BASIS OF PREPARING PRO FORMA CONDENSED FINANCIAL INFORMATION

The pro forma condensed financial information have been prepared in accordance with Section 9, Part II of the Revised Securities Regulation Code Rule 68 (Revised SRC Rule 68). The pro forma condensed financial information has been prepared solely for the inclusion in the Real Estate Investment Trust (REIT) Plan prepared by the Company's management in connection with its planned REIT offering. The pro forma condensed financial information should be read in conjunction with the audited interim financial statements of the Company as at and for the period March 4, 2022 to May 31, 2022 and the combined carve-out financial statements of SIPCOR and CAMCOR Project as at December 31, 2021, 2020 and 2019 and for the years then ended.

The pro forma condensed financial information has been prepared on a cost basis except for Investment Properties which are accounted for under fair value method of accounting, with changes in fair value being recognized in profit or loss and Property and Equipment which are accounted under revaluation model and any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Surplus account in the pro forma condensed statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. On a yearly basis, an amount from the Revaluation Surplus account is transferred to Retained Earnings account for the depreciation relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in Revaluation Reserves account relating to them are transferred to Retained Earnings account.

In preparation for the planned initial public offering of the Company, the objective of these pro forma condensed financial information is to show the effects of the transactions described in the succeeding paragraphs had they occurred at January 1, 2021, unless otherwise stated. However, the pro forma condensed financial information are not necessarily indicative of the effects of the results of operations or related effects on the financial position that would have been attained had the aforementioned transactions actually occurred earlier.

The pro forma adjustments are based upon management's detailed assumptions described herein. The pro forma condensed financial information is not intended to be considered in isolation from, or as a substitute for, the financial statements of the Company prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The following are the major transactions reflected in the Company's pro forma condensed financial information:

- *Incorporation of the Company*

  The authorized capital stock at the date of incorporation is P5,000 or 5,000 shares at P1.0 par value, wherein P5,000 has been subscribed and paid.

  This 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 capital stock.

- *Increase in Authorized Capital Stock and Issuance of Shares Under Asset-for-Share Swap with SIPCOR and CAMCOR*

  On March 9, 2022, majority of the members of the BOD and two-thirds of the stockholders of the Company approved the amendments to the Articles of Incorporation and By-Laws of the Company which relates to the increase in authorized capital stock from P5,000 divided into 5,000 common shares with par value of P1.0 per share to P7,500,000,000 divided into 7,500,000,000 common shares with par value of P1.0 per share.

  Also, on March 9, 2022, the BOD and stockholders of the Company approved the increase in its authorized capital stock through an asset-for-share swap transaction with SIPCOR and CAMCOR.

  Under the terms of the capital increase and the asset-for-share swap transaction, the Company agreed to issue a total of 3,288,644,000 common shares to SIPCOR and CAMCOR at an issue price of P2.5 per share, or the aggregate issue or subscription price of P8,221,660,000, in exchange for the transfer, assignment and conveyance by SIPCOR and CAMCOR of all of their rights, title and interests in certain properties, free from liabilities and debts and free from all liens and encumbrances. The properties transferred by SIPCOR and CAMCOR comprises land, right-of-use assets (less any related lease liability), building and power generation assets.

  On May 31, 2022, the SEC approved the amendments to the Company's Articles of Incorporation. On the same date, the Company issued 1,654,856,000 and 1,633,808,000 common shares to SIPCOR and CAMCOR, respectively.

Under the terms of the asset-for-share swap transaction, the Company, as lessor and/or sublessor of the properties assigned by SIPCOR and CAMCOR, executed lease and sublease agreements with each of SIPCOR and CAMCOR to enable the latter to use the properties assigned by SIPCOR and CAMCOR for their continuing power generation operations. The asset-for-share swap transaction, forming part of the capital increase of the Company, was approved by the SEC on the same date.

Subsequently, the Company, SIPCOR and CAMCOR agreed to amend the terms of the lease and sublease agreements covering the lease and sublease of the transferred properties by the Company to SIPCOR and CAMCOR. Pursuant to these amendments and in compliance with REIT regulations, the Company caused the valuation of the properties transferred by SIPCOR and CAMCOR, as a result of which, the said properties transferred by SIPCOR and CAMCOR were valued at P8.7 billion as of May 31, 2022.

Given the foregoing, the Company recognized additional paid-in capital on the excess over par value totalling to P5.3 billion, net of related SEC filing fees and DST of P49.5 million, as of May 31, 2022.

The Company elected to subsequently measure the investment properties at fair value model and the property, plant and equipment at revaluation model.

The transactions with SIPCOR were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2021. The impacts of the transactions are the recognition of investment properties on the transferred right-of-use asset, land and building and property and equipment on the generation assets at their market values with the corresponding issuance of capital stock and related APIC.

The transactions with CAMCOR were reflected in the pro forma condensed financial information as if the transactions occurred on September 1, 2021. The impacts of the transactions are the recognition of investment properties on the transferred land and building at their market values with the corresponding issuance of capital stock and related APIC.

- *Assignment of SIPCOR's Lease Agreement with National Power Corporation (NPC) to the Company and Sublease of Land Being Leased from NPC to SIPCOR under Operating Lease Arrangement*

  The Company and SIPCOR agreed to assign the lease of the land owned by NPC to the Company and subsequently sublease the same to SIPCOR. The lease agreement is classified as an operating lease. The assignment was approved by NPC on February 9, 2022.

  Pro forma adjustment was made to recognize the impact of the sublease agreement. The right-of-use asset was treated as investment property measured at fair value. Any gain or loss resulting from change in the fair value is immediately recognized in profit or loss.

- *Lease of Properties to SIPCOR and CAMCOR*

  On April 11, 2022, the Company, as a lessor, and SIPCOR, as lessee, executed a lease contract for latter's use of the land (including the sublease of land being leased from NPC), building and power generation assets. The lease agreement for the land, building and power generation assets is effective for 9 years, renewable for another 10 years upon mutual agreement of both parties. On the other hand, the sublease agreement for the land being leased from NPC is effective for 8 years, renewable for another 8 years upon mutual agreement of both parties. The monthly lease payment is subject to escalation rate of 3% annually. The lease agreements are classified as an operating lease.

  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 the following:

  - recognition of rental income from the lease of the land, right-of-use asset, building and generation assets based on the lease agreements between the Company and SIPCOR classified as operating leases. Rental income is assumed to be collected based on the terms of the lease agreement; and,

  - recognition of cost of rentals and operating expenses related to the leasing transaction.

  In addition, on April 11, 2022, the Company, as a lessor, and CAMCOR, as lessee, executed a lease contract for latter's use of the land and building. The lease agreement for the land and building is effective for 10 years, renewable for another 10 years upon mutual agreement of both parties. The monthly lease payment is subject to escalation rate of 3% annually. The lease agreements are classified as an operating lease.

  These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on September 1, 2021. The impact of the transactions are as follows:

  - recognition of rental income from the lease of the land and building based on the lease agreements between the Company and CAMCOR classified as operating leases. Rental income is assumed to be collected based on the terms of the lease agreement; and,

  - recognition of cost of rentals and operating expenses related to the leasing transaction.

3. PRO FORMA ADJUSTMENTS

The unaudited pro forma condensed financial information are based on the significant transactions in Note 2 and certain assumptions and pro forma adjustments described in the succeeding paragraphs. The pro forma adjustments are based upon available information and certain assumptions that Company believes are reasonable under the circumstances.

The unaudited pro forma condensed financial information do not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in Note 2 and in the succeeding paragraphs occurred as at January 1, 2021, nor do they purport to project the results of operations of the Company for any future period or date.

3.1 Pro Forma Adjustments in the Pro Forma Condensed Statements of Financial Position

Pro forma Condensed Statement of Financial Position as of May 31, 2022

	Audited Balances	Pro forma Adjustments	Pro forma Balances
Current assets:			
Cash	P 5,000	P 391,057,185	P 391,062,185
Trade receivables	-	44,249,351	44,249,351
	5,000	435,306,536	435,311,536
Non-current assets:			
Trade receivables	-	66,947,312	66,947,312
Investment properties	7,762,930,000	-	7,762,930,000
Property and equipment – net	910,740,000	-	910,740,000
Deferred tax asset	13,597,718	(13,597,718)	-
	8,687,267,718	53,349,594	8,740,617,312
Total Assets	P 8,687,272,718	P 488,656,130	P 9,175,928,848
Current liabilities:			
Due to ultimate parent company	P 54,390,873	(P 54,390,873)	P -
Trade and other payables	-	57,230,857	57,230,857
Lease liability	230,280	-	230,280
Income tax payable	-	12,156,120	12,156,120
	54,621,153	14,996,104	69,617,257
Non-current liabilities:			
Lease liability	6,327,436	-	6,327,436
Deferred tax liabilities – net	-	77,688,400	77,688,400
	6,327,436	77,688,400	84,015,836
Total Liabilities	60,948,589	92,684,504	153,633,093
Equity:			
Capital stock	3,288,669,000	-	3,288,669,000
Additional paid-in capital	5,328,952,851	(257,810,987)	5,071,141,864
Revaluation surplus	-	137,719,716	137,719,716
Retained earnings	8,702,278	516,062,897	524,765,175
	8,626,324,129	395,971,626	9,022,295,755
Total Liabilities and Equity	P 8,687,272,718	P 488,656,130	P 9,175,928,848

As of May 31, 2022, the following pro forma adjustments were made:

(i) *Issuance of shares through asset-for-share swap*

- Reduction in APIC amounting to P257,810,987. The asset-for-share swap with SIPCOR and CAMCOR was assumed to be transferred on January 1, 2021 and September 1, 2021, respectively.

The net consideration at the assumed date of transfer is as follows:

	SIPCOR	CAMCOR	Total
Fair value of the assets at the date of transfer	P 2,992,650,000	P 5,423,500,000	P 8,416,150,000
Assumed liabilities	(6,848,703)	-	(6,848,703)
Consideration	2,985,801,297	5,423,500,000	8,409,301,297
Subscribed shares	(1,654,856,000)	(1,633,808,000)	(3,288,664,000)
APIC	P 1,330,945,297	P 3,789,692,000	P 5,120,637,297

The APIC presented in the 2022 pro forma condensed statement of financial position is net of share issue costs amounting to P49,495,433.

The net consideration at the date of actual transfer is as follows:

Fair value of the assets at the date of transfer	P8,673,670,000
Assumed liabilities	(6,557,716)
Consideration	8,667,112,284
Subscribed shares	(3,288,664,000)
APIC at gross	5,378,448,284
Share issue costs	(49,495,433)
APIC at net	P5,328,952,851

The fair value of the assets transferred as of May 31, 2022 is as follows:

Investment properties (including right-of-use asset)	P7,762,930,000
Property and equipment – net	910,740,000
	P8,673,670,000

(ii) *Lease agreements with related parties*

Recognition of assumed billed rent and accruals from straight-line effect of rental income as required by PFRS 16, *Leases*, net of any expected credit losses and are presented as Trade Receivables under Current Assets and Non-current Assets. Details are as follows:

Balance as of January 1, 2022	P 71,044,716
Rental income	245,854,304
Collections	(205,702,357)
Balance as of May 31, 2022	P 111,196,663

(iii) Other pro forma adjustments include:

- Accumulated assumed cash collections of rental income and payments of expenses and lease liabilities in 2022 amounting to P141,195,949.
- Derecognition of deferred tax asset arising from net operating loss carryover amounting to P13,597,718.
- Derecognition of due to ultimate parent company amounting to P54,390,873 as it is assumed to be incurred and paid in 2021.
- Trade payables amounting to P57,230,857 for the assumed unpaid and accrued operating expenses and other tax-related liabilities.
- Income tax payable amounting to P12,156,120 related to the tax impact of the pro forma adjustments to current taxable income for the five months ended May 31, 2022 which is assumed to be unpaid and deferred tax liabilities – net amounting to P77,688,400 arising from the impact of the straight-line recognition of rental income, changes in fair value of investment properties and revaluation surplus on property and equipment – net.
- Recognition of revaluation surplus, net of tax, amounting to P137,719,716.

Pro forma Condensed Statement of Financial Position as of December 31, 2021

As of December 31, 2021, the following pro forma adjustments were made:

(i) Issuance of capital stock

Recognition of capital stock amounting to P5,000 as a result of the Company's incorporation. This is on the assumption that the Company was incorporated on January 1, 2021.

(ii) Assignment of lease contract with NPC from SIPCOR

Recognition of right-of-use asset and lease liability amounting to P1,253,830,000 and P6,848,703, respectively, as a result of the assignment of SIPCOR's lease agreement with NPC to the Company. The land subject to the right-of-use asset was subleased to SIPCOR under an operating lease agreement. The right-of-use asset was measured at its fair value and presented as part of Investment Properties. As of December 31, 2021, the fair value of the right-of-use asset amounted to P1,294,830,000 and resulted to fair value gains amounting P41,000,000 which is immediately recognized in the profit or loss section of the 2021 pro forma condensed statement of comprehensive income as part of Fair Value Gains (Losses) on Investment Properties. As of December 31, 2021, the lease liabilities amounted to P6,647,421.

The Company opted to adopt the provisions of PFRS 16, using the modified retrospective approach.

(iii) Issuance of shares through asset-for-share swap

Recognition of capital stock and related APIC amounting to P3,288,664,000 and P5,120,637,297, respectively, as a result of asset-for-share swap with SIPCOR and CAMCOR on January 1, 2021 and September 1, 2021, respectively.

The net consideration at the assumed date of transfer is as follows:

	SIPCOR	CAMCOR	Total
Fair value of the assets at the date of transfer	P 2,992,650,000	P 5,423,500,000	P 8,416,150,000
Assumed liabilities	(6,848,703)	-	(6,848,703)
Consideration	2,985,801,297	5,423,500,000	8,409,301,297
Subscribed shares	(1,654,856,000)	(1,633,808,000)	(3,288,664,000)
APIC	P 1,330,945,297	P 3,789,692,000	P 5,120,637,297

The APIC presented in the 2021 pro forma condensed statement of financial position is net of share issue costs amounting to P49,495,433.

The fair value of the assets transferred as of December 31, 2021 is as follows:

Investment properties (including right-of-use asset)	P7,842,840,000
Property and equipment – net	926,390,000
	P8,769,230,000

This is on the assumption that the Company had already obtained approval from SEC on its application for the increase in authorized share capital and the Company was able to favorably obtain the SEC's confirmation of the valuation of properties and issuance by the BIR of the Certificate Authorizing Registration.

(iv) Lease agreements with related parties

Recognition of assumed billed rent and accruals from straight-line effect of rental income as required by PFRS 16, net of any expected credit losses and are presented as Trade Receivables under Current Assets and Non-current Assets. Details are as follows:

Balance as of January 1, 2021	P 20,632,554
Rental income	386,799,223
Collections	(336,387,061)
Balance as of December 31, 2021	P 71,044,716

(v) Other pro forma adjustments include:

- Accumulated assumed cash collections of rental income and payments of expenses and lease liabilities in 2021 amounting to P249,861,236.
- Trade payables amounting to P57,952,085 for the assumed unpaid and accrued operating expenses and other tax-related liabilities.
- Income tax payable amounting to P17,627,188 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2021 which is assumed to be unpaid and deferred tax liabilities – net amounting to P98,894,285 arising from the impact of the straight-line recognition of rental income, changes in fair value of investment properties and revaluation surplus on property and equipment – net.
- Recognition of revaluation surplus, net of tax, amounting to P136,595,535.

The Company has no audited historical comparative financial information to which the pro forma adjustments are applied as it was only incorporated on March 4, 2022; hence, the pro forma condensed financial information presented represents the pro forma adjustments.

3.2 Pro Forma Adjustments in the Pro Forma Condensed Statements of Comprehensive Income

Pro forma Condensed Statement of Comprehensive Income for the period ended May 31, 2022

	Audited Balances	Pro forma Adjustments	Pro forma Balances
Rental income	P -	P 245,854,304	P 245,854,304
Cost of rentals	-	(28,937,958)	(28,937,958)
Gross profit	-	216,916,346	216,916,346
Other operating expenses	(4,895,440)	3,080,873	(1,814,567)
Operating profit (loss)	(4,895,440)	219,997,219	215,101,779
Finance costs	-	(192,795)	(192,795)
Fair value losses on investment properties	-	(79,910,000)	(79,910,000)
Profit (loss) before tax	(4,895,440)	139,894,424	134,998,984
Tax income (expense)	13,597,718	(39,592,464)	(25,994,746)
Net profit	8,702,278	100,301,960	109,004,238
Other comprehensive income	-	4,271,544	4,271,544
Total comprehensive income	P 8,702,278	P 104,573,504	P 113,275,782

For the period ended May 31, 2022, the following pro forma adjustments were made:

(i) *Lease agreements with related parties*

The lease agreement with SIPCOR and CAMCOR covering the assets transferred was accounted as operating leases. The straight-lining of rentals over the term of the agreement resulted to the recognition of rental income amounting to P245,854,304.

(ii) *Fair value measurement of investment properties*

Recognition of fair value losses on investment properties as the Company elected to subsequently measure the investment properties at fair value amounting to P79,910,000.

(iii) *Adoption of PFRS 16, using the modified retrospective approach*

Recognition of interest expense from the lease contract with NPC with respect to the land where certain properties are situated. The lease contracts were assumed to commence on January 1, 2021. The interest expense for the period ended May 31, 2022 amounted to P192,795.

(iv) Other pro forma adjustments include:

- Recognition of cost of rentals amounting to P28,937,958. Details are as follows:

Depreciation and amortization	P 21,345,392
Property management fee	3,318,701
Taxes and licenses	2,212,468
Fund management fee	1,106,233
Insurance	955,164
	P 28,937,958

- Recognition of other operating expenses amounting to P1,814,567. Details are as follows:

Professional fees	P 708,333
Miscellaneous	1,106,234
	P 1,814,567

- Reversal of other operating expenses amounting to P3,080,873 as these pertains to documentary stamp taxes on lease agreement and it is assumed to be incurred in the prior years.
- Reversal of tax income arising from deferred tax income on net operating loss carry-over (NOLCO) amounting to P13,597,718.
- Recognition of tax expense amounting to P25,944,746.
- Recognition of revaluation increase in property and equipment, net of tax, in the other comprehensive income section amounting to P4,271,544.

Pro Forma Condensed Statement of Comprehensive Income for the year ended December 31, 2021

For the year ended December 31, 2021, the following pro forma adjustments were made:

(i) *Lease agreements with related parties*

The lease agreement with SIPCOR and CAMCOR covering the assets transferred was accounted as operating leases. The straight-lining of rentals over the term of the agreement resulted to the recognition of rental income amounting to P386,799,223.

(ii) *Fair value measurement of investment properties*

Recognition of fair value gains on investment properties as the Company elected to subsequently measure the investment properties at fair value amounting to P212,110,000.

(iii) *Adoption of PFRS 16, using the modified retrospective approach*

Recognition of interest expense from the lease contract with NPC with respect to the land where certain properties are situated. The lease contracts were assumed to commence on January 1, 2021. The interest expense for the year ended December 31, 2021 amounted to P476,718.

(iv) Other pro forma adjustments include:

- Recognition of cost of rentals amounting to P53,695,388. Details are as follows:

Depreciation and amortization	P 41,157,380
Property management fee	5,166,892
Taxes and licenses	3,444,595
Insurance	2,204,224
Fund management fee	1,722,297
	P 53,695,388

- Recognition of other operating expenses amounting to P8,252,352. Details are as follows:

Taxes and licenses	P 4,895,440
Professional fees	1,634,615
Miscellaneous	1,722,297
	P 8,252,352

- Recognition of income tax expense amounting to P123,871,191.
- Recognition of revaluation increase in property and equipment, net of tax, in the other comprehensive income section amounting to P136,595,535.

The Company has no audited historical comparative financial information to which the pro forma adjustments are applied as it was only incorporated on March 4, 2022; hence, the pro forma condensed financial information presented represents the pro forma adjustments.

3.3 Pro Forma Adjustments in the Pro Forma Condensed Statements of Changes in Equity

(i) Issuance of capital stock

Issuance of capital stock amounting to P5,000 as a result of the Company's incorporation. This is on the assumption that the Company was incorporated on January 1, 2021.

(ii) Issuance of shares through asset-for-share swap

Recognition of capital stock and related APIC amounting to P3,288,664,000 and P5,120,637,297, respectively, as a result of asset-for-share swap with SIPCOR and CAMCOR on January 1, 2021 and September 1, 2021, respectively.

The net consideration at the assumed date of transfer is as follows:

	SIPCOR	CAMCOR	Total
Fair value of the assets at the date of transfer	P 2,992,650,000	P 5,423,500,000	P 8,416,150,000
Assumed liabilities	(6,848,703)	-	(6,848,703)
Consideration	2,985,801,297	5,423,500,000	8,409,301,297
Subscribed shares	(1,654,856,000)	(1,633,808,000)	(3,288,664,000)
APIC	P 1,330,945,297	P 3,789,692,000	P 5,120,637,297

The APIC presented in the pro forma condensed statements of changes in equity is net of share issue costs amounting to P49,495,433.

This is on the assumption that the Company had already obtained approval from SEC on its application for the increase in authorized share capital as of January 1, 2021 and the Company was able to favorably obtain the SEC's confirmation of the valuation of properties and issuance by the BIR of the Certificate Authorizing Registration.

(iii) Transfer of revaluation surplus to retained earnings through depreciation, net of tax

At the end of each reporting period, an amount from the Revaluation Surplus account is transferred to Retained Earnings account for the depreciation relating to the revaluation surplus.

The Company has no audited historical comparative financial information to which the pro forma adjustments are applied as it was only incorporated on March 4, 2022; hence, the pro forma condensed financial information presented represents the pro forma adjustments.

3.4 Pro Forma Adjustments in the Pro Forma Condensed Statements of Cash Flows

The impact of the significant transactions in the pro forma condensed statements of cash flows are as follows:

Pro Forma Condensed Statements of Cash flows for the period ended May 31, 2022

	Audited Balances	Pro forma Adjustments	Pro forma Balances
Cash flows from operating activities			
Profit (loss) before tax	(P 4,895,440)	P 139,894,424	P 134,998,984
Adjustments for:			
Fair value losses on on investment properties	-	79,910,000	79,910,000
Depreciation and amortization	-	21,345,392	21,345,392
Finance cost	-	192,795	192,795
Operating profit (loss) before working capital changes	(4,895,440)	241,342,611	236,447,171
Increase in due to ultimate parent company	54,390,873	(54,390,873)	-
Increase in trade receivables	-	(40,151,947)	(40,151,947)
Decrease in trade and other payables	-	(721,228)	(721,228)
Cash generated from operations	49,495,433	146,078,563	195,573,996
Cash paid for income taxes	-	(54,095,547)	(54,095,547)
Net cash from operating activities	49,495,433	91,983,016	141,478,449
Cash flows from financing activities			
Payments of stock issue costs	(49,495,433)	49,495,433	-
Proceeds from issuance of shares	5,000	(5,000)	-
Interest paid	-	(192,795)	(192,795)
Payments of lease liability	-	(89,705)	(89,705)
Net cash from financing activities	(49,490,433)	49,207,933	(282,500)
Net increase in cash	5,000	141,190,949	141,195,949
Cash at beginning of period	-	249,866,236	249,866,236
Cash at end of period	P 5,000	P 391,057,185	P 391,062,185

(i) Cash flows from operating activities

- Recognition of profit before tax, fair value losses on investment properties, depreciation and amortization and finance cost amounting to P139,894,424, P79,910,000, P21,345,392 and P192,795, respectively, arising from the pro forma adjustments described in Note 3.2.
- Decrease in changes in working capital related to trade receivables amounting to P40,151,947 and trade and other payables amounting to P721,228, arising from the pro forma adjustments described in Note 3.1.
- Reversal of increase in due to ultimate parent company as it is assumed to be paid in 2021.

- Income taxes paid amounting to P54,095,547 related to current income tax expense effect of the pro forma adjustment for the period ended May 31, 2022, which was assumed to be paid in 2022.

(ii) Cash flows from financing activities

- Reversal of payments of stock issue costs amounting to P49,495,433 as it is assumed to be incurred and paid in 2021.
- Reversal of proceeds from issuance of shares amounting to P5,000 as it is assumed to be issued on January 1, 2021.
- Increase in principal repayments and interest payments of lease liabilities amounting to P89,705 and P192,795, respectively.

Pro Forma Condensed Statements of Cash flows for the year ended December 31, 2021

(i) Cash flows from operating activities

- Recognition of profit before tax, fair value gains on investment properties, depreciation and amortization and finance cost amounting to P536,484,765, P212,110,000, P41,157,380 and P476,718, respectively, arising from the pro forma adjustments described in Note 3.2.
- Decrease in changes in working capital related to trade receivables amounting to P71,044,716 and increase related to trade and other payables amounting to P8,456,652, arising from the pro forma adjustments described in Note 3.1.
- Income taxes paid amounting to P52,881,563 related to current income tax expense effect of the pro forma adjustment for the year ended December 31, 2021, which was assumed to be paid in 2021.

(ii) Cash flows from financing activities

- Increase in principal repayments and interest payments of lease liabilities amounting to P201,282 and P476,718, respectively.
- Proceeds from issuance of shares amounting to P5,000 which is assumed as issued on January 1, 2021.

(iii) Non-cash investing and financing activities

Issuance of capital stock and related APIC amounting to P3,288,664,000 and P5,071,141,864, respectively, as a result of asset-for-share swap, with SIPCOR and CAMCOR.

The fair value of the assets transferred as of the date of transfer amounted to P8,416,150,000. This is on the assumption that the assets were transferred on January 1, 2021 for SIPCOR and on September 1, 2021 for CAMCOR.

The Company has no audited historical comparative financial information to which the pro forma adjustments are applied as it was only incorporated on March 4, 2022; hence, the pro forma condensed financial information presented represents the pro forma adjustments.

4. BASIC/DILUTED EARNINGS PER SHARE COMPUTATION

Basic earnings per share (EPS) is computed based on the weighted average number of issued and outstanding common shares during each period. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share 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.

Audited historical basic earnings per share as of May 31, 2022 is computed as follows:

Net profit during the period	P	8,702,278
Divided by weighted average number of outstanding common shares		37,376,182
	P	0.2328

Pro forma basic earnings per share is computed as follows:

		May 31, 2022		December 31, 2021
Net profit during the period	**P**	**109,004,238**	P	412,613,574
Divided by weighted average number of outstanding common shares		**3,288,669,000**		2,199,458,667
	P	**0.0331**	P	0.1876

The Company does not have dilutive potential common shares outstanding as of May 31, 2022 and December 31, 2021; hence, diluted EPS is equal to the basic EPS.

5. RELATED PARTY TRANSACTIONS

The significant transactions described in Note 2 are mostly with related parties. Additional disclosures due to the impact of the pro forma adjustments in the related party transactions and balances disclosures are as follows:

	May 31, 2022				December 31, 2021			
Related Party Category		**Amount of Transactions**		**Outstanding Balance**		Amount of Transactions		Outstanding Balance
Parent Company (SIPCOR) – Rental income	**P**	**118,822,363**	**P**	**108,807,836**	P	285,173,670	P	51,406,836
Related party under common ownership (CAMCOR) – Rental income		**127,031,941**		**2,388,827**		101,625,553		19,637,880
Ultimate Parent Company Advances		**-**		**-**		54,390,873		-

There were no key management personnel compensation incurred as the Company's management and administrative functions were handled by the ultimate parent company at no cost or consideration to the Company.

Premiere Island
POWER REIT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR PRO FORMA CONDENSED FINANCIAL INFORMATION

The management of **Premiere Island Philippines Holding Corporation** (the Company) is responsible for the preparation of the compiled pro forma condensed financial information, including the schedules attached therein, as of May 31, 2022 and for the five months ended May 31, 2022 and 2021 and as of and for the years ended December 31, 2021, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the pro forma condensed financial information, 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 to cease operations, or has no realistic alternative 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.

Punongbayan & Araullo, independent auditors appointed by the stockholders, has compiled the pro forma condensed financial information of the Company in accordance with Philippine Standards on Assurance Engagements, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such compilation.

TIMOTHY JOSEPH M. MENDOZA
Chairman of the Board / Chief Executive Officer

MARYKNOLL B. ZAMORA
Treasurer / CFO

Signed this _____ day of _________

ACKNOWLEDGEMENT

Republic of the Philippines)
MAKATI CITY) S.S.

BEFORE ME, a Notary Public in and for MAKATI CITY, Philippines, this OCT 0 5 2022, personally appeared:

Name	Valid ID No.	Date & Place Issued
Timothy Joseph M. Mendoza	Driver's License No. N26-98-018797	LTO – valid until 06/10/2024
Maryknoll B. Zamora	Driver's License No. N01-99-234497	LTO – valid until 12/20/2031

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation and they acknowledged to me that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above-written.

Doc. No. 6;
Page No. 3;
Book No. I;
Series of 2022.

SAMANTHA ESTHER T. BUYCO
Appointment No. M-335
Notary Public for Makati City
Until December 31, 2023
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 81094
PTR No. 9015889/Makati City/05-26-2022
IBP No. 216407/Bulacan/05-24-2022
MCLE Exempted-Admitted to the bar in 2022

REINVESTMENT PLAN

In connection with the Secondary Offer by
Camotes Island Power Generation Corporation
and S.I. P0wer Corporation of
up to [1,400,000,000] Common Shares,
with an Overallotment Option of up to [210,000,000] Common
Shares, of
Premiere Island Power REIT Corporation[1]

Offer Price: [up to ₱2.00] per Offer Share

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

As of [November 7, 2022]

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[1] An application for the amendment of the Articles of Incorporation to change the corporate name from "Premiere Island Philippines Holding Corporation" to "Premiere Island Power REIT Corporation" has been submitted to the Securities and Exchange Commission and is currently under review.

Contents

A. EXECUTIVE SUMMARY

This Reinvestment Plan sets forth the planned use of the net proceeds to be received by the Sponsors of Premiere Island Power REIT Corporation[2] ("**PremiereREIT**", or the "**Company**"), S.I. P0wer Corporation ("**SIPCOR**") and Camotes Island Power Generation Corporation ("**CAMPCOR**", and together with SIPCOR, the "**Sponsors**" or "**Selling Shareholders**").

The Company's current authorized capital stock is ₱7,500,000,000.00 divided into 7,500,000,000 common shares with a par value of ₱1.00 per share. As of the date of this REIT Plan, a total of 3,288,669,000 common shares are issued and outstanding.

The Offer Shares will comprise of up to [1,400,000,000] issued Shares owned and to be offered and sold by the Selling Shareholders by way of a secondary offer (the "**Firm Shares**"), with an overallotment option (the "**Overallotment Option**") of up to [210,000,000] common shares owned by the Selling Shareholders ("**Option Shares**"). The offer of the Offer Shares is referred to herein as the "**Offer**".

The Company will not receive any proceeds from the sale of the Offer Shares by the Selling Shareholders. The total proceeds to be raised from the sale of the Firm Shares will be approximately ₱[2,800,000,000.00]. The net proceeds to be received by the Selling Shareholders from the sale of the Firm Shares (after deduction of estimated fees and expenses of the Offer of approximately ₱[114,064,487.48]) will be approximately ₱[2,685,935,512.52]. Assuming full exercise of the Overallotment Option, the total proceeds to be raised by the Selling Shareholders from the sale of the Option Shares will be approximately ₱[3,220,000,000.00] and the Selling Shareholders will receive net proceeds of approximately ₱[3,091,245,592.52] (after deducting fees and expenses of approximately ₱[128,754,407.48].

Pursuant to Securities and Exchange Commission ("**SEC**") Memorandum Circular No. 1, series of 2020, and Bureau of Internal Revenue ("**BIR**") Regulations No. 3-2020, any sponsor/promoter of a REIT who contributes income-generating real estate to a REIT, shall submit a sworn statement to the SEC, The Philippine Stock Exchange, Inc. ("**PSE**"), and the BIR, of a reinvestment plan undertaking to reinvest any proceeds realized by the sponsor/promoter from the sale of REIT shares or other securities issued in exchange for income-generating real estate transferred to the REIT, and any money raised by the sponsor/promoter from the sale of any of its income-generating real estate to the REIT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines, within one (1) year from the date of receipt of proceeds or money by the sponsor/promoter.

Following current regulations, the Sponsors intend to use the entire net proceeds of the Offer in accordance with this reinvestment plan (the "**Reinvestment Plan**"). All disbursements for the projects contemplated in this Reinvestment Plan are intended to be effected within one (1) year upon the Sponsors' receipt of the net proceeds from the Offer. The Sponsors do not intend to reinvest the net proceeds from the Offer Shares in any infrastructure project other than the projects aforementioned.

B. ABOUT THE SPONSORS

1. Overview

SIPCOR and CAMPCOR are the sponsors of PremiereREIT, and are direct and indirect subsidiaries of Prime Asset Ventures, Inc. ("**PAVI**"), respectively.

SIPCOR was incorporated in the Philippines and registered with the SEC in September 2011. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power and any other use to which electricity may or may be applied. SIPCOR is a wholly-owned subsidiary of PAVI.

CAMPCOR was incorporated in the Philippines and registered with the SEC in September 2019. Its primary purpose is to buy, acquire, lease, construct, maintain, and operate plants, work systems, poles, pole wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity for light and power

[2] See Footnote 1

and any other use to which electricity may be applied. Its first power plant facilities have an aggregate installed capacity of 6.9 Mw for the Camotes main grid, and 1,280 kW for the Pilar grid, both in the province of Cebu. CAMPCOR is the sole power provider for Pilar Island and Camotes Island.

The table below sets forth the list of properties contributed by each Sponsor and the corresponding gross area and appraised values as of May 31, 2022:

SIPCOR Properties

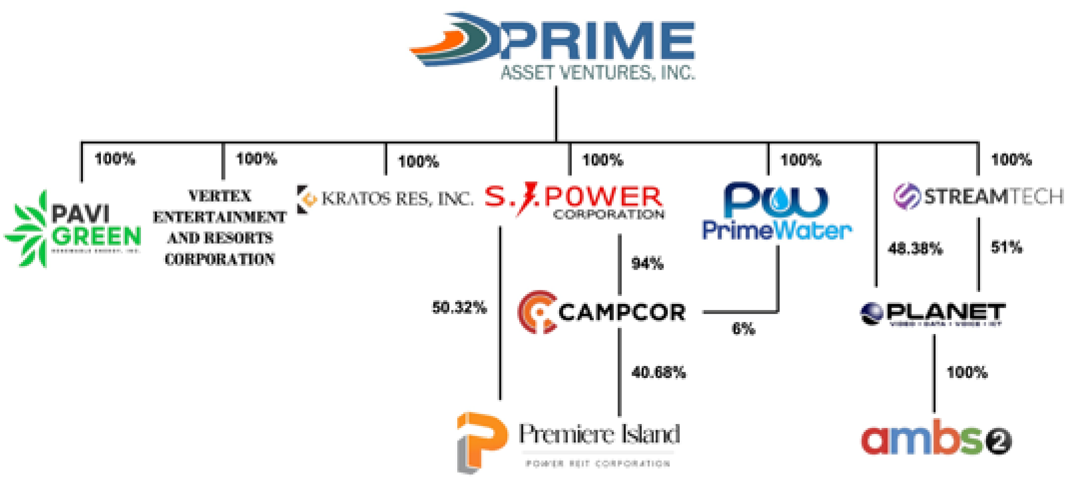
Property	Location	Area	Appraised Value (in ₱)
Land	Candanay Sur, Siquijor, Siquijor	9,478 sq.m.	1,325,850,000
Land	Barrio of Tignao, Lazi, Siquijor	3,000 sq.m.	1,003,310,000
Building	Candanay Sur, Siquijor, Siquijor	353.20 sq.m.	102,210,000
Powerplant Assets	Candanay Sur, Siquijor, Siquijor	607 sq.m.	910,740,000

CAMPCOR Properties

Property	Location	Area	Appraised Value (in ₱)
Land	Brgy. Teguis, Poro, Camotes Island, Cebu	8,468 sq.m.	1,632,520,000
	Upper Poblacion, Pilar, Cebu	7,938.50 sq.m.	1,530,440,000
Building	Brgy. Teguis, Poro, Camotes Island, Cebu	577.30 sq.m.	1,271,250,000
	Upper Poblacion, Pilar, Cebu	244 sq.m	897,350,000

2. Conglomerate Map

The diagram below illustrates the corporate structure of PAVI and its major subsidiaries:



3. Board of Directors and Senior Management

The overall management and supervision of the Sponsors is undertaken by their respective Boards of Directors. The table below sets forth the board or directors and executive officers of each of the Sponsors as of May 31, 2022.

S.I. P0WER CORPORATION

Name	Position
Jose Rommel C. Orillaza	President
Maryknoll B. Zamora	Director and Treasurer

Timothy Joseph M. Mendoza	Director and Corporate Secretary
Erma M. Abalos	Director
Rea Nizza Macaspac	Director

Jose Rommel C. Orillaza, *President and Operations Head*. Mr. Orillaza, 54, graduated from the Adamson University with a degree in Civil Engineering in 1989. From 2004 to 2011, he was the Chief Technical Officer / Division Head of Casa Regalia, Inc. He previously worked as the Chief Technical Officer of Household Development Corp., Operations Head of Communities Philippines Inc., Technical Head of Crown Asia Properties, Inc. and Operations Head of Southwell Waterworks, Inc. Mr. Orillaza is currently the Operations Head of Kratos Res, Inc.

Timothy Joseph M. Mendoza, *Director and Corporate Secretary*. Atty. Mendoza, 41, graduated from the Ateneo de Manila University with a Bachelor of Arts degree, Major in Political Science, and Minor in Hispanic Studies in 2002. He received his Juris Doctor from the University of the Philippines in 2006, ranking 9th highest grade overall in the 2006 Bar Examinations. He joined the law firm of Picazo Buyco Tan Fider & Santos in 2006 as a Junior Associate and became a Partner from 2014 to 2017. From 2017 to 2020, he worked as Partner for Quisumbing Torres, a member firm of Baker McKenzie International, as the head of the Banking and Finance Practice Group, Financial Institutions Group, FinTech Focus Group, and Restructuring and Insolvency Focus Group. For the years 2018, 2019 and 2020, Atty. Mendoza was ranked as a Leading Lawyer for Banking and Finance by the Chambers and Partners Asia-Pacific. In 2020, he was also ranked as a Leading Lawyer for Corporate and Finance by the Chambers and Partners Global and a Rising Star for Banking and Financial Services by the AsiaLaw Leading Lawyers. For the years 2018 and 2019, he was cited as one of the Philippines' Top 100 lawyers in the A-List Top 100 Lawyers in the Philippines by the Asian Business Law Journal. Atty. Mendoza concurrently serves as the General Counsel of Prime Asset Ventures, Inc. and Corporate Secretary of its various subsidiaries.

Maryknoll B. Zamora, *Treasurer and Chief Finance Officer*. Ms. Zamora, 50, graduated from the Polytechnic University of the Philippines with a Bachelor's degree in Accountancy in 1993. She obtained her Master's degree in Business Administration from De La Salle University Graduate School of Business in 2001 and her Bachelor of Laws degree from Adamson University – College of Law in 2014. She is a Certified Public Accountant. From 2014 to 2018, she was the Head of Finance of Prime Asset Ventures, Inc. She previously worked as the Controller / Treasury and Investment Head, Corporate Information Officer and Investor Relationship Officer and Accounting and Admin Manager from 1997 to 2006 of Alcorn Gold Resources Corp. (formerly Alcorn Petroleum & Minerals Corp. and now Cosco Capital, Inc.) She was also an Audit Supervisor in Pricewaterhouse Coopers Auditing Firm. Ms. Zamora is currently the Chief Finance Officer and Treasurer of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, and Kratos Res, Inc.

Erma M. Abalos, *Director*. Mrs. Abalos, 53, graduated from New Era University with a Bachelor's degree in Business Administration and Accounting. She is a Certified Public Accountant and a licensed real estate broker. She is currently a Director and Treasurer at PAV Realty, Inc. and Vertex Entertainment and Resorts Corporation. She is also currently the Chief Finance Officer of Primewater Infrastructure Corporation and Global Land.

Rea Nizza Macaspac, *Director*. Ms. Macaspac, 36, graduated from New Era University with a Bachelor's degree in Accountancy. She is a Certified Public Accountant and an accredited financial analyst. She was previously the Accounting and Finance head at S.1. P0wer Corporation, Mella Hotel, Inc., Fernbrook Inc., Malay Resort Holdings, Inc., Dusit Hospitality Education Philippines, Inc., and Vista Hospitality Management Corporation. Ms. Macaspac is currently the Accounting and Finance Head of Vista Leisure Club Corporation.

CAMOTES ISLAND POWER GENERATION CORPORATION

Name	Position
Cynthia J. Javarez	Chairman
Jose Rommel C. Orillaza	President
Timothy Joseph M. Mendoza	Director and Corporate Secretary
Maryknoll B. Zamora	Director and Treasurer
Rea Nizza Macaspac	Director

Cynthia J. Javarez, *Chairman*. Ms. Javarez, 59, graduated from the University of the East with a Bachelor's degree in Business Administration, major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She is the current President of Fine Properties, Inc, and a Director and the Treasurer and Chief Risk Officer of Vista Land & Lifescapes, Inc. Ms. Javarez is also the Chairman of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, Inc. and Dusit Hospitality Education Philippines, Inc.

Jose Rommel C. Orillaza, *President and Operations Head*. Mr. Orillaza, 54, graduated from the Adamson University with a Bachelor's degree in Civil Engineering in 1989. From 2004 to 2011, he was the Chief Technical Officer / Division Head of Casa Regalia, Inc. He previously worked as the Chief Technical Officer of Household Development Corp., Operations Head of Communities Philippines Inc., Technical Head of Crown Asia Properties, Inc. and Operations Head of Southwell Waterworks, Inc. Mr. Orillaza is currently the Operations Head of Kratos Res, Inc.

Timothy Joseph M. Mendoza, *Director and Corporate Secretary*. Atty. Mendoza, 41, graduated from the Ateneo de Manila University with a Bachelor of Arts degree, Major in Political Science, and Minor in Hispanic Studies in 2002. He received his Juris Doctor from the University of the Philippines in 2006, ranking 9th highest grade overall in the 2006 Bar Examinations. He joined the law firm of Picazo Buyco Tan Fider & Santos in 2006 as a Junior Associate and became a Partner from 2014 to 2017. From 2017 to 2020, he worked as Partner for Quisumbing Torres, a member firm of Baker McKenzie International, as the head of the Banking and Finance Practice Group, Financial Institutions Group, FinTech Focus Group, and Restructuring and Insolvency Focus Group. For the years 2018, 2019 and 2020, Atty. Mendoza was ranked as a Leading Lawyer for Banking and Finance by the Chambers and Partners Asia-Pacific. In 2020, he was also ranked as a Leading Lawyer for Corporate and Finance by the Chambers and Partners Global and a Rising Star for Banking and Financial Services by the AsiaLaw Leading Lawyers. For the years 2018 and 2019, he was cited as one of the Philippines' Top 100 lawyers in the A-List Top 100 Lawyers in the Philippines by the Asian Business Law Journal. Atty. Mendoza concurrently serves as the General Counsel of Prime Asset Ventures, Inc. and Corporate Secretary of its various subsidiaries.

Maryknoll B. Zamora, *Director, Treasurer, and Chief Finance Officer*. Ms. Zamora, 50, graduated from the Polytechnic University of the Philippines with a Bachelor's degree in Accountancy, in 1993. She obtained her Master's degree in Business Administration from De La Salle University Graduate School of Business in 2001 and her Bachelor of Laws degree from Adamson University – College of Law in 2014. She is a Certified Public Accountant. From 2014 to 2018, she was the Head of Finance of Prime Asset Ventures, Inc. She previously worked as the Controller / Treasury and Investment Head, Corporate Information Officer and Investor Relationship Officer and Accounting and Admin Manager from 1997 to 2006 of Alcorn Gold Resources Corp. (formerly Alcorn Petroleum & Minerals Corp. and now Cosco Capital, Inc.) She was also an Audit Supervisor in Pricewaterhouse Coopers Auditing Firm. Ms. Zamora is currently the Chief Finance Officer and Treasurer of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, and Kratos Res, Inc.

Rea Nizza Macaspac, *Director*. Ms. Macaspac, 36, graduated from New Era University with a Bachelor's degree in Accountancy. She is a Certified Public Accountant and an accredited financial analyst. She was previously the Accounting and Finance head at S.1. P0wer Corporation, Mella Hotel, Inc., Fernbrook Inc., Malay Resort Holdings, Inc., Dusit Hospitality Education Philippines, Inc., and Vista Hospitality Management Corporation. Ms. Macaspac is currently the Accounting and Finance Head of Vista Leisure Club Corporation.

C. PROCEEDS TO BE RECEIVED BY THE SPONSORS

The Company will not receive any proceeds from the sale by the Selling Shareholders of the Offer Shares. The total proceeds to be raised from the sale of the Firm Shares will be approximately ₱[2,800,000,000.00]. The net proceeds to be received by the Selling Shareholders from the sale of the Firm Shares (after deduction of estimated fees and expenses of the Offer of approximately ₱[114,064,487.48]) will be approximately ₱[2,685,935,512.52]. Assuming full exercise of the Overallotment Option, the total proceeds to be raised by the Selling Shareholders from the sale of the Offer Shares will be approximately ₱[3,220,000,000.00] and the Selling Shareholders will receive net proceeds of approximately

₱[3,091,245,592.52] (after deducting fees and expenses payable by the Selling Shareholders of approximately ₱[128,754,407.48]).

Below is the breakdown of the gross proceeds each Sponsor will receive:

	Firm Shares Only	**Assuming Overallotment Option is Fully Exercised**
SIPCOR	[₱1,408,960,234.00]	[₱1,620,304,270.00]
CAMPCOR	[1,391,039,766.00]	[1,599,695,730.00]
TOTAL	**[2,800,000,000.00]**	**[3,220,000,000.00]**

D. THE REINVESTMENT PLAN

The Sponsors intend to use the net proceeds to be received from the Offer to acquire critical real estate and infrastructure that may be devoted to renewable, social, and missionary power generation. The Sponsors may undertake the property acquisitions on their own or through other subsidiaries of PAVI. If such disbursement is undertaken by a PAVI Group company other than a Sponsor (or by a Sponsor to the extent of any excess over the net proceeds that will be received by it as a Selling Shareholder), then such funding shall be provided by the relevant Sponsor to the disbursing entity, via cash advances and conducted at arm's length terms. With respect to CAMPCOR, this means that the funding will be provided by CAMPCOR to SIPCOR via cash advances at arms-length.

The projected disbursements in connection with the proposed use of proceeds is provided in the succeeding tables:

Assuming Overallotment Option is fully exercised

	PROJECT	DESCRIPTION	MWDC	LOCATION	Status	Percentage Completed	TOTAL PLANNED USE FOR ONE YEAR	Q4 – 2022	Q1 – 2023	Q2 – 2023	Q3 – 2023	Q4 – 2023	DISBURSING ENTITY
1	Bataan Solar Farm 1	Solar PV Farm	20	Bataan	on-going construction	47%	145,800,000.00	145,800,000.00					SIPCOR
2	Camarines Norte Solar Farm 1	Solar PV Farm	36	Camarines Norte	on-going construction	12%	308,375,000.00	308,375,000.00					SIPCOR
3	Camarines Sur Solar Farm 1	Solar PV Farm	50	Camarines Sur	on-going construction	10%	370,000,000.00	370,000,000.00					SIPCOR
4	Camarines Sur Solar Farm 2	Solar PV Farm	54	Camarines Sur	site selection, pre-development	0%	90,000,000.00	18,000,000.00	24,000,000.00	24,000,000.00	24,000,000.00	-	SIPCOR
5	Pangasinan Solar Farm 1	Solar PV Farm	140.83	Pangasinan	site selection, pre-development	0%	102,302,220.00	20,460,444.00	27,280,592.00	27,280,592.00	27,280,592.00	-	SIPCOR
6	Pangasinan Solar Farm 2	Solar PV Farm	132	Pangasinan	site selection, pre-development	0%	220,000,000.00		44,000,000.00	58,666,667.00	58,666,667.00	58,666,666.00	SIPCOR
7	Nueva Ecija Solar Farm	Solar PV Farm	379.2	Nueva Ecija	site selection, pre-development	0%	632,000,000.00		126,400,000.00	168,533,334.00	168,533,333.00	168,533,333.00	SIPCOR
8	Bulacan Solar Farm	Solar PV Farm	84	Bulacan	site selection, pre-development	0%	315,000,000.00		63,000,000.00	84,000,000.00	84,000,000.00	84,000,000.00	SIPCOR
9	Isabela Solar Farm 1	Solar PV Farm	108.96	Isabela	site selection, pre-development	0%	136,200,000.00		27,240,000.00	36,320,000.00	36,320,000.00	36,320,000.00	SIPCOR
10	Pangasinan Solar Farm 3	Solar PV Farm	382.8	Pangasinan	site selection, pre-development	0%	223,300,000.00		44,660,000.00	59,546,667.00	59,546,667.00	59,546,666.00	SIPCOR
11	Pangasinan Solar Farm 4	Solar PV Farm	115.2	Pangasinan	site selection, pre-development	0%	96,000,000.00		19,200,000.00	25,600,000.00	25,600,000.00	25,600,000.00	SIPCOR
12	Cagayan Solar Farm	Solar PV Farm	360	Cagayan	site selection, pre-development	0%	166,268,372.52		60,000,000.00	80,000,000.00	26,268,372.52		SIPCOR
13	Bataan Solar Farm 2	Solar PV Farm	123.6	Bataan	site selection, pre-development	0%	206,000,000.00		-	56,181,818.43	74,909,090.79	74,909,090.78	SIPCOR
14	Pangasinan Solar Farm 5	Solar PV Farm	48	Pangasinan	site selection, pre-development	0%	80,000,000.00		-	21,818,182.07	29,090,908.97	29,090,908.96	SIPCOR
							3,091,245,592.52						

Note:

1. Site Selection activities include the conduct of legal and technical due diligence to assess suitability of location and authenticity of land titles, with the output being a pre-feasibility study. If pre-feasibility study yields favorable findings, negotiations with landowners to acquire or lease the land can proceed. Post securing land rights, pre-development activities follow immediately. Based on previous experience, it takes approximately 3 to 6 months to complete Site Selection activities.
2. Pre-Development starts after securing Land Rights and Department of Energy (DOE) Solar Energy Service Contract. Based on previous experience, it takes approximately 6 to 8 months to complete Pre-Development activities before construction can begin.
3. For the target properties presently under construction, the entities from whom these assets will be purchased by the Sponsors are as follows:

(a) For the Bataan Solar Farm 1 – this will be purchased from Fine Properties, Inc. and PAVI, which are current registered owners of the Solar PV Farm project sites;

(b) For Camarines Norte Solar Farm 1 and Camarines Sur Solar Farm 1, from Communities Naga, Inc., the current beneficial owner of the Solar PV Farm project sites.

For all other projects, title to or ownership over the relevant lands will be acquired by the Sponsors from various individuals and corporations who have represented themselves as the legal and beneficial owners of such properties, and with whom the Sponsors have entered preliminary expressions of interest for acquisition of such title or ownership.

Assuming Overallotment Option is not exercised

	PROJECT	DESCRIPTION	MWDC	LOCATION	Status	Percentage Completed	TOTAL PLANNED USE FOR ONE YEAR	Q4 – 2022	Q1 – 2023	Q2 – 2023	Q3 – 2023	Q4 – 2023	DISBURSING ENTITY
1	Bataan Solar Farm 1	Solar PV Farm	20	Bataan	on-going construction	47%	145,800,000.00	145,800,000.00					SIPCOR
2	Camarines Norte Solar Farm 1	Solar PV Farm	36	Camarines Norte	on-going construction	12%	308,375,000.00	308,375,000.00					SIPCOR
3	Camarines Sur Solar Farm 1	Solar PV Farm	50	Camarines Sur	on-going construction	10%	370,000,000.00	370,000,000.00					SIPCOR
4	Camarines Sur Solar Farm 2	Solar PV Farm	54	Camarines Sur	site selection, pre-development	0%	90,000,000.00	18,000,000.00	24,000,000.00	24,000,000.00	24,000,000.00	-	SIPCOR
5	Pangasinan Solar Farm 1	Solar PV Farm	140.83	Pangasinan	site selection, pre-development	0%	102,302,220.00	20,460,444.00	27,280,592.00	27,280,592.00	27,280,592.00	-	SIPCOR
6	Pangasinan Solar Farm 2	Solar PV Farm	132	Pangasinan	site selection, pre-development	0%	220,000,000.00		44,000,000.00	58,666,667.00	58,666,667.00	58,666,666.00	SIPCOR
7	Nueva Ecija Solar Farm	Solar PV Farm	379.2	Nueva Ecija	site selection, pre-development	0%	632,000,000.00		126,400,000.00	168,533,334.00	168,533,333.00	168,533,333.00	SIPCOR
8	Bulacan Solar Farm	Solar PV Farm	84	Bulacan	site selection, pre-development	0%	315,000,000.00		63,000,000.00	84,000,000.00	84,000,000.00	84,000,000.00	SIPCOR
9	Isabela Solar Farm 1	Solar PV Farm	108.96	Isabela	site selection, pre-development	0%	136,200,000.00		27,240,000.00	36,320,000.00	36,320,000.00	36,320,000.00	SIPCOR
10	Pangasinan Solar Farm 3	Solar PV Farm	382.8	Pangasinan	site selection, pre-development	0%	223,300,000.00		44,660,000.00	59,546,667.00	59,546,667.00	59,546,666.00	SIPCOR

11	Pangasinan Solar Farm 4	Solar PV Farm	115.2	Pangasinan	site selection, pre-development	0%	96,000,000.00		19,200,000.00	25,600,000.00	25,600,000.00	25,600,000.00	SIPCOR
12	Pangasinan Solar Farm 5	Solar PV Farm	48	Pangasinan	site selection, pre-development	0%	46,958,292.52		29,752,066.79	17,206,225.73			SIPCOR
							2,685,935,512.52						

Note:
1. Site Selection activities include the conduct of legal and technical due diligence to assess suitability of location and authenticity of land titles, with the output being a pre-feasibility study. If pre-feasibility study yields favorable findings, negotiations with landowners to acquire or lease the land can proceed. Post securing land rights, pre-development activities follow immediately. Based on previous experience, it takes approximately 3 to 6 months to complete Site Selection activities.

2. Pre-Development starts after securing Land Rights and DOE Solar Energy Service Contract. Based on previous experience, it takes approximately 6 to 8 months to complete Pre-Development activities before construction can begin.

3. For the target properties presently under construction, the entities from whom these assets will be purchased by the Sponsors are as follows:

(a) For the Bataan Solar Farm 1 – this will be purchased from Fine Properties, Inc. and PAVI, which are current registered owners of the Solar PV Farm project sites;

(b) For Camarines Norte Solar Farm 1 and Camarines Sur Solar Farm 1, from Communities Naga, Inc., the current beneficial owner of the Solar PV Farm project sites.

For all other projects, title to or ownership over the relevant lands will be acquired by the Sponsors from various individuals and corporations who have represented themselves as the legal and beneficial owners of such properties, and with whom the Sponsors have entered preliminary expressions of interest for acquisition of such title or ownership.

The Reinvestment Plan spreads over up to 14 renewable energy project and covers 100% of the total Sponsor's funding requirement for land or property acquisitions to support the land requirements of the 14 projects assuming full exercise of Over-allotment Option and 100% of the total Sponsor's funding requirements in the 12 projects assuming the Over-allotment Option is not exercised. The balance of funding requirements of the Sponsor[s] shall be sourced from internally generated cash and/or credit line facilities with banks. The projects identified in the foregoing renewable energy projects are already listed in terms of priority. Considering all of the foregoing projects identified are still in the site selection or pre-development stage, the Sponsor[s], at its option, may increase allocation to any one or more of these projects or substitute one or more projects with other solar photovoltaic (PV) farm projects that are in more advanced stages to meet the one-year period limit for reinvestment of the proceeds of the Offer.

E. MONITORING AND REVIEW

The Sponsors shall monitor the actual disbursements under this Reinvestment Plan on a quarterly basis. For purposes of monitoring, the Sponsors shall prepare a quarterly progress report of actual disbursements on the projects covered by this Reinvestment Plan.

In the event of changes in the actual disbursements for projects proposed in this Reinvestment Plan, the Sponsors shall carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in short-term investments, whichever is in thebest interest of the Company and its shareholders. The 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 and the Company may find it necessary or advisable to alter their plans.

In such an event, the Sponsors undertake that any deviation from the planned reinvestment (as disclosed in the Reinvestment Plan that formed part of the RS) will be promptly disclosed to the PSE and SEC via SEC Form 17-C (and submit a Revised Reinvestment Plan as necessary).

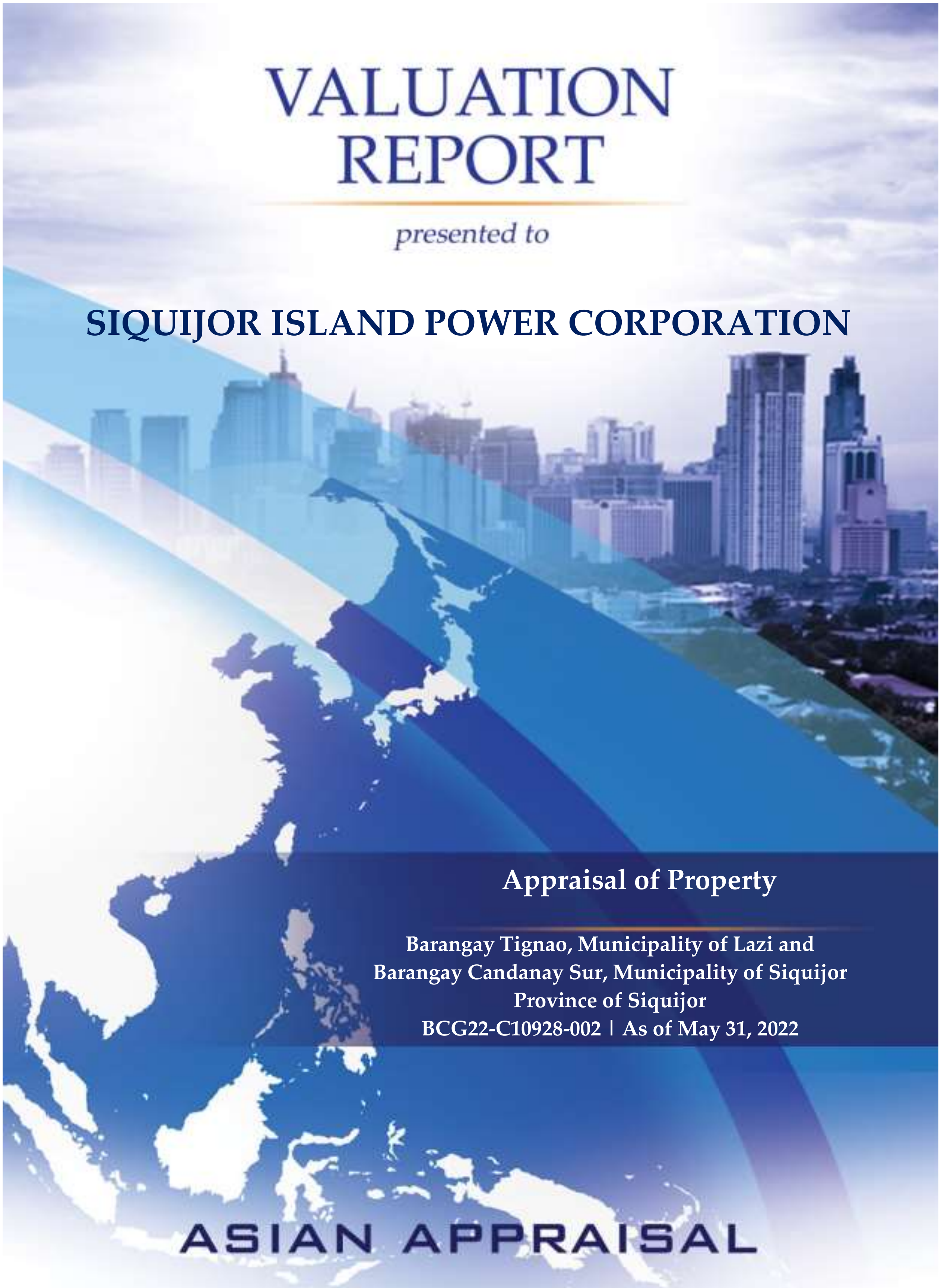
The monitoring will still be conducted by the Sponsors, regardless of the disbursing entity.

F. REPORTING

The Sponsors shall comply with the reportorial and disclosure requirements prescribed by the SEC,PSE, BIR, or the appropriate regulatory government agency/ies with respect to the use of proceeds of a REIT IPO. The reports of the Sponsors on the status of the implementation of the Reinvestment Plan shall be submitted by the Sponsors to the Company and shall, in turn, be disclosed by the Company to the regulators.

The Sponsors shall submit to the PSE quarterly progress reports and a final report on the implementation of the Reinvestment Plan, duly certified by its Finance Controller, Treasurer, and External Auditor. The quarterly progress report and the final report shall be submitted tothe PSE in accordance with the REIT Law and its relevant implementing regulations and relevant PSE rules.

The Reinvestment Plan and the status of its implementation shall be included in the appropriate structured reports of the Sponsors to the SEC and the PSE. Any investment pursuant to the Reinvestment Plan shall be disclosed by the Company via SEC Form 17-C assuch investment is made. The Company shall likewise furnish the SEC with copies of the relevant documentary stamp tax returns, as may be applicable.



VALUATION REPORT

presented to

SIQUIJOR ISLAND POWER CORPORATION

Appraisal of Property

Barangay Tignao, Municipality of Lazi and
Barangay Candanay Sur, Municipality of Siquijor
Province of Siquijor
BCG22-C10928-002 | As of May 31, 2022

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

July 18, 2022

SIQUIJOR ISLAND POWER CORPORATION
Upper Ground Floor, Worldwide Corporate Center
Shaw Boulevard, Mandaluyong City
Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MS. MARYKNOLL B. ZAMORA**
Chief Financial Officer & Treasurer

Re: **AACI File No. BCG22-C10928-002**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 May 2022, of ***the Land, Building, Support Facilities and Generation Assets, identified as the site of "Siquijor Island Power Corporation (SIPCOR) 1"*** (the "PROPERTY") located in the municipalities of Siquijor and Lazi, Province of Siquijor.

Purpose of the valuation:	For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the capital increase via property share swap, initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.
Subject of the valuation:	The subject of the valuation is the Land, Building, Support Facilities and Generation Assets, identified as the site of "Siquijor Island Power Corporation (SIPCOR) 1" (the "PROPERTY") located in the municipalities of Siquijor and Lazi, Province of Siquijor.

Basis of value:	The valuation was made on the basis of ***market value***.
	Market value 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."
	Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017).
Valuation date:	The valuation date is as of 31 May 2022**.**
Opinion of value:	Premised on the foregoing and as supported by the accompanying summary, inventory and annexes, we are of the opinion that the following estimates represent the Market Value of ***THE PROPERTY*** as of 31 May 2022 are as follows:

Income Approach using Discounted Cash Flow Method

PESOS:
THREE BILLION
THREE HUNDRED FORTY-TWO MILLION
ONE HUNDRED TEN THOUSAND ONLY
(In Words)

PHP3,342,110,000.00
(In Figures)

Market and Cost Approach

PESOS:
FOUR HUNDRED FIFTY-SEVEN MILLION
SEVEN HUNDRED FIFTY THOUSAND ONLY
(In Words)

PHP457,750,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.

ENGR. JOHN C. PAR
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

MSE/emb:raca

GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

ENGR. JOHN C. PAR
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 SIQUIJOR ISLAND POWER CORPORATION

The CLIENT is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the capital increase via property share swap, initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

3 Basis of Value

The basis of value shall be 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."

4 Macroeconomic Overview: Philippine Economy

4.1 Q1 2022 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) posted a growth rate of 8.3% in the first quarter of 2022 with the main contributors and their corresponding increases, as follow: Manufacturing, 10.1%; Wholesale and retail trade; repair of motor vehicles and motorcycles, 7.3%; and Transportation and storage, 26.5%.

Among the major economic sectors, Agriculture, forestry, and fishing, Industry and Services all marked positive growths in the first quarter of 2022 with 0.2%, 10.4%, and 8.6% rates, respectively.

Household Final Consumption Expenditure (HFCE) grew by 10.1% in the first quarter of 2022. Growths on Government Final Consumption Expenditure (GFCE), 3.6%; Gross Capital Formation (GCF), 20.0%; Exports of goods and services, 10.3%; and Imports of goods and services, 15.6% were recorded as well.

Net Primary Income (NPI) from the Rest of the World grew by 103.2% bringing the Gross National Income (GNI) to grow by 10.7% during the period.

Please see Table 1.

Table 1. Gross Domestic Product by Industry
Q1 2021 and Q1 2022
At Constant 2018 Prices, in million pesos

INDUSTRY/INDUSTRY GROUP	Q1 2021	Q1 2022	+/-	%	Growth Rate	% to GDP
Agriculture, Hunting, Forestry, and Fishing	434,037	434,737	699.97	0.20%	0.2%	0.02%
Industry	1,282,788	1,416,526	133,737.87	37.91%	10.4%	3.14%
Services	2,548,497	2,766,870	218,372.73	61.90%	8.6%	5.12%
GROSS DOMESTIC PRODUCT	**4,265,322**	**4,618,133**	**352,810.56**		**8.3%**	

Source: PSA and AACI estimates, May 2022

Industry accounted for 30.7% of the GDP in the first quarter of 2022. It recorded a growth rate of 10.4% for the period, from a -4.2% rate last year.

Manufacturing, which comprised 68.8% of the total Industry Sector, recorded a growth rate of 10.1% for the quarter. Construction, with a share of 17.9% to total Industry, posted a growth rate of 13.5% for the period. Electricity, steam, water and waste management which composed 10.3% of the Industry Sector, progressed by 5.8%. Mining and quarrying, with its 3.0% share to total Industry, likewise recorded a growth rate of 17.0% for the first quarter of 2022.

Please see Table 2.

Table 2. Gross Value Added in Industry
Q1 2021 and Q1 2022
At Constant 2018 Prices, in million pesos

INDUSTRY/INDUSTRY GROUP	Q1 2021	Q1 2022	+/-	%	Growth Rate	% to GVA
a. Mining and quarrying	36,626	42,851	6,224.91	4.65%	17.0%	0.49%
b. Manufacturing	885,261	974,740	89,479.02	66.91%	10.1%	6.98%
c. Electricity, steam, water and waste management	137,399	145,338	7,938.55	5.94%	5.8%	0.62%
d. Construction	223,502	253,598	30,095.39	22.50%	13.5%	2.35%
INDUSTRY SECTOR	**1,282,788**	**1,416,526**	**133,737.87**		**10.4%**	

Source: PSA and AACI estimates, May 2022

For the first quarter of 2022, the Services Sector contributed the highest to the country's GDP with a 59.9% share. It showed a growth rate of 8.6% for the period compared to -4.0% on the same quarter last 2021.

Following are the top industries under the Services Sector that contributed the most to its growth for the period: Wholesale and retail trade; repair of motor vehicles and motorcycles, with a growth rate of 7.3%; Financial and insurance activities, 7.2%; Real estate and ownership of dwellings, with 7.9%; Professional and business services, 8.8%; Public administration and defense; compulsory social activities, by 0.8%; and Education by 7.8% growth rate.

Moreover, other industries' progress for the first quarter of 2022 likewise showed positive impact on the overall growth of the Sector as a whole. Transportation and storage increased by 26.5%. Information and communication likewise recorded a growth rate which is at 7.7%. Furthermore, Human health and social work activities, Accommodation and food service activities, and ther services also posted growth rates of 1.2%, 21.0%, and 22.3%, respectively.

Please see Table 3.

Table 3. Gross Value Added in Services
Q1 2021 and Q1 2022
At Constant 2018 Prices, in million pesos

INDUSTRY/INDUSTRY GROUP	Q1 2021	Q1 2022	+/-	%	Growth Rate	% to GVA
a. Wholesale and retail trade; repair of motor vehicles and motorcycles	698,808	749,926	51,117.50	23.41%	7.3%	2.01%
b. Transportation and storage	135,079	170,879	35,800.05	16.39%	26.5%	1.40%
c. Accommodation and food service activities	69,435	83,986	14,550.96	6.66%	21.0%	0.57%
d. Information and communication	146,848	158,135	11,286.53	5.17%	7.7%	0.44%
e. Financial and insurance activities	464,504	498,115	33,611.06	15.39%	7.2%	1.32%
f. Real estate and ownership of dwellings	254,009	274,150	20,140.38	9.22%	7.9%	0.79%
g. Professional and business services	235,962	256,678	20,716.18	9.49%	8.8%	0.81%
h. Public administration and defense; compulsory social activities	205,833	207,445	1,611.72	0.74%	0.8%	0.06%
i. Education	184,500	198,905	14,405.33	6.60%	7.8%	0.57%
j. Human health and social work activities	90,437	91,529	1,092.05	0.50%	1.2%	0.04%
k. Other services	63,079	77,120	14,040.96	6.43%	22.3%	0.55%
SERVICES SECTOR	**2,548,497**	**2,766,870**	**218,372.73**		**8.6%**	

Source: PSA and AACI estimates, May 2022

5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

The subject PROPERTY is consists of land, building, support facilities and the generation assets located at SIPCOR 1 Siquijor and Lazi. The land has a combined area of 12,478 square meters, building has a floor area of 353.20 square meters and the generation assets.

6.1 Siquijor Island Power Corporation (SIPCOR) 1 – Siquijor

The property appraised is an industrial compound, identified as the site of "Siquijor Island Power Corporation (SIPCOR) 1 – Siquijor – 3.2 MW Heavy Fuel Oil (HFO) Fired Power Plant" located on the northeast side of an unnamed barangay road, in the immediate vicinity of Candanay Sur Beach, within Barangay Candanay Sur, Municipality of Siquijor, Province of Siquijor.

Figure 1: Siquijor Island Power Corporation (SIPCOR) 1 – Siquijor

6.1.1 Location

The site is about 390 meters northwest from Siquijor Circumferential Road, some 2.20 kilometers northeast from Siquijor Municipal Hall, and approximately 2.50 kilometers northeast from Siquijor Port.

Figure 2: Siquijor Island Power Corporation (SIPCOR) 1 – Siquijor location map

6.2 Siquijor Island Power Corporation (SIPCOR) 1 – Lazi

The property appraised is an industrial compound, identified as the site of "Siquijor Island Power Corporation (SIPCOR) 1 – Lazi – 3.2 MW Heavy Fuel Oil (HFO) Fired Power Plant" located on the southeast side of an unnamed barangay road, about 375 meters northeast from Siquijor Circumferential Road, within Barangay Tignao, Municipality of Lazi, Province of Siquijor.

Figure 3: Siquijor Island Power Corporation (SIPCOR) 1 – Lazi

6.2.1 Location

The site is about 410 meters northeast from Tignao Elementary School, some 3.90 kilometers northwest from Lazi Municipal Hall, and approximately 24.3 kilometers southeast from Siquijor Port.

Figure 4: Siquijor Island Power Corporation (SIPCOR) 1 – Lazi location map

6.3 Land Data

6.3.1 SIPCOR 1 – Candanay Sur

Based on the information relayed to us by Mr. Jonas Tampos-Plant Manager, the land is being leased from National Grid Corporation of the Philippines (NGCP). As per the data provided to us by the CLIENT, the leased land has a combined area of 9,478 square meter.

6.3.2 SIPCOR 1 – Lazi

On the basis of documents furnished us, the land subject of this appraisal consists of a lot technically identified as Lot 11495-A, Psd-07-085653 containing an area of 3,000 sq.m., more or less. It is covered by Transfer Certificate of Title No. T-3771 issued on August 24, 2000 in favor of S.I. POWER CORPORATION, by the Registry of Deeds for the Province of Siquijor.

6.4 Building and Support Facilities Data

6.4.1 SIPCOR 1 – Candanay Sur

Item	*Description*	*Unit*	*Area (sq.m)*
BUILDING AND SUPPORT FACILITIES			
1	Admin Office/Warehouse	*sq.m.*	*123*
2	Control Room (Electrical Unit)	*sq.m.*	*60*
3	Guard house	*sq.m.*	*8.2*
4	Staffhouse	*sq.m.*	*88*
5	MRF	*sq.m.*	*16*
6	Workshop Shed	*sq.m.*	*25*
7	Fire Pump Shed	*sq.m.*	*5*
8	Pump Station	*sq.m.*	*14*
9	Water Treatment Unit House	*sq.m.*	*14*

6.4.2 SIPCOR 1 – Lazi

Item	*Description*	*Unit*	*Area (sq.m.)*
BUILDING			
1	**Admin Office/Warehouse**	*sq.m.*	*123*
2	**Guardhouse**	*sq.m.*	*8.2*
3	**MRF**	*sq.m.*	*16*
4	**Staffhouse**	*sq.m.*	*88*
5	**Water Treatment Unit House**	*sq.m.*	*14*
6	**Fire Pump Shed**	*sq.m.*	*5*
7	**Pump Station**	*sq.m.*	*14*
8	**Control Room (Electrical Unit)**	*sq.m.*	*60*
9	**Workshop Shed**	*sq.m.*	*25*
			353.20

6.5 Property Ownership

6.5.1 Land

SIPCOR 1 – Candanay Sur land is being leased from National Grid Corporation of the Philippines (NGCP), while the SIPCOR 1 – Lazi is owned by the CLIENT.

6.5.2 Building and Support Facilities

The building and support facilities located in SIPCOR 1 – Candanay Sur are owned by the CLIENT.

6.5.3 Generation Assets

The generation assets located in SIPCOR 1 – Candanay Sur and Lazi is owned by the CLIENT.

6.6 Existing use of the Property

The PROPERTY is located in an area where land development is generally for mixed residential usage. The PROPERTY both in Candanay and Lazi are being used for power generation plants.

6.7 Occupancy Rate and Lease Profile

The PROPERTY has an occupancy rate of 100.00% as of the time of valuation.

6.7.1 Lease Cycle

a. Candanay Property - 8 years, renewable for another 10 years upon mutual agreement of the parties.
b. Lazi Property - 9 years, renewable for another 10 years upon mutual agreement of the parties.

For Building and Support Facilities, 9 years, renewable for another 10 years upon mutual agreement of the parties.

6.7.2 Rental Rate

Land - the Base rental rate for the land is at PHP1,411.58 per sqm per month with an escalation rate of 3% per annum starting in year 2 onwards.

Building and Support Facilities - the Base rental rate for the building and support facilities in Lazi are at PHP1,688,904 per year and the building and support facilities in Candanay are at PHP3,487,469 per year, with an escalation rate of 3% per annum starting in year 2 onwards.

Generation Assets - the Base rental rate were set between the Lessor and the Lessee at PHP46,128,267.50 per year with an escalation rate of 3% per annum starting in year 2 onwards.

6.7.3 Estimated Current Yield

ESTIMATED GROSS REVENUE	ESTIMATED COST AND EXPENSE	ESTIMATED NET OPERATING INCOME	MARKET VALUE	YIELD
270,548,983	-13,286,628	257,262,355	3,342,110,000	**7.70%**

6.7.4 Rent Review Provisions

Any adjustment on the rental payment for the Leased Area not defined on the Lease Contract shall be subject to discussion and shall be mutually agreed upon, in writing, by the Parties.

6.7.5 Warranties

The LESSOR and the LESSEE represent and warrant in favor of each other that:

a. Each has full power, authority and legal right to execute, deliver and perform the Contract and has taken all the necessary corporate action to authorize the foregoing;
b. The Contract constitutes the legal, valid and binding obligation of the LESSOR and the LESSEE, enforceable in accordance with its terms; and
c. The execution, delivery and performance of the Contract do not and will not violate any provision of, or result in a breach of or constitute a default under any law, regulation or judgment, or violate any agreement binding upon either of them or any of their property.

6.7.6 Maintenance of the Leased Premises

The LESSEE shall, at its own cost and expense, and throughout the term of the Agreement and any renewal thereof, keep and maintain the Leased Area in good order and condition and make necessary repairs thereon, and in accordance with the requirements imposed by regulations of governmental authorities and the LESSOR.

The LESSEE shall not be obligated to make any repairs, replacements, or renewals of any kind, nature or description whatsoever to the Leased Area, except for damage caused by the LESSEE to the Leased Area.

6.7.7 Assignment of Lease Contract

The LESSEE shall not assign or transfer its rights under the Agreement or any interest, without the prior written consent of the LESSOR.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is for an initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available, we used market, cost and income approaches to value.

7.5 Valuation Analysis for Market and Cost Approach

In arriving at the Market Value, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price at 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 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 absolute, free and clear. "Fee Simple Absolute" is defined as an ownership without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

7.5.1 Land Valuation

The appraisal of the land gave due consideration to the highest and best use of the property. As defined, Highest and Best Use is the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

The value of the land was arrived at using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. Our comparison was premised on the factors of location, size and shape of the lot, time element and others.

7.5.2 Buildings and Other Land Improvements Valuation

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with Modified Quantity Survey Method which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

7.5.3 Machinery and Equipment Valuation

The value of the Machinery and Equipment was arrived at also using the Depreciated Replacement Cost Method of the Cost Approach. Under this method, an estimate is made of the current Cost of Replacement, New of the Machinery and Equipment in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees manufacturer's price list catalogs and quotations, new and used machinery and equipment dealers, and Distributors and suppliers price list. For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharf age, brokerage and handling. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Machinery and Equipment.

7.5.4 Land Valuation

We conducted a survey to gather available sales and current listings, and although no sales of truly comparable lands have occurred, the following are believed to provide reasonable bases for comparison:

Site I

Listings:

	Date	Source	Location	Land Area (Sq.M.)	Asking Price (Per Sq.M.)
1	Current	Ms. Margie Boro Real Estate Agent Contact No.: (0961) 764-35-85	a vacant lot along a barangay road, within Barangay Tignao, Municipality of Lazi, Province of Siquijor (Note: offered for sale at fixed price)	7,080	₱282
2	Current	Mr. Jurnie Nellas Real Estate Broker Contact No.: (0995) 647-4674	a vacant lot along a barangay road, within Barangay Ytaya, Municipality of Lazi, Province of Siquijor (Note: across an elementary school)	6,574	₱305
3	Current	Ms. Shirley Mckissock Real Estate Broker Contact No.: (0916) 405-82-39	a vacant lot along a barangay road, within Barangay Nagerong, Municipality of Lazi, Province of Siquijor	15,416	₱311
4	Current	Ms. Jessica De Guzman Real Estate Agent Contact Nos.: (0927) 463-40-99/ (0916) 896-38-06	a vacant lot along National Road, within Barangay Tignao, Municipality of Lazi, Province of Siquijor	14,546	₱350

7.5.4.1 Land Valuation Analysis

	Listing No. 1	Listing No. 2	Listing No. 3	Listing No. 4
Road	barangay road	barangay road	barangay road	National Road
Barangay/Municipality	Tignao/Lazi	Ytaya/Lazi	Nagerong/Lazi	Tignao/Lazi
Lot Area (in Sq.M.)	7,080	6,574	15,416	14,546
Asking Price (Per Sq.M.)	₱282	₱305	₱311	₱350
Less: Bargaining Allowance	0%	-10%	-10%	-10%
Net Price (Per Sq.M.)	₱282	₱275	₱280	₱315
Adjustment Factors:				
Transactional Adjustments				
Rights Conveyed	-	-	-	-
Financing Terms	-	-	-	-
Time (Market Condition)	-	-	-	-
Condition of Sale	-	-	-	-
Locational Adjustments				
Location	-	-	-	-5%
Neighborhood	-	-	-	-
Development	10%	10%	10%	10%
Accessibility	-	-	-	-
Physical Adjustments				
Road influence	-	-	-	-
Size	10%	10%	20%	20%
Shape	-	-	-	-
Potential use	-	-	-	-
Topography/Terrain	-	-	-	-
Net Adjustments	20%	20%	30%	25%
Peso Adjustment to Net Price	₱56	₱55	₱84	₱79
Adjusted Price	₱338	₱330	₱364	₱394
% Weight	25%	25%	25%	25%
Price Contribution	₱85	₱83	₱91	₱98
Weighted Price	₱357			
Rounded to	**₱360**	**per sq.m.**		

After an analysis of the market data, and considering the adjustment factors, the market value of the land, appraised as of ***May 31, 2022,*** is estimated at ***P360 per sq.m.,*** or a total value of ***P1,080,000*** for a land area of ***3,000 sq.m.***

7.5.5 Buildings and Other Land Improvements Valuation

SIPCOR 1- LAZI (BUILDING AND SUPPORT FACILITIES)

Item	Description	Unit	Area (sq.m.)	EUC	RCN	EL (years)	REL	REL New	Depreciation	Market Value
1	Guardhouse	sq.m.	4	15,000	60,000	30	24	23.58	79%	47,000
2	Office Building	sq.m.	29	25,000	725,000	35	33	32.58	93%	675,000
3	Control Room (Electrical Unit)	sq.m.	60	25,000	1,500,000	35	29	28.58	82%	1,225,000
4	Transformer Shed	sq.m.	4	3,500	14,000	15	8	7.58	51%	7,000
5	Main Diesel Unit (MDU) House	sq.m.	60	25,000	1,500,000	35	29	28.58	82%	1,225,000
6	HFO Treatment Unit (HTU) House	sq.m.	15	25,000	375,000	35	29	28.58	82%	306,000
7	Air Compressor House	sq.m.	15	20,000	300,000	35	29	28.58	82%	245,000
8	Workshop Shed	sq.m.	26	5,000	130,000	15	9	8.58	57%	74,000
9	Comfort Room	sq.m.	7	15,000	105,000	30	24	23.58	79%	83,000
10	Water Treatment Unit House	sq.m.	15	20,000	300,000	35	29	28.58	82%	245,000
11	Water Softener Shed	sq.m.	8	3,500	28,000	15	8	7.58	51%	14,000
12	Fire Pump Shed	sq.m.	12	3,500	42,000	15	8	7.58	51%	21,000
13	Pump Station	sq.m.	15	20,000	300,000	35	29	28.58	82%	245,000
14	Purifier House	sq.m.	15	20,000	300,000	35	29	28.58	82%	245,000
TOTAL										4,657,000

SIPCOR 1 – LAZI (OTHER LAND IMPROVEMENTS)

Item	Description	Unit	Area (sq.m.)/ Volume (cu.m)	EUC	RCN	EL (years)	REL	REL New	Depreciation	Market Value
1	Perimeter Fence & Gate	sq.m.	450	2,500	1,125,000	20	14	13.58	68%	764,000
2	Oil-Water Separator	sq.m.	10	8,000	80,000	20	14	13.58	68%	54,000
3	Driveways	sq.m.	810	1,200	972,000	20	14	13.58	68%	660,000
4	Site Development	lot	1	920,000	920,000	20	14	13.58	68%	625,000
TOTAL										2,103,000

SIPCOR 1 – CANDANAY (BUILDING AND SUPPORT FACILITIES)

Item	Description	Unit	Area (sq.m.)	EUC	RCN	EL (years)	REL	Depreciation	Market Value
BUILDING									
1	Admin Office/Warehouse	sq.m.	123	12,000	1,476,000	35	14	40%	590,000
2	Guardhouse	sq.m.	8.2	15,000	123,000	35	14	40%	49,000
3	MRF	sq.m.	16	3,500	56,000	15	14	93%	52,000
4	Staffhouse	sq.m.	88	25,000	2,200,000	35	28	80%	1,760,000
5	Water Treatment Unit House	sq.m.	14	20,000	280,000	35	28	80%	224,000
6	Fire Pump Shed	sq.m.	5	3,500	18,000	35	3	9%	2,000
7	Pump Station	sq.m.	14	20,000	280,000	35	28	80%	224,000
8	Control Room (Electrical Unit)	sq.m.	60	25,000	1,500,000	35	28	80%	1,200,000
9	Workshop Shed	sq.m.	25	3,500	88,000	15	8	53%	47,000
			353.20						4,148,000

SIPCOR 1 – CANDANAY (OTHER LAND IMPROVEMENTS)

Item	Description	Unit	Area (sq.m.)/Volume (cu. m)	EUC	RCN	EL (years)	REL (Dec 2021)	REL New	Depreciation	Market Value
1	Perimeter Fence & Gate	sq. m.	440	1,500	660,000	20	14	13.58	68%	448,000
2	Oil-Water Separator	sq. m.	10	8,000	80,000	20	14	13.58	68%	54,000
3	Driveway	sq. m.	1,100	1,200	1,320,000	20	8	7.58	38%	501,000
4	Site Development	lot	1	2,582,000	2,582,000	20	14	13.58	68%	1,754,000
TOTAL										2,757,000

For a detailed computation of Buildings and Other Land Improvements, please see annex E and F.

7.5.6 Machinery and Equipment Valuation

LAZI PLANT 1		
Diesel Generator Sets	₱	114,067,000
Tank Farm		1,780,000
13.8 kV Substation		7,128,000
Water Distribution System		698,000
Fire Fighting System		644,000
Others		730,000
	₱	**125,047,000**

CANDANAY POWER PLANT 1			
Diesel Generator Sets		₱	117,511,000
Tank Farm			870,000
13.8 kV Substation			8,348,000
Water Distribution System			1,119,000
Fire Fighting System			658,000
Others			730,000
		₱	**129,236,000**
CANDANAY POWER PLANT 2			
Diesel Power Plant		₱	174,994,000
Tank Farm			323,000
13.8 kV Substation			12,604,000
Water Distribution System			126,000
Others			674,700
		₱	**188,721,700**
Total for Machinery and Equipment	-	**₱**	**443,004,700**

For a detailed computation of Machineries and Equipment, please see annex G.

7.5.7 Valuation Result under Market and Cost Approach

	SIPCOR 1 – LAZI	SIPCOR 1 - CANDANAY
Land	1,080,000	n/a
Buildings and Support Facilities	4,657,000	4,148,000
Other Land Improvements	2,103,000	2,757,000
Machinery and Equipment	125,047,000	317,957,700
TOTAL	132,887,000	324,862,700
GRAND TOTAL		**457,749,700**
ROUNDED TO		**457,750,000**

7.6 Valuation Analysis for Income Approach

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

Under income approach, we used the Discounted Cash Flow Analysis. In this method, the future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.7 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV\ (1 + i\ )^t$$

such that:

FV = the future value of the investment PV after t years
PV = the principal amount of an investment or its present value
i = the applicable compound interest or discount rate
t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.8 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

Cost of Equity		**Delevered**	**Relevered**
Risk free rate (5Y)	5.7776%		
Market rate of return	11.897600%		
Phil RE sector beta	1.0167	0.4357	0.6536
Cost of equity	11.9996%	8.44%	9.78%

Computation of Weighted Average Cost of Capital

	Cost	**%**	**Weight**
Debt	6.00%	40.00%	2.40%
Equity	9.78%	60.00%	5.87%
		Weighted average cost of capital	**8.27%**

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 10-year Risk free Rate based on BVAL as of the valuation date.
- Market rate of return was based on the 6.12% country risk premium published by Damodaran for the Philippines and the 5-year Risk Free Rate as of the valuation date.
- We used the 1.0167 beta based on the average beta of the comparable real estate companies as of the valuation date.
- Client's debt to equity ratio is at 40/60.

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt\, /\, (1 + i\,)t] - I_0}$$

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.

7.10 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.9.1 For the tenure of the leases, we have used the projected lease data provided by the CLIENT.

7.9.2 The COMPANY's cash inflows consist of rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.9.3 For the operating expenses, we assumed 5% based on the gross revenue stipulated on the projected lease contract.

7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3.5% rental growth rate based on the comparable. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

7.11 Basis of the Assumption

The properties, which comprise of certain land, buildings, support facilities and generation assets, more particularly described on Table 1, currently in owned and/or in the possession and control of S.I P0WER CORPORATION ("SIPCOR"), will be transferred by SIPCOR to [PREMIERE ISLAND] ("PREMIERE"), by way of a Deed of Assignment and Subscription ("Deed"), which transfer will be implemented through a tax-free exchange pursuant to Section 40(c)(2) of the National Internal Revenue Code, as amended.

Pursuant to this, PREMIERE shall for apply an application for an increase in its authorized capital stock with the Securities and Exchange Commission (the "SEC"), a portion of which, SIPCOR will subscribe to, and as payment for such subscription, SIPCOR will transfer and convey to PREMIERE, all their title, rights, and interest, to and in respect of, the Properties, via a property for share-swap.

Immediately upon the approval of the SEC of the capital increase and the issuance of shares to SIPCOR, PREMIERE, as lessor and SIPCOR, as lessee, will enter into lease agreements over the Properties. Pursuant to which, SIPCOR shall have to utilize the Properties for its power generation operations.

Among the Properties are lands owned by the National Power Corporation ("NPC") and leased to SIPCOR. Pursuant to the Deed, SIPCOR will assign its leasehold rights to PREMIERE, and PREMIERE will in turn sublease the relevant properties to SIPCOR. On 9

February 2022, NPC granted its consent to the assignment of the lease from SIPCOR to PREMIERE, and sublease of PREMIERE of the relevant properties to SIPCOR.

Table 1. THE SIPCOR PROPERTY

REGISTERED OWNER	TYPE OF PROPERTY	LOCATION	AREA (in sqm)
S.I. Power Corporation	Land	Barrio of Tignao, Lazi, Siquijor	3,000.00
National Power Corporation	Land	Candanay Sur, Siquijor, Siquijor	7,051.00
National Power Corporation	Land	Candanay Sur, Siquijor, Siquijor	2,427.00
S.I. Power Corporation	Support Facilities	Barrio of Tignao, Lazi, Siquijor	607.00*
Province of Siquijor Electric Cooperative (Prosielco)	Building	Candanay Sur, Siquijor, Siquijor	353.20
S.I. Power Corporation	Machinery	Barrio of Tignao, Lazi, Siquijor	N/A
S.I. Power Corporation	Fence	Barrio of Tignao, Lazi, Siquijor	N/A

*The Support Facilities are located within the 3,000 sqm land owned by S.I. Power Corporation located in Barrio Tignao, Lazi, Siquijor.

7.11 Summary of Values

Please see annex A to D for a detailed computations.

SIPCOR	MARKET VALUE
Land Leased – Candanay	1,325,850,000
Land Owned – Lazi	1,003,310,000
Building and Support Facilities	102,210,000
Generation Assets	910,740,000
TOTAL	**3,342,110,000**

8 Valuation Conclusion

Premised on the foregoing and as supported by the accompanying summary, inventory and annexes, we are of the opinion that the following estimates represent the Market Value of ***THE PROPERTY*** as of 31 May 2022 are as follows:

Income Approach using Discounted Cash Flow Method

PESOS:
THREE BILLION
THREE HUNDRED FORTY-TWO MILLION
ONE HUNDRED TEN THOUSAND ONLY
(In Words)

PHP3,342,110,000.00
(In Figures)

Market and Cost Approach

PESOS:
FOUR HUNDRED FIFTY-SEVEN MILLION
SEVEN HUNDRED FIFTY THOUSAND ONLY
(In Words)

PHP457,750,000.00
(In Figures)

9 Valuation Date

This valuation is prospectively as of **31 May 2022.**

10 Adopted Approach

As stated in the International Valuation Standards (IVS), choosing the right valuation approaches and methods for an asset is to find the most appropriate method under certain circumstances. No one method is suitable in every possible situation. The selection process should consider, at a minimum:

(a) the appropriate basis(es) of value and premise(s) of value, determined by the terms and purpose of the valuation assignment,
(b) the respective strengths and weaknesses of the possible valuation approaches and methods,
(c) the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market, and
(d) the availability of reliable information needed to apply the method(s).

Appraiser or valuation professionals are not required to use more than one method for the valuation of an asset, particularly when the valuer has a high degree of confidence in the accuracy and reliability of a single method, given the facts and circumstances of the valuation engagement. However, valuers should consider the use of multiple approaches and methods and more than one valuation approach or method should be considered and may be used to arrive at an indication of value, particularly when there are insufficient factual or observable inputs for a single method to produce a reliable conclusion. Where more than one approach and method is used, or even multiple methods within a single approach, the conclusion of value based on those multiple approaches and/or methods should be reasonable and the process of analyzing and reconciling the differing values into a single conclusion, without averaging, should be described by the valuer in the report.

The subject properties are power generating plants consisting of the underlying land, buildings and plant machinery and equipment. As required by the government regulatory bodies in charge of Real Estate Investment Trust (REIT, Valuation Reports using two (2) approaches should be prepared and based on our analysis, the appropriate valuation models would be the Cost Approach and the Income Approach. Cost approach due to the heterogeneous character of the assets, scarcity of comparable electric generating plants being offered for sale or recently sold in the real estate market, special purpose utility and availability of market based comparable on land and cost of comparable structures and plant machinery and equipment. The Market Approach is not considered due to the absence of comparable power generating plants in the area. The properties, being under leasehold are income producing, thus the income approach using the Discounted Cash Flow Analysis was also used in the valuation due to the availability of rental data, lease contracts and other terms and conditions set forth under the said contract.

Both valuation methodology yielded a different set of values. Of the two (2) methods, the less reliable is the Cost Approach since it does not take into account the various synergy among the asset components, income yield and investment capabilities since the focus is solely on the market value of the independent components.

For the final conclusion of value, we have adopted the **income approach** since this methodology has taken into the account the income producing capability of the asset, the utility of the assets into its highest and best use, availability and reliability of the rental data and other information which have a direct effect on the cash flows or income stream and other relevant facts. We find the value determined thru Income Approach as more fair and reliable due to the aforementioned instances.

ANNEX A

SIQUIJOR ISLAND POWER CORPORATION
SIPCOR 1 - CANDANAY - LAND
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	2027
Admin and operating expenses	%	5%	5%	5%	5%	5%	5%
Income Tax	%	25%	0%	0%	0%	0%	0%
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on leased land	PHP	160,547,411	165,363,834	170,324,749	175,434,491	180,697,526	186,118,452
Gross Revenues	**PHP**	**160,547,411**	**165,363,834**	**170,324,749**	**175,434,491**	**180,697,526**	**186,118,452**
Less: Operating expenses							
Admin and operating expenses	PHP	(8,027,371)	(8,268,192)	(8,516,237)	(8,771,725)	(9,034,876)	(9,305,923)
Less: Operating Expenses	**PHP**	**(8,027,371)**	**(8,268,192)**	**(8,516,237)**	**(8,771,725)**	**(9,034,876)**	**(9,305,923)**
NET INCOME BEFORE TAX	**PHP**	**152,520,041**	**157,095,642**	**161,808,511**	**166,662,767**	**171,662,650**	**176,812,529**
Income Tax	PHP	(38,130,010)	-	-	-	-	-
NET INCOME AFTER TAX	**PHP**	**114,390,031**	**157,095,642**	**161,808,511**	**166,662,767**	**171,662,650**	**176,812,529**
TERMINAL VALUE	**PHP**						
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	5.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6418
Present value	**PHP**	**109,211,074**	**138,531,535**	**131,792,858**	**125,381,975**	**119,282,941**	**113,480,586**
Net present value (NPV)	**PHP**	**1,325,849,709**					
Rounded to:	**PHP**	**1,325,850,000**					

ANNEX A

SIQUIJOR ISLAND POWER CORPORATION
SIPCOR 1 - CANDANAY - LAND
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2028	2029	2030	2031	2032	2033
Admin and operating expenses	%	5%	5%	5%	5%	5%	5%
Income Tax	%	0%	0%	0%	0%	0%	0%
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on leased land	PHP	191,702,005	197,453,065	203,376,657	209,477,957	215,762,296	222,235,165
Gross Revenues	**PHP**	**191,702,005**	**197,453,065**	**203,376,657**	**209,477,957**	**215,762,296**	**222,235,165**
Less: Operating expenses							
Admin and operating expenses	PHP	(9,585,100)	(9,872,653)	(10,168,833)	(10,473,898)	(10,788,115)	(11,111,758)
Less: Operating Expenses	**PHP**	**(9,585,100)**	**(9,872,653)**	**(10,168,833)**	**(10,473,898)**	**(10,788,115)**	**(11,111,758)**
NET INCOME BEFORE TAX	**PHP**	**182,116,905**	**187,580,412**	**193,207,825**	**199,004,059**	**204,974,181**	**211,123,406**
Income Tax	PHP	-	-	-	-	-	-
NET INCOME AFTER TAX	**PHP**	**182,116,905**	**187,580,412**	**193,207,825**	**199,004,059**	**204,974,181**	**211,123,406**
TERMINAL VALUE	**PHP**						
NET PRESENT VALUE							
Period lapsed	years	6.5833	7.5833	8.5833	9.5833	10.5833	11.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.5928	0.5475	0.5057	0.4671	0.4315	0.3985
Present value	**PHP**	**107,960,478**	**102,708,889**	**97,712,756**	**92,959,652**	**88,437,758**	**84,135,824**
Net present value (NPV)	**PHP**						
Rounded to:	**PHP**						

ANNEX A

SIQUIJOR ISLAND POWER CORPORATION
SIPCOR 1 - CANDANAY - LAND
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2034
Admin and operating expenses	%	5%
Income Tax	%	0%
FREE CASH FLOWS		
Rental Income:		
Guaranteed Lease income on leased land	PHP	38,150,370
Gross Revenues	**PHP**	**38,150,370**
Less: Operating expenses		
Admin and operating expenses	PHP	(1,907,518)
Less: Operating Expenses	**PHP**	**(1,907,518)**
NET INCOME BEFORE TAX	**PHP**	**36,242,851**
Income Tax	PHP	-
NET INCOME AFTER TAX	**PHP**	**36,242,851**
TERMINAL VALUE	**PHP**	
NET PRESENT VALUE		
Period lapsed	years	11.7500
Discount rate	%	8.27%
Present value factor	%	0.3933
Present value	**PHP**	**14,253,382**
Net present value (NPV)	**PHP**	
Rounded to:	**PHP**	

ANNEX B

SIQUIJOR ISLAND POWER CORPORATION
SIPCOR 1 - LAZI - LAND
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	TERMINAL VALUE
Admin and operating expenses	%	5%	5%	5%	5%	5%	
Income Tax	%	25%	0%	0%	0%	0%	
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on owned land	PHP	29,643,170	52,341,370	53,911,611	55,528,959	57,194,828	
Gross Revenues	**PHP**	**29,643,170**	**52,341,370**	**53,911,611**	**55,528,959**	**57,194,828**	
Less: Operating expenses							
Admin and operating expenses	PHP	(1,482,159)	(2,617,068)	(2,695,581)	(2,776,448)	(2,859,741)	
Less: Operating Expenses	**PHP**	**(1,482,159)**	**(2,617,068)**	**(2,695,581)**	**(2,776,448)**	**(2,859,741)**	
NET INCOME BEFORE TAX	**PHP**	**28,161,012**	**49,724,301**	**51,216,030**	**52,752,511**	**54,335,086**	
Income Tax	PHP	- 7,040,252.99	-	-	-	-	
NET INCOME AFTER TAX	**PHP**	**21,120,759**	**49,724,301**	**51,216,030**	**52,752,511**	**54,335,086**	
TERMINAL VALUE	**PHP**						**1,180,283,070**
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	4.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6949
Present value	**PHP**	**20,164,526**	**43,848,344**	**41,715,401**	**39,686,213**	**37,755,731**	**820,141,342**
Net present value (NPV)	**PHP**	**1,003,311,558**					
Rounded to:	**PHP**	**1,003,310,000**					

ANNEX C

SIQUIJOR ISLAND POWER CORPORATION
SIPCOR 1 - CANDANAY - BUILDING
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	TERMINAL VALUE
Admin and operating expenses	%	5%	5%	5%	5%	5%	
Income Tax	%	25%	0%	0%	0%	0%	
FREE CASH FLOWS							
Rental Income:							
Based Lease on Lazi	PHP	985,194	1,739,571	1,791,758	1,845,511	1,900,876	
Based Lease on Candanay	PHP	2,034,357	3,592,093	3,699,856	3,810,852	3,925,177	
Gross Revenues	**PHP**	**3,019,551**	**5,331,664**	**5,491,614**	**5,656,363**	**5,826,053**	
Less: Operating expenses							
Admin and operating expenses	PHP	(150,978)	(266,583)	(274,581)	(282,818)	(291,303)	
Less: Operating Expenses	**PHP**	**(150,978)**	**(266,583)**	**(274,581)**	**(282,818)**	**(291,303)**	
NET INCOME BEFORE TAX	**PHP**	**2,868,573**	**5,065,081**	**5,217,033**	**5,373,544**	**5,534,751**	
Income Tax	PHP	(717,143)	-	-	-	-	
NET INCOME AFTER TAX	**PHP**	**2,151,430**	**5,065,081**	**5,217,033**	**5,373,544**	**5,534,751**	
TERMINAL VALUE	**PHP**						**120,227,518**
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	4.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6949
Present value	**PHP**	**2,054,025**	**4,466,537**	**4,249,268**	**4,042,568**	**3,845,923**	**83,542,297**
Net present value (NPV)	**PHP**	**102,210,618**					
Rounded to:	**PHP**	**102,210,000**					

ANNEX D

SIQUIJOR ISLAND POWER CORPORATION
SIPCOR 1 PLANT ASSET
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	TERMINAL VALUE
Admin and operating expenses	%	5%	5%	5%	5%	5%	
Income Tax	%	25%	0%	0%	0%	0%	
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on plant	PHP	26,908,156	47,512,116	48,937,479	50,405,603	51,917,771	
Gross Revenues	**PHP**	**26,908,156**	**47,512,116**	**48,937,479**	**50,405,603**	**51,917,771**	
Less: Operating expenses							
Admin and operating expenses	PHP	(1,345,408)	(2,375,606)	(2,446,874)	(2,520,280)	(2,595,889)	
Less: Operating Expenses	**PHP**	**(1,345,408)**	**(2,375,606)**	**(2,446,874)**	**(2,520,280)**	**(2,595,889)**	
NET INCOME BEFORE TAX	**PHP**	**25,562,748**	**45,136,510**	**46,490,605**	**47,885,323**	**49,321,883**	
Income Tax	PHP	(6,390,687)	-	-	-	-	
NET INCOME AFTER TAX	**PHP**	**19,172,061**	**45,136,510**	**46,490,605**	**47,885,323**	**49,321,883**	
TERMINAL VALUE	**PHP**						**1,071,384,757**
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	4.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6949
Present value	**PHP**	**18,304,055**	**39,802,695**	**37,866,548**	**36,024,581**	**34,272,215**	**744,471,352**
Net present value (NPV)	**PHP**	**910,741,446**					
Rounded to:	**PHP**	910,740,000					

ANNEX E

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
SITE I		
Guardhouse -	₱	47,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	4 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	reinforced concrete slab
Flooring	:	concrete slab
Floor Finish	:	plain cement
Partitions	:	concrete hollow blocks of plastered cement finish and plywood
Ceiling	:	slab soffit
Windows	:	glass jalousie
Doors	:	PVC flush-type
Others	:	The building is painted and provided with electrical lighting facility.
Observed Physical Condition	:	fair

B U I L D I N G S

Description		*Market Value*
Office Building -		₱ 675,000
No. of Storey (s)	: one (1), container van type	
Estimated Floor Area	: 29 sq.m.	
General Framing	: steel	
Walls	: corrugated steel plate	
Interior Wall Finish	: plywood	
Roofing	: rib-type metal sheets on steel frame	
Flooring	: steel plate and concrete slab	
Floor Finish	: ceramic tiles	
Partitions	: concrete hollow blocks of plastered cement finish	
Ceiling	: plywood	
Windows	: tinted glass on analok frame (sliding type)	
Doors	: tinted glass on analok frame (swing type)	
Others	: The building is painted and provided electrical lighting and plumbing facilities.	
Observed Physical Condition	: good	
Control Room (Electrical Unit) -	This consists of two (2) adjacent units of 40-footer container van with dimension of 12.19 meter long, 2.44 meter wide and 2.59 meter high each, mounted on a reinforced concrete mat foundation. It houses the control room (electrical unit) and provided with steel plate with epoxy paint flooring, aluminum panel interior walls and ceiling, glass on powder coated aluminum frame (sliding type) windows and steel plate doors.	1,225,000
Estimated Floor Area	: 60 sq.m. (total)	
Others	: It is painted and provided with electrical lighting facility.	
Observed Physical Condition	: very good	

BUILDINGS

Description			*Market Value*
Transformer Shed -		₱	7,000
No. of Storey (s)	: one (1)		
Estimated Floor Area	: 4 sq.m.		
Roofing	: corrugated galvanized iron sheets on steel frame		
Flooring	: concrete slab		
Floor Finish	: plain cement		
Others	: It is painted and provided electrical lighting facility		
Observed Physical	: fair		
Main Diesel Unit (MDU) House-2 Units -	This consists of two (2) units of 40-footer container vans with dimension of 12.19 meter long, 2.44 meter wide and 2.59 meter high each, mounted on a reinforced concrete mat foundation. It houses the Main Diesel Unit Equipments 1 & 2 and provided with steel plate with epoxy paint flooring, aluminum panel interior walls and ceiling and aluminum panel with view glass and steel plate doors.		1,225,000
Estimated Floor Area	: 60 sq.m. (total)		
Others	: It is painted and provided with electrical lighting facility.		
Observed Physical Condition	: very good		

BUILDINGS

Description				*Market Value*
HFO Treatment Unit (HTU) House -		This consists of 20-footer container van with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the HFO Treatment Unit (HFU) equipments and provided with steel plate with epoxy paint flooring, aluminum panel interior walls and ceiling, steel louver vents and aluminum panel with view glass and steel plate doors.	₱	306,000
Estimated Floor Area	:	15 sq.m.		
Others	:	It is painted and provided with electrical lighting facility.		
Observed Physical Condition	:	very good		
Air Compressor House		This consists of 20-footer container van with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the air compressor equipments and provided with steel plate flooring, steel louver vents and steel panel door.		245,000
Estimated Floor Area	:	15 sq.m.		
Others	:	It is painted and provided with electrical lighting facility.		
Observed Physical Condition	:	very good		

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Workshop Shed -	₱	74,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	26 sq.m.
General Framing	:	steel
Roofing	:	corrugated galvanized iron sheets on steel frame
Flooring	:	concrete slab
Others	:	It is painted and provided electrical lighting facility.
Observed Physical Condition	:	fair

Comfort Room -	83,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	7 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	corrugated galvanized iron sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	ceramic tiles and plain cement
Doors	:	PVC flush-type
Others	:	It is painted and provided electrical lighting and plumbing facilities.
Observed Physical Condition	:	fair

B U I L D I N G S

Description			*Market Value*
Water Treatment Unit House	: This consists of 20-footer container van with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the water treatment unit equipments and provided with steel plate flooring and steel panel door.	₱	245,000
Estimated Floor Area	: 15 sq.m.		
Others	: It is painted and provided with electrical lighting and plumbing facilities.		
Observed Physical Condition	: good		
Water Softener Shed -			14,000
No. of Storey (s)	: one (1)		
Estimated Floor Area	: 8 sq.m.		
General Framing	: galvanized iron pipe on reinforced concrete foundation		
Roofing	: corrugated galvanized iron sheets on steel frame		
Flooring	: concrete slab		
Others	: It is painted		
Observed Physical Condition	: fair		

B U I L D I N G S

D e s c r i p t i o n			*Market Value*
Fire Pump Shed -		₱	21,000
No. of Storey (s)	: one (1)		
Estimated Floor Area	: 12 sq.m.		
General Framing	: galvanized iron pipe on reinforced concrete foundation		
Roofing	: corrugated galvanized iron sheets on steel frame		
Flooring	: concrete slab		
Others	: It is painted		
Observed Physical Condition	: fair		
Pump Station	: This consists of 20-footer container van, partly open with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the pump equipments and provided with steel plate flooring.		245,000
Estimated Floor Area	: 15 sq.m.		
Others	: It is painted and provided with electrical lighting and plumbing facilities.		
Observed Physical Condition	: very good		

B U I L D I N G S

D e s c r i p t i o n				*Market Value*
Purifier House	:	This consists of 20-footer container van with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the HFO purifier equipments and provided with aluminum panel interior wall and ceiling, steel plate flooring, steel louver vents and aluminum panel with view glass and steel	₱	245,000
Estimated Floor Area	:	15 sq.m.		
Others	:	It is painted and provided with electrical lighting facility.		
Observed Physical Condition	:	very good		
			₱	4,657,000

B U I L D I N G S

D e s c r i p t i o n	*Market Value*

SITE II

Admin Office / Warehouse - ₱ 590,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	123 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	corrugated galvanized iron sheets on steel
Flooring	:	concrete slab
Floor Finish	:	ceramic tiles and plain cement
Partitions	:	concrete hollow blocks of plastered cement and plywood
Ceiling	:	plywood
Windows	:	glass on aluminum frame (sliding type)
Doors	:	plywood flush type, PVC flush type and steel grilles
Others	:	The building is painted and provided electrical lighting and plumbing facilities.
Observed Physical Condition	:	fair

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Guardhouse -	₱	49,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	8.2 sq.m.
General Framing	:	reinforced concrete and steel
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	corrugated galvanized iron sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	plain cement
Partitions	:	concrete hollow blocks of plastered cement
Windows	:	glass jalousie
Doors	:	plywood flush type
Others	:	The building is painted and provided electrical lighting and plumbing facilities.
Observed Physical Condition	:	fair

Material Recovery Facility -	52,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	16 sq.m.
General Framing	:	steel
Walls	:	partly concrete hollow blocks
Roofing	:	corrugated galvanized iron sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	plain cement
Observed Physical Condition	:	new

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Staff House -	₱	1,760,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	88 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	corrugated galvanized iron sheets on steel frame
Flooring	:	reinforced concrete slab
Floor Finish	:	plain cement with epoxy paint and ceramic tiles
Partitions	:	concrete hollow blocks of plastered cement finish
Ceiling	:	plywood
Windows	:	glass jalousie
Doors	:	glass on aluminum frame (swing type) and plywood flush-type
Others	:	The building is painted and provided with electrical lighting and plumbing facilities.
Observed Physical Condition	:	good

B U I L D I N G S

D e s c r i p t i o n			*Market Value*
Water Treatment Unit House	:	This consists of 20-footer container van with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the water treatment unit equipment and provided with steel plate flooring and steel plate door.	₱ 224,000
Estimated Floor Area	:	14 sq.m.	
Others	:	It is painted and provided with electrical lighting and plumbing facilities.	
Observed Physical Condition	:	very good	
Fire Pump Shed -			2,000
No. of Storey (s)	:	one (1)	
Estimated Floor Area	:	12 sq.m.	
General Framing	:	galvanized iron pipe on reinforced concrete foundation	
Roofing	:	corrugated galvanized iron sheets on steel frame	
Others	:	It is painted	
Observed Physical Condition	:	fair	

B U I L D I N G S

Description				*Market Value*
Pump Station		This consists of 20-footer container van, partly open with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the pumping equipment and provided with steel plate flooring.	₱	224,000
Estimated Floor Area	:	14 sq.m.		
Others	:	It is painted and provided with electrical lighting and plumbing facilities.		
Observed Physical Condition	:	very good		
Control Room (Electrical Unit)	:	This consists of two (2) adjacent units of 40-footer container van with dimension of 12.19 meter long, 2.44 meter wide and 2.59 meter high each, mounted on a reinforced concrete mat foundation. It houses the control room (electrical unit) and provided with steel plate with epoxy paint flooring, aluminum panel interior walls and ceiling, glass on powder coated aluminum frame (sliding type) windows and steel plate doors.		1,200,000
Estimated Floor Area	:	60 sq.m. (total)		
Others	:	It is painted and provided with electrical lighting facility.		
Observed Physical Condition	:	very good		

B U I L D I N G S

D e s c r i p t i o n	*Market Value*
Workshop Shed -	47,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	25 sq.m.
General Framing	:	steel
Walls	:	partly plain galvanized iron sheets
Roofing	:	corrugated galvanized iron sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	plain cement
Others	:	It is painted and provided electrical lighting and facility.
Observed Physical Condition	:	fair

₱ 4,148,000

ANNEX F

OTHER LAND IMPROVEMENTS

Description			*Market Value*
SITE I			
Perimeter Fence	:	These consist of concrete hollow blocks of plastered cement finish topped with cyclone wire perimeter fence and steel gate (sliding type) with an approximate length of about 225 lineal meters an average height of 2 meters.	₱ 764,000
Oil-Water Separator	:	This consist of rectangular-shaped underground tanks built of reinforced concrete, it is provided with steel plate cover with an area of approximately 10 sq.m.	54,000
Driveway	:	These consist of reinforced concrete pavement laid on aggregate base course driveway. It is about 6 meters wide with an estimated floor area of about 810 sq.m.	660,000
Site Development	:	These consist of site clearing and grubbing, grading, excavation, earth filling, drainage system, including permits, engineering design, etc.	625,000
			₱ 2,103,000

OTHER LAND IMPROVEMENTS

Description				*Market Value*
Power Plant Perimeter Fence and Gates	:	These consist of concrete hollow blocks of plastered cement finish topped with cyclone wire perimeter fence and steel gate hinged on reinforced concrete post with an approximate length of about 135 lineal meters and an average height of 2 meters.	₱	448,000
Oil-Water Separator	:	This consist of rectangular-shaped underground tanks built of reinforced concrete, it is provided with rib-type metal sheets on steel frame cover with an area of approximately 10 sq.m.		54,000
Driveways	:	These consist of reinforced concrete pavement laid on well-compacted aggregate base course driveway. It is about 6 meters wide with an estimated floor area of about 1,200 sq.m.		501,000
Site Development	:	These consist of site clearing and grubbing, excavation, earth filling, drainage system, including engineering design, permits, etc.		1,754,000
			₱	2,757,000

ANNEX G

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
	SITE I	
	LAZI PLANT 1	
	DIESEL GENERATOR SETS	
Lot	**3.232 MW Diesel Generator Sets -** consisting of:	₱ 114,067,000
2	A.C. Synchronous Generators - Hyundai, Type HSR7637-8P, Ser. Nos. 20130916RBH01003 and 20130916RBH01001, May 2013 Year Mfd, 1616 kW (2020 kVA) rated cap., 4160 volts, 280.3 amps., 3-phase, 60 hz, 80 VDC excitation volts, 6.0A excitation current, powered by:	
2	Diesel Engines - Hyundai Himsen, Type 9H21/32, Engine Nos. BF1726 and BF0861, 9-cylinder, in-line, 1800 kW rated output, 900 rpm, air starter, water-cooled, turbo charged, complete with controls, exhaust fans, and other standard accessories, mounted on concrete foundation	
2	Built-in Radiators - GEA Searle, Made in Fareham, UK, 3-bar, radiator type, 4-fans	
2	Smoke Stacks - steel construction, 500 mm dia, 12 m H, supported by structural steel framings, railings (Note: Located at Roof Deck)	
2	MDU Control Panel (Eng. Gen. Control Panel) - Hyundai Heavy Industries, metal clad enclosure, single bolted standing panel, consisting of:	
1	Digital Voltage Regulator - Hyumdai,HDEC 2000	
1	Programmble Logic Controller - Siemens, Simatic S7-300, CPU 315-2 PM/DP	
1	PLC Module Interface - Siemens, 1M 365 Send	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
3	Digital Inputs Modules - Siemen, Type DI32xDC24V	
2	Digital Inputs Outputs - Siemen, Type DO32xDC24/0.5A	
3	Analog Modules - Siemens, AI, 8x16 Bit	
1	PLC Module Interface - Siemens, 1M 365 Receiver	
2	Analog Modules - Siemens, AI, 8x16 RTD	
1	Touch Panel - SIMATIC, Siemens, MP377	
1	Annunciator - 14 zones	
6	Push Button Switches	
3	Selector Switches - Knob type	
1	DC Voltmeter - DEIF, 0 - 150V range	
1	Aux. Power Meter - DEIF, M1B7000	
1	DC Ammeter - DEIF, 0 - 15A	
	complete with connection wires, relays, contactors and other standard accessories	
2	Air Compressors - Bumham, Model LT-106, Ser. Nos. 106778 and 106779, 2013 Year Mfd, 30 bar operating press., 32 m^3/h capacity, powered by 7.2 kW motor, 1770 rpm rated cap., with:	
1	Compressed Air Receiver Tank - MK System, 600 liters capacity, 36.1 bar design press., 100°C design temp.	
1	Air Dryer - DHY Co. Ltd, Model DHT-7 Ser No D1305003, 0.97 N m^3/min cap., 55°C inlet temp., 9.9 kg/cm^2 max pressure	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
1	ACU Control Panel - MK System Mfg Co., Made in Korea, 2013 Year Mfd, metal clad enclosure, wall mounted, complete with push button switches, pilot lights, selector switches, contactors, relays, and other accessories	
1	Diesel Fuel Unloading Pump - IMO Pump, Made in Sweden, Ser. No. 635155, twin gear type, 38 mm dia S&D, driven by 2.5 kW motor (Note: for repair)	
2	Diesel Fuel Supply Pumps - IMO Pump, Made in Sweden, Ser. Nos. 609843 and 614528, gear type, 50 mm dia. S&D, driven by 2.5 kW motor	
2	Heavy Fuel Supply Pumps - IMO Pump, Made in Sweden, Ser. Nos. 640526 and 640527, gear type, 50 mm dia. S&D, driven by 2.5 kW motor	
2	Heavy Fuel Transfer Pumps - IMO Pump, Made in Sweden, Ser. Nos. 632778 and 635750, gear type, 50 mm dia. S&D, driven by 4.0 kW motor	
1	Heavy Unloading Pump - IMO Pump, Made in Sweden, Ser No. 637438 and 635749, gear type, 50 mm dia S&D, driven by 4.6 kW motor	
1	Pump Station Control Panel - metalclad enclosure, single standing panel, consisting various contactors, relays and other standard accessories	
1	Heavy Fuel Oil Heat Treatment - Samgong Mitsubishi, Model SJ20G, Mfd No. S1022626, 2013 Year Mfd, 1100 liters capacity, driven by 5.5 kW motor	
1	FO Booster Module - Alfa Laval, FM152DE84A05, 15 bar working pressure, 160°C working temp.	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
2	FO Booster Pumps - IMO Pump, gear type, 50 mm dia. S&D, powered by approx. 1.1 kW motor	
1	Sludge Pump - Nova Rotors, screw pump, 50 mm dia. S&D, driven by 0.6 kW motor	
1	Pressurized Water Pump - Wilo, centrifugal, 25 mm dia. S&D, 1.1 kW motor, complete with built-in presure tank, and other accessories	
1	Electric Heater - Mnsi, Model No. 08, Ser No. MNELP13-06009, 60 kW capacity	
Lot	Lube Oil Purifier Control Panel - metal clad enclosure, single standing panel, equipped with:	
1	Circuit Breaker - 40A cap.	
2	Programmable Logic Controllers - Siemens Simatic S7 - 1200	
4	Running Hr-Meters - analog type	
1	Purifier Amp. Meter - R, BE-48, 0-40A	
1	Transformer - approx. 1.0 kVA cap.	
1	Steam Heater Controller - Spirax sarco, 5x80	
1	Touch Panel - Proface, Model PFXGP4301TAD, GP-4301T	
17	Push Button Switches	
2	Selector Switches	
Lot	Booster Unit Controller - metal clad enclosure, single standing panel, equipped with:	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
1	Circuit Breaker - 50 A cap.	
1	Programmable Logic Controller - Siemens, S7-300, CPU315	
2	Digital Input Modules - Siemens, DI32x24V	
2	Digital Output Modules - Siemens, DO32x24V/0.5A	
1	Analog Module - Siemens, A18x12 Bit	
1	Transformer - approx. 1 kVA capacity	
1	Voltmeter - K&W, Type WA-V2PT, 0-600V	
1	Voltmeter - K&W, Type WA-TW3PT, 0-60 kW	
1	Ammeter - A&W,Ttype WA-ARCT, 0-75 A	
1	Annunciator - 16- zones	
2	Selector Switches - knob type	
1	Viscosity Controller - VAF instrument	
21	Push Button Switches -	
7	Selector Switches - knob type	
1	Emergency Stop - push type	
1	Buzzer - complete with connection wires, relays, contactors and other standard accessories	
2	Heavy Fuel Oil Purifiers - Samgong Mitsubishi, Model SJ20G, Mfd No. S1022621 and S1022622, 2013 Year Mfd, 1100 liters capacity, driven by 5.5 kW motor	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
2	Heavy Fuel Oil Purifier Feed Pumps - IMO Pump, Made in Sweden, 2013 Year Mfd,, driven by 0.8 kW motor	
1	Pressurized Water Pump - Wilo, centrifugal, 25 mm dia S&D, 1.1 kW motor, complete with built-in presure tank, and other accessories	
1	Sludge Pump - Nova Rotors, screw pump, 50 mm dia. S&D, driven by 0.6 kW motor	
1	Heavy Fuel Oil Purifier Control Panel - metalclad enclosure, single standing panel, consisting various contactors, relays and other standard accessories	
Lot	Water Treatment System - consisting of:	
1	Depth Filter - Hyundai Heavy Industries Co. Ltd., 0.6 m^3/hr capacity, cartridge type, 2013 Year Mfd., 600 x 1800 mm DH	
1	Carbon Filter - Hyundai Heavy Industries Co. Ltd., 0.6 m^3/hr capacity, cartridge type, 2013 Year Mfd, 600 x 1800 mm DH	
1	Micro Filter - Hyundai Heavy Industries Co. Ltd., 0.6 m^3/hr capacity, cartridge type, 2013 Year Mfd., 300 x 900 mm DH	
2	RO Pumps - Grundfos, Type CRI1-13, centrifugal vertical multi stage, 25 mm dia. S&D, 1.5 kW motor	
2	RO Pumps - Grundfos, Type CRI1-4, centrifugal vertical multi stage, 25 mm dia S&D, powered by 0.37 kW motor	
2	Transfer Pumps - Grundfos, Type CM3-5A, 16.4 gpm cap., 49.6 m H, centrifugal, driven by 0.6 kW motor	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
1	CIP Filter - Hyundai Heavy Industries, 2.0 m^3/hr capacity, cartridge type	
1	CIP Pump - Grundfos, Type CM3-5A, 16.4 gpm cap., 29.3 m H, centrifugal, driven by 0.42 kW motor	
1	CIP Water Tank - HDPE plastic made, 200 liters capacity	
1	Anti Scalant Dosing Pump - PM Fluid Controls, Type CONC1602PP1000A00, 1.44 liters/hr capacity, 16 bar, with:	
1	Anti Scalant Dosing Tank - HDPE plastic made, 100 liters capacity	
1	NAOH Dosing Pump - PM Fluid Controls, Type CONC1602PP1000A00, 1.44 liters/hr capacity, 16 bar, with:	
1	NAOH Dosing Tank - HDPE plastic made, 100 liters capacity	
1	Pressure Tank - Global Water Solution, Model PWB60V, 60 liters capacity, 10 bar working pressure,	
1	Water Treatment Control Panel - Hyundai, metal clad enclosure, complete with push button switches, pilot lights, selector switches, contactors, relays, and other accessories	
1	Waste Water Tank - fiber plastic made, 3.0 m^3 capacity, 3000 x 1000 x 1000 mm LWH	
1	Treated Water Tank - fiber plastic made, 13.5 m^3 capacity, 4000 x 3500 x 1000 mm LWH	
1	Water Storage Tank - Uniten, stainless steel, 1200 liters capacity	
2	Water Filter Tank - Pentair, FRP, 600 x 1200 mm DH, 10 bar pressure	
1	Softener Control Panel - Hyundai, metal clad enclosure, complete with push button switches, pilot lights, selector switches, contactors, relays, and other accessories	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
	EE ROOM	
1	Neutral Grounding Resistor - Han Kook, Model HKR-N, 480 volts, metal clad enlcosure, with digital function relay, GDR-B01, and other standard accessories	
1	Battery Panel - metal clad enclosure, bolted single standing panel, consisting of:	
55	Battery Cells - Rocket, Model MSB -150- ESG -150/2V-150Ah	
1	24V Battery Charger - Luxco Co. Ltd, Made in Korea, 15 kVA rated capacity, 480 Volts, 60 Hz, metal clad enclosure, single standing panel	
1	480 V Distribution Panel - metal clad enclosure, single standing panel, equipped with:	
3	Circuit Breakers - 225A rated cap.	
2	Circuit Breakers - 30A rated cap.	
2	Circuit Breakers - 50A rated cap.	
2	Circuit Breakers - 20A rated cap.	
2	Circuit Breakers - 40A rated cap.	
2	Circuit Breakers - 100A rated cap.	
1	Circuit Breakers - 150A rated cap.	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
Lot	480V Incoming Panel - metaclad enclosure, single standing panel, equipped with:	
1	Air Circuit Breaker - Hyundai	
2	OVR & UVR / OCR & OCCR - Kyongcbo, CDR - CDO	
2	PTT/CTT	
5	Push Button Switches	
1	Annunciator - 10 zones	
1	Digital Meter - Siemens, Setron PAC 3200	
2	Lockout Relay Switches	
1	Auxiliary Transformer - Hyundai, 2013 Year Mfd, 350 kVA, cast resin, 4160 V HV/ 480 V LV, AN cooling	
1	Auxiliary Transformer Panel - Hyundai, metal clad enclosure, vertical standing panel, consisting of:	
1	Vacuum Circuit Breaker - Hyundai, 630A, 7.2 kV	
2	Generator Breaker Panel No. 1 and 2 - Hyundai, metalclad enclosure, 2-vertical panels, each panel consisting of:	
1	Vacuum Circuit Breaker - Hyundai, 630A, 7.2 kV	
1	Annunciator - 27 zone	
1	Synchronizing Meter - ISKRA, SQ 0214	
1	Generator Parallel Controller - DE1F	
1	Push Button Switch	
2	Selector Switches - knob type	
3	Selector Switches - piston grip	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
1	Lockout Relay	
1	4160V Outgoing Panel - metal clad enclosure, single standing panel, equipped with:	
1	Vacuum Circuit Breaker - Hyundai, 630A, 7.2 kV	
1	Annunciator - 18 zones	
1	Protection Relay - Schneider Electric, Series Vamp 230	
3	Push Button Switches	
2	Pilot Lights	
1	Lockout Relay - knob type	
1	Buzzer	
	Diesel Electric Power Plant is complete with equipment foundation and structure, electronic control valve, strainer, piping, insulted and non-insulated, valves, fittings, pipe supports, power cables and other standard accessories	

MACHINERY AND EQUIPMENT

Qty.	*Description*		*Market Value*
	TANK FARM		
1	**HFO Storage Tank -** fabricated, mild steel welded construction, 4 ring section, 150,000 liters capacity, 4800 x 6200 mm DH overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation	₱	260,000
1	**HFO Storage Tank -** fabricated, mild steel, 3 ring section, 100,000 liters capacity, 4800 x 5800 mm DH overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		650,000
1	**Settling Tank -** fabricated, mild steel, 25,000 liters capacity, 2800 x 4100 mm DL overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		254,000
1	**Service Tank-** fabricated, mild steel, 25,000 liters capacity, 2800 x 4100 mm DL overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		254,000
1	**Diesel Tank -** fabricated, mild steel, 15,000 liters capacity, 2000 x 4857 mm DL overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		193,000
1	**Sludge Tank -** fabricated, mild steel, 10,000 liters capacity, 2000 x 4100 mm DL overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		169,000
		₱	1,780,000

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
	13.8 kV Substation	
Lot	**13.8 KV Substation -** consisting of:	₱ 7,128,000
1	Power Transformer - Hyundai Heavy Industries Co. Ltd, Made in Korea, Conservator type, Ser No. 131184KPB001-002, 2013 Year Mfd, 4100 kVA rated capacity, 13800 volts HV/ 4160 volts LV, ONAN cooling type, complete with conservator, cooling fins, and other standard transformer accessories	
1	Service Transformer - Delta Star, Ser. No. 2K4M128-1287, 50 kVA cap., dry type, 3-phase, 480 volts HV, 120/240 volts LV	
2	Feeder Line Reclosers - Rockwell, 15 kV, 200A, 60 Hz	
3	Current Transformers - Isolet, 15 kV, 300:5 current ratio	
3	Potential Transformers - ABB, 120V, 70:1 voltage ratio	
6	Feeder Fault Indicators - EMG, 800A	
6	Feeder Fuse Cut-Outs - AB Chance, 65A	
3	Feeder Fuse Cut-Outs - AB Chance, 100A	
1	Revenue Meter - General Electric, Type KV2C, Class 200 Substation complete with steel structure, grounding system, equipment pedestal and foundation and other electrical line hardware materials (Note: Located at Switchyard Area)	

MACHINERY AND EQUIPMENT

Qty.	Description		Market Value
	WATER DISTRIBUTION SYSTEM		
1	**Deepwell Pump -** submercible type, 50 mm dia dischage, approx. 7.5 kW capacity	₱	120,000
2	**Raw Water Pumps -** Goulds, Model BGR07, Ser No. RD77700 3629 and RD77700 3624, 6.6 liters / min flow rate, 40 m H, 25 mm dia S&D, 0.55 kW motor		30,000
1	**Raw Water Tank -** fabricated, mild steel welded construction, 80,000 liters capacity, 4000 x 6300 mm DH overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		548,000
		₱	698,000

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
	FIRE FIGHTING SYSTEM	
Lot	**Fire Fighting System -** consisting of:	₱ 644,000
1	Fire Pump - Southern Cross, Model PSFA1A, Ser No. 0302014A12, 6.3 m³ liter/sec flow rate, 20.3 m H, 50 x 32 mm dia. S&D, driven by 11 kW motor	
1	Fire Pump Controller - metal clad enclosure, approx. 11 kW, complete with connecting wires, contactors, relays bracket support and other accessories	
3	Fire Hose Cabinets - aluminum frame with front glass door, with hose, and nozzle	
1	Fire Protection Panel - KTC	
2	Smoke Detectors	
2	Heat Detectors	
10	Fire Extinguishers - ABC, 5.0 kgs cap. the system is complete with pipes, fittings, valves and other standard accessories	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
	OTHERS	
1	**Generator Set -** Bokuk Electric Ind Co. Ltd, Made in Korea, Mfg No. G-2130405-02, 2013 Year Mfd, 100 kW rated capacity, driven by 4-cylinder diesel engine, Doosan Infracore, Model D1146T, Ser. No. DE0800G03326233, steel skid mounted on concrete floor, complete with local panel, batteries, fan, and other accessories	₱ 730,000

MACHINERY AND EQUIPMENT

Qty.	Description		Market Value
	SITE II		
	CANDANAY POWER PLANT 1		
	DIESEL GENERATOR SETS		
Lot	**3.232 MW Diesel Generator Sets -** consisting of:	₱	114,067,000
2	A.C. Synchronous Generators - Hyundai, Type HSR7637-8P, Ser Nos. 20130916RBH00901 and 20130916RBH00902, May 2013 Year Mfd, 1616 kW (2020 kVA) rated cap., 4160 volts, 280.3 amps., 3-phase, 60 hz, 80 VDC excitation volts, 6.0A excitation current, powered by:		
2	Diesel Engines - Hyundai Himsen, Type 9H21/32, Engine Nos. BF0766 and BF1725, 9-cylinder, in-line, 1800 kW rated output, 900 rpm, air starter, water-cooled, turbo charged, complete with controls, exhaust fans, and other standard accessories, mounted on concrete foundation		
2	Built-in Radiators - GEA Searle, Made in Fareham, UK, 3 bar, radiator type, 4-fans		
2	Smoke Stacks - steel construction, 500 mm dia, 12 m H, supported by structural steel framings, railings (Note: Located at Roof Deck)		
2	MDU Control Panel (Eng. Gen. Control Panel) - Hyundai Heavy Industries, metal clad enclosure, single standing panel, consisting of:		
1	Digital Voltage Regulator - Hyumdai,HDEC 2000		
1	Programmble Logic Controller - Siemens, Simatic S7-300, CPU 315-2 PM/DP		
1	PLC Module Interface - Siemens, 1M 365 Send		
3	Digital Inputs Modules - Siemen, Type DI32xDC24V		

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
2	Digital Inputs Outputs - Siemen, Type DO32xDC24/0.5A	
3	Analog Modules - Siemens, AI, 8x16 Bit	
1	PLC Module Interface - Siemens, 1M 365 Receiver	
2	Analog Modules - Siemens, AI, 8x16 RTD	
1	Touch Panel - SIMATIC, Siemens, MP377	
1	Annunciator - 14 zones	
6	Push Button Switches	
3	Selector Switches - Knob type	
1	DC Voltmeter - DEIF, 0 - 150V range	
1	Aux. Power Meter - DEIF, M1B7000	
1	DC Ampere Meter - DEIF, 0 - 15A	
	complete with connection wires, relays, contactors and other standard accessories	
2	Air Compressors - Bumham, Model LT-106, Ser No. 106780 and 106781, 2013 year mfd, 30 bar operating press., 32 m^3/h capacity, powered by 7.2 kW motor, 1770 rpm rated cap., with:	
1	Compressed Air Receiver Tank - MK System, 600 liters capacity, 36.1 bar design press., 100°C design temp.,	
1	Air Dryer - DHY Co. Ltd, Model DHT-7, 0.97 N m^3/min cap., 55°C inlet temp., 9.9 kg/cm^2 max pressure	
1	ACU Control Panel - MK System Mfg Co., Made in Korea, 2013 year mfd, metal clad enclosure, wall mounted, complete with push buttons, pilot lights, selector switches, contactors, relays, and other accessories	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
1	Heavy Fuel Oil Heat Treatment - Samgong Mitsubishi, Model SJ20G, Mfd No. S1022625, 2013 year mfd, 1100 liters capacity, driven by 5.5 kW motor	
1	FO Booster Module - Alfa Laval, FM152DE84A05, Ser No. 1827907, 15 bar working pressure, 160°C working temp.	
2	FO Booster Pump - IMO Pump, gear type, 50 mm dia S&D, powered by approx. 1.1 kW motor	
1	Sludge Pump - Nova Rotors, screw pump, 50 mm dia S&D, driven by 0.6 kW motor	
1	Pressurized Water Pump - Wilo, centrifugal, 25 mm dia S&D, powered by 1.1 kW motor, complete with built in presure tank, and other accessories	
Lot	Lube Oil Purifier Control Panel - metal clad enclosure, bolted single standing panel, consisting of:	
1	Circuit Breaker - 40 A cap.	
2	Programmable Logic Controllers - Siemens Simatic S7 - 1200	
4	Running Hr-Meter - analog type	
1	Purifier Amp. Meter - R, BE-48, 0-40A	
1	Transformer - approx. 1.0 kVA cap.	
1	Steam Heater Controller - Spirax sarco, 5x80	
1	Touch Panel Proface, Model PFXGP4301TAD, GP-4301T	
17	Push Button -	
2	Selector Switches	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
Lot	Booster Unit Controller - metal clad enclosure, bolted single standing panel, consisting of:	
1	Circuit Breaker - 50 A cap.	
1	Programmable Logic Controller - Siemens, S7-300, CPU315 PS307	
2	Digital Input Modules - Siemens, DI32x24V	
2	Digital Output Modules - Siemens, DO32x24V/0.5A	
1	Analog Module - Siemens, A18x12 Bit	
1	Transformer - approx. 1 kVA capacity	
1	Voltmeter - K&W, Type WA-V2PT, 0-600V	
1	Voltmeter - K&W, Type WA-TW3PT, 0-60 kW	
1	Ammeter - A&W,Ttype WA-ARCT, 0-75 A	
1	Annunciator - 16- zones	
2	Selector Switches - knob type	
1	Viscosity Controller - VAF instrument	
21	Push Button Switches	
7	Selector Switches - knob type	
1	Emergency Stop - push type	
1	Buzzer - complete with connection wires, relays, contactors and other standard accessories	
1	Diesel Fuel Unloading Pump - IMO Pump, Made in Sweden, Ser No. 607861, twin gear type, 38 mm dia. S&D, driven by 2.5 kW motor	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
1	Diesel Fuel Supply Pump - IMO Pump, Made in Sweden, Ser No. 609844 and 607880, twin gear type, 50 mm dia. S&D, driven by 2.5 kW motor	
1	Heavy Fuel Supply Pump - IMO Pump, Made in Sweden, Ser No. 651529 and 651526, twin gear type, 50 mm dia. S&D, driven by 2.5 kW motor	
1	Heavy Fuel Transfer Pump - IMO Pump, Made in Sweden, Ser No. 637439 and 619103, twin gear type, 50 mm dia. S&D, driven by 2.5 kW motor	
1	Heavy Unloading Pump - IMO Pump, Made in Sweden, Ser No. 651071 and 651072, twin gear type, 50 mm dia. S&D, driven by 4.0 kW motor	
1	Pump Station Control Panel - metalclad enclosure, bolted single standing panel, consisting various contactors, relays and other standard accessories	
2	Heavy Fuel Oil Purifiers - Samgong Mitsubishi, Model SJ20G, Mfd No. S1022623 and S1022624, 2013 Year Mfd, 1100 liters capacity, driven by 5.5 kW motor	
2	Heavy Fuel Oil Purifier Feed Pumps - IMO Pump, Made in Sweden, 2013 Year Mfd., driven by 0.8 kW motor	
1	Pressurized Water Pump - Wilo, centrifugal, 25 mm dia. S&D, 1.1 kW motor, complete with built-in pressure tank, and other accessories	
1	Sludge Pump - Nova Rotors, screw pump, 50 mm dia. S&D, driven by 0.6 kW motor	
1	Heavy Fuel Oil Purifier Control Panel - metalclad enclosure, single standing panel, consisting various contactors, relays and other standard accessories	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
Lot	Water Treatment System - consisting of:	
1	Depth Filter - Hyundai Heavy Industries Co. Ltd., 0.6 m³/hr capacity, cartridge type, 2013 Year Mfd., 600 x 1800 mm DH	
1	Carbon Filter - Hyundai Heavy Industries Co. Ltd., 0.6 m³/hr capacity, cartridge type, 2013 Year Mfd., 600 x 1800 mm DH	
1	Micro Filter - Hyundai Heavy Industries Co. Ltd., 0.6 m³/hr capacity, cartridge type, 2013 Year Mfd., 300 x 900 mm DH	
2	R.O Pumps - Grundfos, Type CRI1-13, Ser. Nos. 004 and 007, centrifugal, vertical multi stage, 25 mm dia. S&D, by 1.5 kW motor	
2	Transfer Pumps - Grundfos, Type CM3-5A, Ser. Nos. P802A-C and P803A-C, 16.4 gpm cap., 49.6 m H, centrifugal, driven by 0.6 kW motor	
1	CIP Filter - Hyundai Heavy Industries, 2.0 m³/hr capacity, cartridge type	
1	CIP Pump - Grundfos, Type CM3-5A, 16.4 gpm cap., 29.3 m H, centrifugal, driven by 0.42 kW motor	
1	CIP Water Tank - HDPE plastic made, 200 liters capacity	
1	Anti Scalant Dosing Pump - PM Fluid Controls, Type CONC1602PP1000A00, 1.44 liters/hr capacity, 16 bar, with:	
1	Anti Scalant Dosing Tank - HDPE plastic made, 100 liters capacity	
1	NAOH Dosing Pump - PM Fluid Controls, Type CONC1602PP1000A00, 1.44 liters/hr capacity, 16 bar, with:	
1	NAOH Dosing Tank - hdpe plastic made, 100 liters capacity	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
1	Pressure Tank - Global Water Solution, Model PWB60V, 60 liters capacity, 10 bar working pressure,	
1	Water Treatment Control Panel - Hyundai, metal clad enclosure, complete with push buttons, pilot lights, selector switches, contactors, relays, and other accessories	
1	Waste Water Tank - fiber plastic made, 3.0 m^3 capacity, 3000 x 1000 x 1000 mm LWH	
1	Treated Water Tank - fiber plastic made, 13.5 m^3 capacity, 4000 x 3500 x 1000 mm LWH	
1	Water Storage Tank - Uniten, stainless steel, 1200 liters capacity	
1	Water Filter Tank - Wave, FRP, 800 x 1300 mm DH, 10 bar pressure	
1	Pressure Tank - carbon steel, 10 bar pressure, 400 x 1000 mm DH	
2	Transfer Pumps - Temco, centrifugal, self priming, 25 mm dia. S&D, driven by 0.76 kW motor (Note: at the inspection one(1) unit for repair)	
1	Softener Control Panel - Hyundai, metal clad enclosure, complete with push buttons, pilot lights, selector switches, contactors, relays, and other accessories	
	EE ROOM	
1	Neutral Grounding Resistor - Han Kook, Model HKR-N, Ser No. 230225, 480 volts, metal clad enlcosure, with digital function relay, GDR-B01, and other standard accessories	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
1	Battery Panel - metal clad enclosure, single standing panel, consisting of:	
55	Battery Cells - Rocket, Model MSB -150- ESG -150/2V-150Ah	
1	24V Battery Charger - Luxco Co. Ltd, Made in Korea, Ser No. 3430002, 15 kVA rated capacity, 480 Volts, 60 Hz, metal clad enclosure, bolter single standing panel,	
1	480V Distribution Panel - metal clad enclosure, single standing panel, equipped with:	
3	Circuit Breakers - 225A rated cap.	
2	Circuit Breakers - 30 A rated cap.	
2	Circuit Breakers - 50 A rated cap.	
2	Circuit Breakers - 20A rated cap.	
2	Circuit Breakers - 40 A rated cap.	
2	Circuit Breakers - 100 A rated cap.	
1	Circuit Breakers - 150 A rated cap.	
Lot	480V Incoming Panel - metaclad enclosure, single standing panel, equipped with:	
1	Air Circuit Breaker - Hyundai	
2	OVR & UVR / OCR & OCCR - kyongcbo, CDR - CDO	
2	PTT/CTT	
5	Push Button Switches	
1	Annunciator - 10 zones	
1	Digital Meter - Siemens, Setron PAC 3200	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
2	Lockout Relay Switches	
1	Auxiliary Transformer - Hyundai, Ser. No. 3GG2009-01, 2013 Year mfd, 350 kVA rated cap., cast resin, 4160 V HV/ 480 V LV, AN cooling	
1	Auxiliary Transformer Panel - Hyundai, metal clad enclosure, vertical standing panel, equipped with:	
1	Vacuum Circuit Breaker - Hyundai, 630A, 7.2 kV	
2	Generator Breaker Panel Nos. 1 and 2 - Hyundai, metalclad enclosure, 2-vertical panels, each panel equipped with:	
1	Vacuum Circuit Breaker - Hyundai, 630A, 7.2 kV	
1	Annunciator - 27 zone	
1	Synchronizing Meter - ISKRA, SQ 0214	
1	Generator Parallel Controller - DE1F	
1	Push Button Switch	
2	Selector Switches - knob type	
3	Selector Switches - piston grip	
1	Lockout Relay	
1	4160 V Outgoing Panel - metal clad enclosure, single standing panel, equipped with:	
1	Vacuum Circuit Breaker - Hyundai, 630 A, 7.2 kV	
1	Annunciator - 18 zones	
1	Protection Relay - Schneider Electric, Series Vamp 230	
3	Push Button Switches	
2	Pilot Lights	
1	Lockout Relay - knob type	

MACHINERY AND EQUIPMENT

Qty.	*Description*		*Market Value*
1	Buzzer - Diesel Electric Power Plant is complete with equipment foundation and structure, electronic control valve, strainer, piping, insulted and non-insulated, valves, fittings, pipe supports, power cables and other standard accessories		
1	**Steam Boiler -** Kangrim Heavy Industries Co. Ltd., 800 kg/hr steam capacity, 10 bar design press., 184°C design temp. with:	₱	3,444,000
4	Soot Blowers - pneumatic type		
1	Built-in Condensate Radiator - GEA Searle, Made in Fareham, UK, 6 Bar, radiator type, 2-fans		
1	Air Compressor - Atlas Capco, Made in Italy, Type G7FF, Ser No. ITJ000246, 2016 Year Mfd., 8.6 bar working pressure, 46°C ambient temp. powered by 7.5 kW motor		
1	HotWell Tank - Kangrim Heavy Industries Co. Ltd., 1.5 m^3 capacity, carbon steel, with aluminum cladding, 100°C design temp., 70°C operating temp.		
1	Blow Down Tank - Kangrim Heavy Industries Co. Ltd., 0.3 m^3 capacity, carbon steel, with aluminum cladding, 100°C design temp., 70°C operating temp.		
2	Feed Water Pumps - Grundfos, Type CR1-15, Ser No. 0002 and 0003, 2.2 m^3/h flow rate, vertical multi stage centrifugal pump, 50 mm dia. S&D, 1.5 kW motor		
1	Dosing Pump - Prominent Fluid Controls, Made in China, Concept plus, with:		
1	Chemical Tank - hdpe plastic made, 50 liters cap.		

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
1	E.G.B. Control Panel - Kangrim Heavy Industries Co. Ltd., metal clad enclosure, single standing panel, equipped with:	
1	Programmable Logic Controller - Siemens, S7-300	
2	Digital Input Modules - Siemens, DI32xDC24V	
3	Digital Output Modules - Siemens, DO32xDC24V/0.5A	
1	Analog Module - Siemens, A18x16 bit	
1	Power Supply - Weidmuller, Pro-M, with	
2	Boiler Press Control/Boiler Level Control - AZBIL, SDC36	
1	Annunciator - 27 zones	
24	Push Button Switches	
7	Selector Switches - Knob type	
1	Soot Cleaner Control Panel - Kangrim, metal clad enclosure, wall mouted, complete with selectro switch, pus button, and other accessories	
		₱ 117,511,000

MACHINERY AND EQUIPMENT

Qty.	*Description*		*Market Value*
	TANK FARM		
1	**Settling Tank -** fabricated, mild steel welded construction, 25,000 liters capacity, 2800 x 4100 mm DL overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation	₱	254,000
1	**Service Tank -** fabricated, mild steel welded construction, 25,000 liters capacity, 2800 x 4100 mm DL overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation		254,000
1	**Diesel Tank -** fabricated, mild steel welded construction, 15,000 liters capacity, 2000 x 4857 mm DL overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation		193,000
1	**Sludge Tank -** fabricated, mild steel, 10,000 liters capacity, 2000 x 4100 mm DL overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation		169,000
		₱	870,000

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
	13.8 kV SUBSTATION	
Lot	**13.8 KV Substation -** consisting of:	₱ 8,348,000
1	Power Transformer - Hyundai Heavy Industries Co. Ltd, Made in Korea, Conservator type, Ser No. 131184KPB001-001, 2013 Year Mfd, 4100 kVA rated capacity, 13800 volts HV/ 4160 volts LV, ONAN cooling type, complete with conservator, cooling fins, and other standard transformer accessories	
1	Outdoor Switchgear - Schneider, Type HVX17-25-06E210, Ser No. 20028400204-10-002, 2019 Year Mfd, 17.5 kV, 630A	
1	Service Transformer - Delta Star, 50 kVA cap., dry type, 3-phase, 480 volts HV, 120/240 volts LV	
3	Current Transformers - ABB, 15 kV, 300:5 current ratio	
3	Potential Transformers - ABB, 120V, 70:1 voltage ratio	
3	Feeder Fuse Cutouts - AB Chance, 100A capacity	
1	Revenue Meters - General Electric, Type KV2C, Class 200	
	Substation complete with steel structure, grounding system, equipment pedestal and foundation and other electrical line hardware materials	
	(Note: Located at Switchyard Area)	

MACHINERY AND EQUIPMENT

Qty.	Description		Market Value
	WATER DISTRIBUTION SYSTEM		
1	**Deepwell Pump -** submersible type, 50 mm dia discharged, approx. 7.5 kW capacity	₱	118,000
2	**Raw Water Pumps -** Goulds, Model BGR07, Ser. Nos. RD77700 3629 and RD77700 3624, 6.6 liters/min flow rate, 40 m H, 25 mm dia. S&D, 0.55 kW motor		456,000
1	**Raw Water Tank -** fabricated, mild steel welded construction, 80,000 liters capacity, 4000 x 6300 mm DH overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation		545,000
		₱	1,119,000

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
	FIRE FIGHTING SYSTEM	
Lot	**Fire Fighting System -** consisting of:	₱ 658,000
1	Fire Pump - Southern Cross, Ser No. 0302014A10, 6.3 m³ liter/sec flow rate, 20.3 m H, 50 x 32 mm dia. S&D, driven by 11 kW motor	
1	Fire Pump Controller - metal clad enclosure, approx. 11 kW, complete with connecting wires, contactors, relays bracket support and other accessories	
3	Fire Hose Cabinets - aluminum frame with front glass door, with hose, and nozzle	
1	Fire Protection Panel - KTC	
2	Smoke Detectors	
2	Heat Detectors	
12	Fire Extinguishers - ABC, 5 kgs cap. the system is complete with pipes, fittings, valves and other standard accessories	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
	OTHERS	
1	**Generator Set -** Bokuk Electric Ind Co. Ltd, Made in Korea, Mfg No. G-2130405-01, 2013 Year Mfd, 100 kW rated capacity, driven by 4-cylinder diesel engine, Doosan Infracore, Model D146T, Ser No. DE0800G03326232, steel skid mounted on concrete floor, complete with local panel, batteries, fan, and other accessories	₱ 730,000

MACHINERY AND EQUIPMENT

Qty.	*Description*		*Market Value*
	CANDANAY POWER PLANT 2		
	DIESEL POWER PLANT		
Lot	**3.232 MW Diesel Generator Sets -** consisting of:	₱	43,475,000
2	A.C. Synchronous Generators - Hyundai, Type HSR7637-8P, Ser Nos. 04-4RBH006-01 and 04-4RBH006-02, 1616 kW (2020 kVA) rated output, 4160 volts, 294.9 amps., 3-phase, 60 hz, 75 DCV excitation volts, 5.5A excitation current, Year 2004, powered by:		
2	Diesel Engines - Hyundai Himsen, Type 9H21/32, Engine Nos. BA1681-1 and BA1681-2, 9-cylinder, in-line, 210 mm dia. bore x 320 mm L stroke, 1800 kW rated output, 900 rpm, air starter, water-cooled, turbo charged, complete with controls and other standard accessories, mounted on concrete foundation		
2	Built-in Radiators - Gea Searle, Made in Fareham, UK, Type DKG235-8, 10 Bar, radiator type, 20-fans		
2	Built-in Radiators - Guntner, radiator type, 10 bar		
2	Smoke Stacks - steel construction, 500 mm dia, 12 m H, supported by structural steel framings, railings (Note: Located at Roof Deck)		
2	Smoke Stacks - steel construction, 500 mm dia, 12 m H, supported by structural steel framings, railings (Note: Located at Roof Deck)		
1	Air Compressor - Hyundai Heavy Industries Co. Ltd., Model JKS-220, Mfg No. JK422005, 19.2 m³/hr rated capacity, 1750 rpm, with:		
1	Air Receiver Tank - Model No. TMRT-600, 600 liters capacity, 2004 Year Mfd.		

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
1	Heavy Fuel Purifier - Samgong Co. Ltd, Model SJ20G, Mfd. No. S1020060, 2004 Year Mfd., 1080 liters/hr capacity, powered by 5.5 kW motor	
1	Lube Oil Purifier - Samgong Co. Ltd, Model SJ10G, Mfd. No. S10110041, 2004 Year Mfd., 863 liters/hr capacity, powered by 5.5 kW motor	
1	Lube Oil Heater Purifier - Onnuri Industrial Machinery Co., Model ONHTR-040930-2, 2004 Year Mfd., 18 kW rated capacity, 155°C design temp., 8 bar design pressure	
1	HF Oil Heater Purifier - Onnuri Industrial Machinery Co., Model ONHTR-040930-1, 2004 Year Mfd., 21 kW rated capacity, 155°C design temp., 8 bar design pressure	
2	Diesel Supply Pumps - Otis, gear type, 64 mm dia. S&D, powered by 0.75 kW motor	
Lot	Generator Control Panel No.1 and 2/ Sychronizing Panel - Hyundai Heavy Industries, metal clad elad enclosure, 3-vertical panels, consisting of:	
1	Annunciator - 40 zone	
1	Annunciator - 10 zone	
1	Engine RPM Indicator - Komeco, Type DTM-ISU-10	
1	Temperature and Pressure Monitor - Komeco, Type TPM-08	
2	Main Bearing Temp. No. 1 and 2 - Komeco, Type DMC-10T	
1	Run Hour Meter - Deif, Type HC 36/24	
1	Generator Paralleling Controller - Deif	
4	Generator Winding Temps. - Autonics, Type TZ4H+B27	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
3	Rotary Selector Switches - pistol grip	
6	Pilot Lights	
5	Push Button Switches	
1	Programmable Logic Controller - Allen Bradley, Model SLC-500, complete with power supply, central processing unit, digital input, digital output	
1	Speed Measuing Unit - Komeco, Model ESP-2000-B	
1	Speed Measuring Unit - Komeco, Model ESP-2000-BS	
1	Cable Supervision - Komeco, Model CS-08T	
1	Fiber Patch Panel - 24 ports	
1	Synchroscope Meter - Selco, to slow-to fast	
1	Double Voltage Meter - Deif, 0-5.6 kV, 0-5.673 Hz	
1	Double Frequency Meter - Deif	
1	Annunciator - 6 zone	
3	Selector Switches	
7	Lock Switches	
Lot	Medium Voltage Switchgear - Hyundai Heavy Industries, metal clad enclosure, 5 vertical panel, consisting of:	
1	Ground Overcurrent Relay - Kyong Electric Co. Ltd, Type GCO	
1	Annunciator - 24 zones	
2	Push Button Switches	
	<u>General Incoming Panel No. 1</u>	
1	Vacuum Circuit Breaker - Hyundai, 630A, 7.5 kV	
	<u>General Incoming Panel No. 2</u>	
1	Vacuum Circuit Breaker - Hyundai, Type HGV114BFJ444AC7, 630A, 7.2 kV	

MACHINERY AND EQUIPMENT

Qty.	*Description*		*Market Value*
	Auxiliary Transformer Incoming Panel		
1	Vacuum Circuit Breaker - Hyundai, Type HGV114BFJ444AC7, 630A, 7.2 kV		
	Outgoing 52-Feeder Circuit Breaker -		
1	Vacuum Circuit Breaker - Hyundai, 2500A, 24 kV rated capacity, draw-out		
	Outgoing Metering		
1	Overcurrent Relay - Magna Electric, NiOL		
1	Power Meter - Deif, Type MIB7000		
1	Power Meter - Powerlogic Monitor, Type A2000		
1	Transformer Protection System - General Electric, Multilin 345		
1	kWH and kVARH Meter - Cewe Instrument, Prometer 3212		
1	Alarm Monitor - complete with standard accessories		
Lot	Motor Control Panel - metal clad enclosure, 4-vertical panels, with 24-section, complete with various circuit breakers, approx. ranging from 20A-100A ratings, complete with standard accessories		
Lot	**3.0 MW Diesel Generator Sets -**	₱	131,519,000
2	A.C. Synchronous Generators - Anglo Belgian Corporation, Type 8DZC-900-160-A, Ser Nos. 14236 and 14237, 1500 kW (1875 kVA) rated cap., 4160 volts, 60 Hz, 900 rpm rated capacity, 2019 Year Mfd, powered by:		
2	Diesel Engines - Anglo Belgian Corp(Nidec), Type LSA 54 L70/8P, Ser Nos. 610850/2 and 610850/01, 9-cylinder, in-line, 1500 kW rated output, 900 rpm, air starter, water-cooled, turbo charged, complete with controls and other standard accessories, mounted on concrete foundation		

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
2	Air Compressors - Ervor, Type 005 STD, Ser Nos. 14543 and 14542, 40 bar, 3-stage cylinder, powered by 4.6 kW motor, with:	
2	Air Receiver Tanks - approx. 600 liters capacity	
1	Fuel Conditioning Module - Alfa Laval, Type FCM012EE-15, Ser No. FM 19A-8689	
1	HFO Heater - Alfa Laval,, Type EHM 24KW, Ser No. 50A1PSG454-1, 15 bar max. pressure, 160°C max temp., 2019 Year Mfd, 24 kW	
2	Switch Over Valves - pneumatic, complete with tanks, valves, pipes and other accessories	
4	Fuel Oil Purifiers - Alfa Laval, Type P605, 9307 r/min max speed(bowl), 1100 kg/m³ feed density, 0/100°C temp., powered by 1.5 kW motor	
1	HFO Module - twin gear type, driven by 1.5 kW motor	
1	F.O Heater for Booster Unit - Onnuri Industrial Machine, 2004 Year Mfd, 155°C design temp., 8 bar design pressure, aluminum cladding	
1	Filter - Alfa Laval, Model F150DE126A05, Ser No. F313504, 15 bar max. working pressure, 160°C working temp., alluminum cladding	
1	F.O Mixing Tank - Onnuri Industrial Machine, 2004 Year Mfd, 0.1 m³ rated capacity, 150°C design temp., 15 bar design pressure, carbon steel with aluminum cladding	
1	F.O Drain Tank - Onnuri Industrial Machine, 2004 Year Mfd, 1.0 m³ rated capacity, 60°C design temp., 2250 x 1350 x 400 mm LWH	

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
1	Fuel Oil Booster - Alfa Laval, Type FCM13012Ee-1.5, Ser No. FM-19A-8686, consisting of:	
1	Booster Pump - gear type, 10 bar, consisting of 2- 1.1 kW motor	
1	Filter - Type: FM152DE8/4 485, Ser No. 35660-19	
1	Booster Pump - gear type, 10 bar, consisting of 2- 1.5 kW motor	
	Genset Control No. 1 and 2	
2	Display Units - ComAP, Intelivision8	
4	Selector Rotary Switches	
10	Indicating Lights	
2	Emergency Push Button Switches	
8	Selector Switches	
Lot	Transformer Control Panel - metal clad enclosure, free standing panel, consisting of:	
1	Annunciator - 24 zone	
3	Push Button Switches	
2	VCB Control Panel - digital	
2	Rotary Switches - piston grip	
2	Air Circuit Breaker Nos. 1 and 2 - Schneider Electric, 7.2 kV, 630A	
1	Battery Panel - metal clad enclosure, 24 VDC rated capacity, complete with 2-batteries, and other accessories	
Lot	Low Voltage Switchgear - metal clad enclosure, with air circuit breaker, 630A rated capacity, complete with wires, cables, other standard accessories	
Lot	Motor Control Panel - Anglo Belgian Corp, metal clad enclosure, 6-vertical panels, with 13 section, complete with various circuit breakers, approx. ranging from 20A-100A ratings, complete with standard accessories	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
Lot	Radiator Control Panel No. 1 and 2 - Anglo Belgian Corp, metal clad enclosure, free standing, complete with various circuit breakers, relays, with standard accessories	
1	Manual Transfer Switch Panel - metal clad enclosure, wall mounted, approx. 630 A capacity, complete with supports and other	
1	Neutral Earthing Resistor - Metal Deploye Resistor, Type FMA002KU000309, Ser No. 001, 2.4 kV nom. resistor voltage, 30A fault current	
	Diesel Electric Power Plant is complete with equipment foundation and structure, electronic control valve, strainer, piping, insulted and non-insulated, valves, fittings, pipe supports, power cables and other standard accessories	
		₱ 174,994,000

ASIAN APPRAISAL

MACHINERY AND EQUIPMENT

Qty.	*Description*		*Market Value*
	TANK FARM		
1	**Horizontal Settling Tank -** fabricated, mild steel welded construction, 20,000 liters capacity, 2500 x 4000 mm DL overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation	₱	82,000
2	**Service Tanks -** fabricated, mild steel welded construction, 10,000 liters capacity, 2470 x 2500 x 1820 mm LWH, overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		122,000
1	**Diesel Tank -** fabricated, mild steel welded construction, 10,000 liters capacity, 2470 x 2500 x 1820 mm LWH, overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation		61,000
1	**Lube Oil Tank -** fabricated, mild steel welded construction, 5,000 liters capacity, 2000 x 2000 x 1400 mm LWH overall dimension, complete with maintenance manhole, access ladder, mounted on concrete foundation		39,000
1	**Sludge Tank -** fabricated, mild steel welded construction, 15,000 liters capacity, 2470 x 2500 x 2500 mm LWH overall dimension, complete with maitenance manhole, access ladder, mounted on concrete foundation		19,000
		₱	323,000

MACHINERY AND EQUIPMENT

Qty.	Description	Market Value
	13.8 kV SUBSTATION	
Lot	**13.8 KV Substation -** consisting of:	₱ 12,604,000
1	Power Transformer - Charoen Chai Transformer Co. Ltd, Ser No. 041980, 2004 Year Mfd, 4500 kVA, 13200 volts HV, 4160 volts LV, ONAN cooling type, wye-delta connection, mounted on concrete foundation	
2	Power Transformers - Kumkang Transformer, Ser. Nos. LC-19075802 and LC-19075801, 2020 Year Mfd, 2000 kVA rated capacity, 13800 volts HV, 4160 volts LV, ONAN cooling type, wye-delta connection, mounted on concrete foundation	
2	Outdoor Switchgears - Schneider, Type HVX17-25-06E210, Ser No. 20028400204-10-003 and 20028400204-10-001, 2019 Year Mfd., 17.5 kV, 630A	
1	Service Transformer (Household) - Delta Star, Ser No. 2K4M1006-1207, 400 kVA, 3-phase, oil-immersed, 4160 volts HV, 480 volts LV, mounted on concrete pedestal	
1	Service Transformer - Delta Star, Ser No. 2K4M1006-1208, 50 kVA cap., dry type, 3-phase, 480 volts HV, 120/240 volts LV	
3	Feeder Line Reclosers - Rockwell, 15 kV, 200A, 60 Hz	
6	Current Transformers - Isolet, 15 kV, 200:5 current ratio	
6	Potential Transformers - Isolet, 120V, 70:1 voltage ratio	
3	Potential Transformers - Shihlin, 120V, 70:1 voltage ratio	
3	Current Transformers - Isolet, 15 kV, 300:5 current ratio	
9	Feeder Fault Indicators - EMG, 800A	

MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
9	Feeder Fuse Cut-Outs - AB Chance, 65A capacity	
3	Feeder Fuse Cut-Outs - AB Chance, 100A capacity	
3	Revenue Meters - General Electric, Type KV2C, Class 200	
	Substation complete with steel structure, grounding system, equipment pedestal and foundation and other electrical line hardware materials (Note: Located at Switchyard Area)	

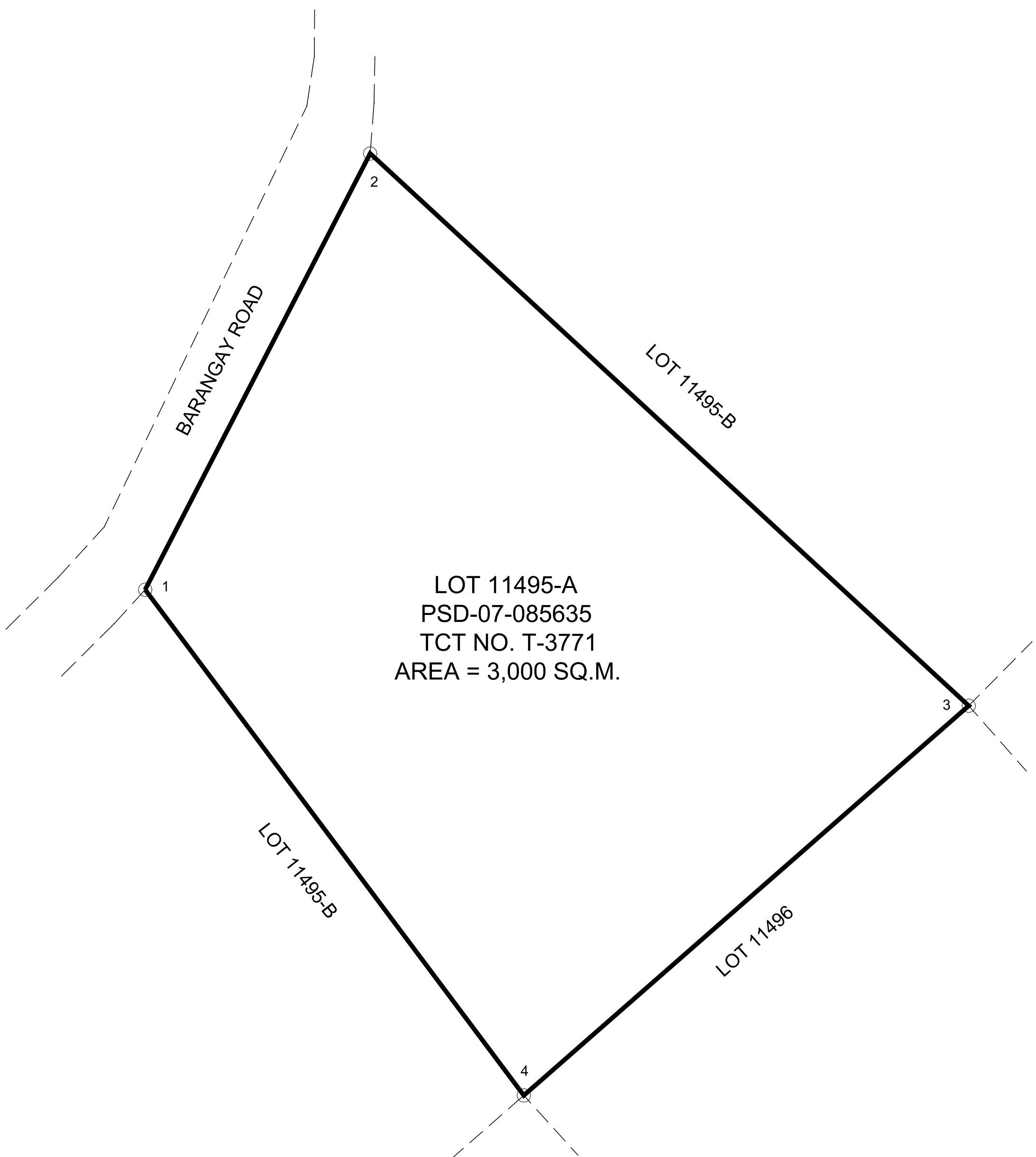
MACHINERY AND EQUIPMENT

Qty.	*Description*	*Market Value*
	WATER DISTRIBUTION SYSTEM	
Lot	**Water Distribution System -** consisting of:	₱ 126,000
1	Water Booster Pump - Aviva, Type Jet1003, self-priming 25 mm dia S&D, 0.75 kW motor	
1	Water Transfer Pump - self-priming, 25 mm dia S&D, powered by 1.2 kW motor	
1	Pressure Tank - stainless steel, 1200 x 1600 mm DH	
1	Water Storage Tank - Inca, HDPE plastic made, 2000 liters cap., approx. 1200 x 3000 mm DH	
1	Water Storage Tank - stainless steel, 150 liters cap., approx. 1000 x 1100 mm DH complete with pipes, valves, fittings and other standard accessories	

MACHINERY AND EQUIPMENT

Qty.	*Description*		*Market Value*
	OTHERS		
1	**Generator Set -** Cummins, Model No. C100D6, Ser No. E151407246, May 2015 Year Mfd, 100 kW rated capacity, driven by 6-cylinder diesel engine, Cummins, Model 6BTA5.9-G6, Engine No. 84225594, steel skid mounted on concrete floor, complete with local panel, batteries, fan, and other accessories	₱	671,000
Lot	**Close Circuit Television System -** consisting of		3,700
1	Digital Video Recorder (DVR) - No Brandname		
4	CCTV Cameras - dome type complete with wires, cables and other standard accessories		
		₱	674,700

ANNEX H



SITE I

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

S.I. POWER CORPORATION

BARANGAY TIGNAO, MUNICIPALITY OF LAZI, PROVINCE OF SIQUIJOR

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LOT PLAN

PREPARED BY:

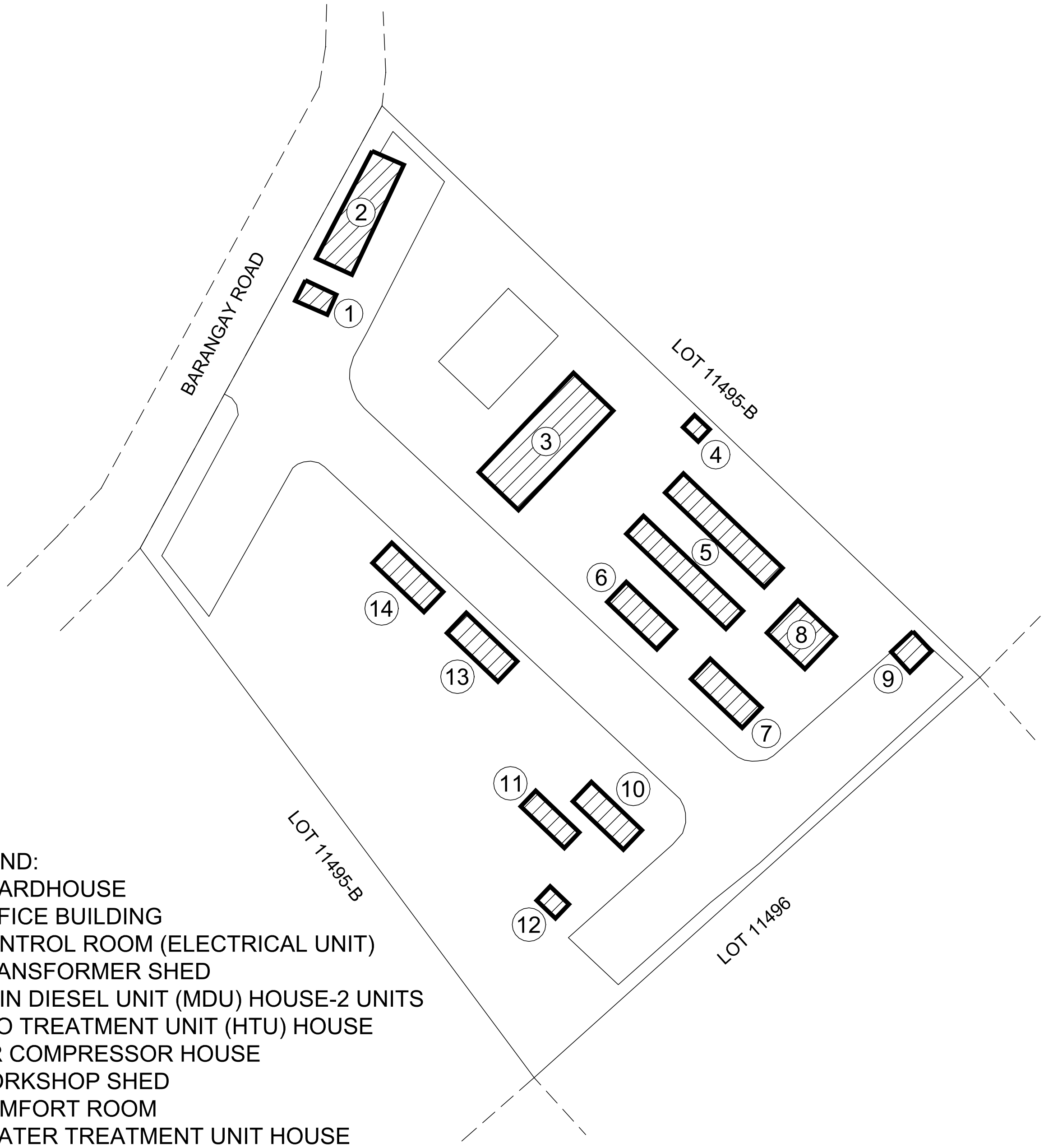
ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10928-002
JAM. C. PRAXIDIO

ANNEX I



LEGEND:
1. GUARDHOUSE
2. OFFICE BUILDING
3. CONTROL ROOM (ELECTRICAL UNIT)
4. TRANSFORMER SHED
5. MAIN DIESEL UNIT (MDU) HOUSE-2 UNITS
6. HFO TREATMENT UNIT (HTU) HOUSE
7. AIR COMPRESSOR HOUSE
8. WORKSHOP SHED
9. COMFORT ROOM
10. WATER TREATMENT UNIT HOUSE
11. WATER SOFTENER SHED
12. FIRE PUMP SHED
13. PUMP STATION
14. PURIFIER HOUSE

SITE I

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S.I. POWER CORPORATION

BARANGAY TIGNAO, MUNICIPALITY OF LAZI, PROVINCE OF SIQUIJOR

PLOT PLAN

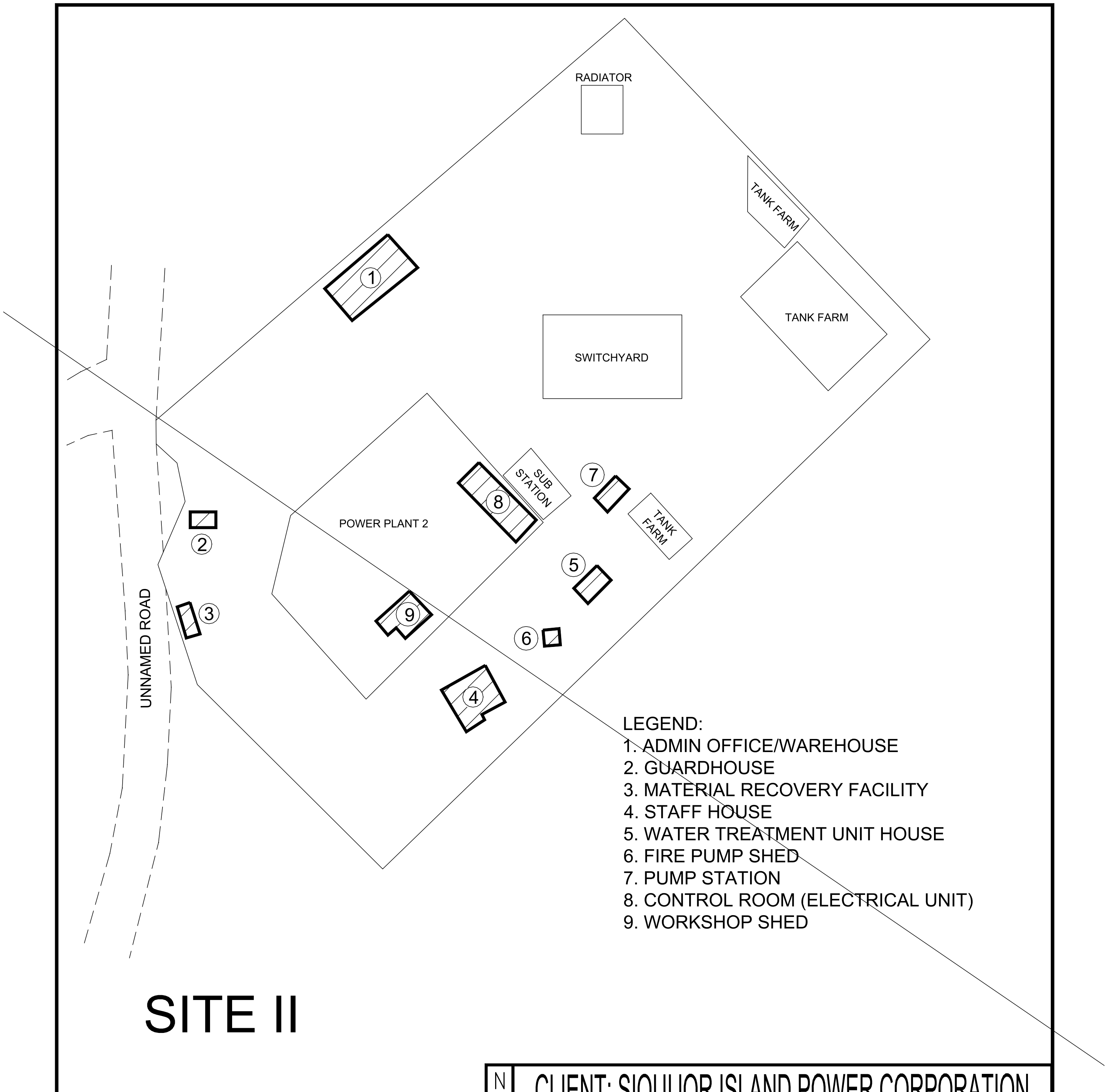
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10928-002
JAM. C. PRAXIDIO



SITE II

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CLIENT: SIQUIJOR ISLAND POWER CORPORATION

BARANGAY CANDANAY SUR, MUNICIPALITY OF SIQUIJOR, PROVINCE OF SIQUIJOR

PLOT PLAN

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10928-002
JAM. C. PRAXIDIO

NOTE:
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ANNEX J

NOTE:
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S.I. POWER CORPORATION

BARANGAY TIGNAO, MUNICIPALITY OF LAZI, PROVINCE OF SIQUIJOR

VICINITY MAP

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10928-002
JAM. C. PRAXIDIO

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CLIENT: SIQUIJOR ISLAND POWER CORPORATION

BARANGAY CANDANAY SUR, MUNICIPALITY OF SIQUIJOR, PROVINCE OF SIQUIJOR

VICINITY MAP

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10928-002
JAM. C. PRAXIDIO

NOTE:
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ANNEX K

Photographs of the Fixed Assets

Site I

The Subject Property

Road Scene along unnamed barangay road

Guardhouse

Office Building

Control Room (Electrical Unit)

Interior View

Transformer Shed

Main Diesel Unit House (2 Units)

HFO Treatment Unit (HTU) House

Air Compressor House

Workshop Shed

Comfort Room

Water Treatment Unit House

Water Softener Shed

Fire Pump Shed

Pump Station

Purifier House

Machinery and Equipment

Diesel Power Generators

Medium Voltage Switchgear

Power Transformer

Selfejector

Standby Generator

Site II

SIPCOR - Candanay Sur

Road Scene along unnamed barangay road

Admin Office/Warehouse

Interior View of Admin Office

Guardhouse

Material Recovery Facility

Staffhouse

Interior View

Water Treatment Unit House

Fire Pump Shed

Control Room (Electrical Unit)

Interior View

Workshop Shed

Machinery and Equipment

SIPCOR 1

Power Transformer

Diesel Generators

Selfejector

Air Compressor

SIPCOR 2

Power Transformers

Diesel Generators

Selfejector

Air Compressors

Built-in Radiators

VALUATION REPORT

presented to

CAMPCOR

CAMOTES ISLAND POWER GENERATION CORPORATION

Real Estate Property

Barangay Teguis, Municipality of Poro
and Barangay Upper Poblacion, Municipality of Pilar
Camotes Island, Province of Cebu
BCG22-C10929-002 | As of May 31, 2022

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

July 18, 2022

CAMOTES ISLAND POWER GENERATION CORPORATION
Upper Ground Floor, Worldwide Corporate Center
Shaw Boulevard, Mandaluyong City
Metropolitan Manila
(The "CLIENT/COMPANY")

Attention: **MS. MARYKNOLL B. ZAMORA**
Chief Financial Officer & Treasurer

Re: **AACI File No. BCG22-C10929-002**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 May 2022, of ***the Land and Building, identified as the site of " Camotes Island Power Generation Corporation (CAMPCOR)"*** (the "PROPERTY") located in the municipalities of Pilar and Poro, Camotes Islands, Province of Cebu.

Purpose of the valuation:	For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the capital increase via property share swap, initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.
Subject of the valuation:	The subject of the valuation is the the Land and Building, identified as the site of " Camotes Island Power Generation Corporation (CAMPCOR)" located in the municipalities of Pilar and Poro, Camotes Islands, Province of Cebu.

Basis of value: The valuation was made on the basis of ***market value***.

Market value 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."

Meanwhile, a **basis of value** is defined as "a statement of the fundamental measurement assumptions of a valuation." (IVSC 2017).

Valuation date: The valuation date is as of 31 May 2022**.**

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 May 2022 is as follows:

Income Approach using Discounted Cash Flow Method

PESOS:
FIVE BILLION
THREE HUNDRED THIRTY-ONE MILLION
FIVE HUNDRED SIXTY THOUSAND ONLY
(In Words)

PHP5,331,560,000.00
(In Figures)

Market and Cost Approach

PESOS:
FIFTY-ONE MILLION
FOUR HUNDRED EIGHTY THOUSAND ONLY
(In Words)

PHP51,480,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.

ENGR. JOHN C. PAR
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

MSE/abd:raca

GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI),** were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

Our appraisal is valid only for the purpose for which it is stated herein. Any other use or reliance by you or third parties is invalid. You may show our report in part or in its entirety to interested parties outside your organization; however, you agree not to reference our name or our report, in whole or in part, in any document distributed to third parties without our prior written consent. We will, subject to legal orders, maintain the confidentiality of all conversations, documents provided to us, and our report. These conditions can only be modified in writing by both parties.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property was done under the direct supervision of the undersigned.

ENGR. JOHN C. PAR
First Vice President
Certified Review Appraiser
Licensed Real Estate Appraiser
PRC REA No. 0002803
PTR No. 8857165

ASSUMPTIONS AND LIMITING CONDITIONS

a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.

b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.

c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.

d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.

e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.

f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.

g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.

i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.

j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.

k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.

l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.

n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.

o) Erasures on appraisal date and values invalidate this valuation report.

p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 CAMOTES ISLAND POWER GENERATION CORPORATION

The CLIENT is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

For the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). This is in connection with the capital increase via property share swap, initial public offering of the CLIENT and will form part of their REIT Plan that will be made publicly available.

3 Basis of Value

The basis of value shall be 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."

4 Macroeconomic Overview: Philippine Economy

4.1 Q1 2022 Gross Domestic Product (GDP)

The country's Gross Domestic Product (GDP) posted a growth rate of 8.3% in the first quarter of 2022 with the main contributors and their corresponding increases, as follow: Manufacturing, 10.1%; Wholesale and retail trade; repair of motor vehicles and motorcycles, 7.3%; and Transportation and storage, 26.5%.

Among the major economic sectors, Agriculture, forestry, and fishing, Industry and Services all marked positive growths in the first quarter of 2022 with 0.2%, 10.4%, and 8.6% rates, respectively.

Household Final Consumption Expenditure (HFCE) grew by 10.1% in the first quarter of 2022. Growths on Government Final Consumption Expenditure (GFCE), 3.6%; Gross Capital Formation (GCF), 20.0%; Exports of goods and services, 10.3%; and Imports of goods and services, 15.6% were recorded as well.

Net Primary Income (NPI) from the Rest of the World grew by 103.2% bringing the Gross National Income (GNI) to grow by 10.7% during the period.

Please see Table 1.

Table 1. Gross Domestic Product by Industry
Q1 2021 and Q1 2022
At Constant 2018 Prices, in million pesos

INDUSTRY/INDUSTRY GROUP	Q1 2021	Q1 2022	+/-	%	Growth Rate	% to GDP
Agriculture, Hunting, Forestry, and Fishing	434,037	434,737	699.97	0.20%	0.2%	0.02%
Industry	1,282,788	1,416,526	133,737.87	37.91%	10.4%	3.14%
Services	2,548,497	2,766,870	218,372.73	61.90%	8.6%	5.12%
GROSS DOMESTIC PRODUCT	**4,265,322**	**4,618,133**	**352,810.56**		**8.3%**	

Source: PSA and AACI estimates, May 2022

Industry accounted for 30.7% of the GDP in the first quarter of 2022. It recorded a growth rate of 10.4% for the period, from a -4.2% rate last year.

Manufacturing, which comprised 68.8% of the total Industry Sector, recorded a growth rate of 10.1% for the quarter. Construction, with a share of 17.9% to total Industry, posted a growth rate of 13.5% for the period. Electricity, steam, water and waste management which composed 10.3% of the Industry Sector, progressed by 5.8%. Mining and quarrying, with its 3.0% share to total Industry, likewise recorded a growth rate of 17.0% for the first quarter of 2022.

Please see Table 2.

Table 2. Gross Value Added in Industry
Q1 2021 and Q1 2022
At Constant 2018 Prices, in million pesos

INDUSTRY/INDUSTRY GROUP	Q1 2021	Q1 2022	+/-	%	Growth Rate	% to GVA
a. Mining and quarrying	36,626	42,851	6,224.91	4.65%	17.0%	0.49%
b. Manufacturing	885,261	974,740	89,479.02	66.91%	10.1%	6.98%
c. Electricity, steam, water and waste management	137,399	145,338	7,938.55	5.94%	5.8%	0.62%
d. Construction	223,502	253,598	30,095.39	22.50%	13.5%	2.35%
INDUSTRY SECTOR	**1,282,788**	**1,416,526**	**133,737.87**		**10.4%**	

Source: PSA and AACI estimates, May 2022

For the first quarter of 2022, the Services Sector contributed the highest to the country's GDP with a 59.9% share. It showed a growth rate of 8.6% for the period compared to -4.0% on the same quarter last 2021.

Following are the top industries under the Services Sector that contributed the most to its growth for the period: Wholesale and retail trade; repair of motor vehicles and motorcycles, with a growth rate of 7.3%; Financial and insurance activities, 7.2%; Real estate and ownership of dwellings, with 7.9%; Professional and business services, 8.8%; Public administration and defense; compulsory social activities, by 0.8%; and Education by 7.8% growth rate.

Moreover, other industries' progress for the first quarter of 2022 likewise showed positive impact on the overall growth of the Sector as a whole. Transportation and storage increased by 26.5%. Information and communication likewise recorded a growth rate which is at 7.7%. Furthermore, Human health and social work activities, Accommodation and food service activities, and Other services also posted growth rates of 1.2%, 21.0%, and 22.3%, respectively.

Please see Table 3.

Table 3. Gross Value Added in Services
Q1 2021 and Q1 2022
At Constant 2018 Prices, in million pesos

INDUSTRY/INDUSTRY GROUP	Q1 2021	Q1 2022	+/-	%	Growth Rate	% to GVA
a. Wholesale and retail trade; repair of motor vehicles and motorcycles	698,808	749,926	51,117.50	23.41%	7.3%	2.01%
b. Transportation and storage	135,079	170,879	35,800.05	16.39%	26.5%	1.40%
c. Accommodation and food service activities	69,435	83,986	14,550.96	6.66%	21.0%	0.57%
d. Information and communication	146,848	158,135	11,286.53	5.17%	7.7%	0.44%
e. Financial and insurance activities	464,504	498,115	33,611.06	15.39%	7.2%	1.32%
f. Real estate and ownership of dwellings	254,009	274,150	20,140.38	9.22%	7.9%	0.79%
g. Professional and business services	235,962	256,678	20,716.18	9.49%	8.8%	0.81%
h. Public administration and defense; compulsory social activities	205,833	207,445	1,611.72	0.74%	0.8%	0.06%
i. Education	184,500	198,905	14,405.33	6.60%	7.8%	0.57%
j. Human health and social work activities	90,437	91,529	1,092.05	0.50%	1.2%	0.04%
k. Other services	63,079	77,120	14,040.96	6.43%	22.3%	0.55%
SERVICES SECTOR	**2,548,497**	**2,766,870**	**218,372.73**		**8.6%**	

Source: PSA and AACI estimates, May 2022

5 Extent of investigation and nature and source of the information relied upon

a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;

b. For the term of lease, we have used documents provided by the COMPANY; and

c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

The subject PROPERTY consists of land and buildings located at CAMPCOR Pilar and Poro. The land has a combined area of 16,406.5 square meters and the buildings have a combined floor area of 821.30 square meter.

6.1 Camotes Island Power Generation Corporation (CAMPCOR) – Pilar

The property appraised is an industrial compound, identified as the site of "Camotes Island Power Generation Corporation (CAMPCOR) - Pilar – 3.2 MW Heavy Fuel Oil (HFO) Fired Power Plant", located on the southeast side of an unnamed barangay road, within Barangay Upper Poblacion, Municipality of Pilar, Ponson Island, Camotes Islands, Province of Cebu.

Camotes Islands comprises of three major islands and one minor islet namely the islands of Pacijan, Poro, Ponson, and Tulang. Ponson Island's sole municipality is Pilar, and is where the subject property is located.

Figure 1: Camotes Island Power Generation Corporation (CAMPCOR) - Pilar

6.1.1 Location

The site is about 830 meters northwest from St. Francis Xavier Church, some 900 meters northwest from Pilar Municipal Hall, and approximately 1.30 kilometers northwest from Pilar Port.

Figure 2: Camotes Island Power Generation Corporation (CAMPCOR) - Pilar location map

6.2 Camotes Island Power Generation Corporation (CAMPCOR) – Poro

The property appraised is an industrial compound, identified as the site of "Camotes Island Power Generation Corporation (CAMPCOR) – Poro – 7.12 MW Heavy Fuel Oil (HFO) Fired Power Plant", located on the northwest side of the provincial road, within Barangay Teguis, Municipality of Poro, Poro Island, Camotes Islands, Province of Cebu.

Camotes Islands comprises of three major islands and one minor islet namely the islands of Pacijan, Poro, Ponson, and Tulang. Poro Island consists of two (2) municipalities – Tudela and Poro, the latter being where the subject property is located.

Figure 3: Camotes Island Power Generation Corporation (CAMPCOR) – Poro

6.2.1 Location

The site is about 1.20 kilometers northwest from Poro San Francisco Mangrove Highway, some 2.30 kilometers northwest from Poro Municipal Hall, and approximately 2.60 kilometers northwest from Camotes Port, in the immediate vicinity of Seaview Park and Poro Public Market.

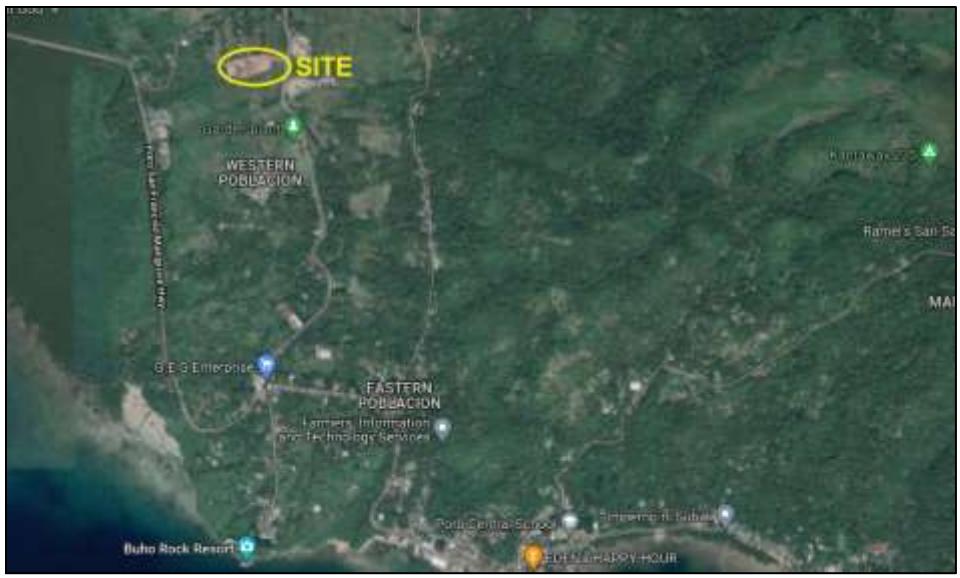


Figure 4: Camotes Island Power Generation Corporation (CAMPCOR) – Poro location map

6.3 Land Data

6.3.1 CAMPCOR Pilar

On the basis of documents furnished us particularly a copy of Real Estate Property Tax Declaration No. 32-0002-00345, the land subject of this appraisal consists of a lot technically identified as Lot 024 containing an area of 7,938.50 sq.m., more or less, and is registered under the name of HEIRS OF JULIAN BORINAGA.

On a separate document particularly a relocation plan, a copy of which was furnished us, the subject lot is identified as Lot 274, Cad-659-D, with an area of 7,939 sq.m. It was also noted that the northeast corner of the property was encroached by the unnamed barangay road. The estimated affected area is about 71 sq.m., thereby leaving a net useable area of 7,868 sq.m., and which shall be the subject of this appraisal. This net area however, is subject to change upon final instrument survey. As such, we reserve the right to reassess our evaluation and make the necessary corrections in our report.

6.3.2 CAMPCOR Poro

On the basis of documents furnished us particularly a copy of Real Estate Property Tax Declaration No. 34-0017-15487 and sketch plan of the property, the land subject of this appraisal consists of a lot technically identified as Lot 1 containing an area of 8,468 sq.m. more or less, and is registered under the name of JAYME H. CULANGO married to Euprosina D. Culango.

6.4 Building Data

6.4.1 CAMPCOR Pilar

Item	*Description*	*Unit*	*Area (sq.m.)*
BUILDING			
1	**Powerhouse**	*sq.m.*	*150*
2	**Guardhouse**	*sq.m.*	*8*
3	**Material Recovery Facility**	*sq.m.*	*12*
4	**Fire Pumphouse**	*sq.m.*	*9*
5	**Reverse Osmosis House**	*sq.m.*	*15*
6	**Admin Office Building**	*sq.m.*	*50*

6.4.2 CAMPCOR Poro

Item	*Description*	*Unit*	*Area (sq.m)*
BUILDING			
1	**Powerhouse**	*sq. m.*	*530.2*
2	**Guardhouse**	*sq. m.*	*6*
3	**Material Recovery Facility**	*sq. m.*	*12*
4	**Fire Pumphouse**	*sq. m.*	*9*
5	**Reverse Osmosis House**	*sq. m.*	*15*
6	**Transformer House**	*sq. m.*	*2.8*
7	**Storage**	*sq. m.*	*2.3*

6.5 Property Ownership

6.5.1 Land

The land located at Pilar and Poro are owned by the CLIENT.

Based on the Tax Declaration, CAMPCOR Pilar is registered under the name of HEIRS OF JULIAN BORINAGA while the CAMPCOR Poro is registered under the name of JAYME H. CULANGO married to Euprosina D. Culango.

6.5.2 Building

The building located in CAMPCOR Pilar and Poro are owned by the CLIENT.

6.6 Existing use of the Property

The property is located in an area where land development is generally for agricultural usages. Residential developments are likewise noted in the vicinity of the property. The PROPERTY both in Pilar and Poro are being used for power generation plants.

6.7 Occupancy Rate and Lease Profile

The PROPERTY has an occupancy rate of 100.00% as of the time of valuation.

6.7.1 Lease Cycle

For Land, 10 years, renewable upon mutual agreement, for another 10 year(s).

For Building and Plant Assets, 10 years, renewable upon mutual agreement, for another 10 year(s).

6.7.2 Rental Rate

Land - the Base rental rate for the land in Poro is at PHP 82,160,413 per year and PHP 77,022,961 per year in Pilar with an escalation rate of 3% per annum starting in year 2 onwards.

Building - the Base rental rate for the building in Poro is at PHP63,978,573 per year and the building in Pilar is at PHP45,161,345 per year, with an escalation rate of 3% per annum starting in year 2 onwards.

6.7.3 Estimated Current Yield

ESTIMATED GROSS REVENUE	ESTIMATED COST AND EXPENSE	ESTIMATED NET OPERATING INCOME	MARKET VALUE	YIELD
268,323,292.00	- 13,416,164.60	254,907,127.40	5,331,560,000	4.78%

6.7.4 Rent Review Provisions

Any adjustment on the rental payment for the Leased Area not defined on the Lease Contract shall be subject to discussion and shall be mutually agreed upon, in writing, by the Parties.

6.7.5 Warranties

The LESSOR and the LESSEE represent and warrant in favor of each other that:

a. Each has full power, authority and legal right to execute, deliver and perform the Contract and has taken all the necessary corporate action to authorize the foregoing;
b. The Contract constitutes the legal, valid and binding obligation of the LESSOR and the LESSEE, enforceable in accordance with its terms; and
c. The execution, delivery and performance of the Contract do not and will not violate any provision of, or result in a breach of or constitute a default under any law, regulation or judgment, or violate any agreement binding upon either of them or any of their property.

6.7.6 Maintenance of the Leased Premises

The LESSEE shall, at its own cost and expense, and throughout the term of the Agreement and any renewal thereof, keep and maintain the Leased Area in good order and condition and make necessary repairs thereon, and in accordance with the requirements imposed by regulations of governmental authorities and the LESSOR.

The LESSEE shall not be obligated to make any repairs, replacements, or renewals of any kind, nature or description whatsoever to the Leased Area, except for damage caused by the LESSEE to the Leased Area.

6.7.7 Assignment of Lease Contract

The LESSEE shall not assign or transfer its rights under the Agreement or any interest, without the prior written consent of the LESSOR.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** "provides an indication of value by converting future cash flow to a single current value." Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income for the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis for Market and Cost Approach

In arriving at the Market Value, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price at 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 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 absolute, free and clear. "Fee Simple Absolute" is defined as an ownership without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

For imported items, the pricing process gave full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

Our investigation was restricted to a detailed inventory and appraisal of the subject Fixed Assets and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

7.5.1 Land Valuation

The appraisal of the land gave due consideration to the highest and best use of the property. As defined, Highest and Best Use is the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

The value of the land was arrived at using the Market Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. Our comparison was premised on the factors of location, size and shape of the lot, time element and others.

7.5.2 Buildings and Other Land Improvements Valuation

In arriving at our opinion of value, we have considered the Cost Approach Method of Valuation based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

In estimating the Replacement cost of the structures, we have used the "Comparative Unit Method" wherein the construction cost of the structure is based on unit cost per square meter of floor area of the building/structure using established Construction Cost Data from internal records and/or published data from construction or quantity surveying companies such as Langdon Seah and Department of Public Works and Highways or in combination with Modified Quantity Survey Method which requires an analysis of the building by breaking it down into structural components such as foundation, columns, beams, floorings, walls, roofing and others, using workable units as in meters, square meter, cubic meter or other appropriate basic unit. Equally given importance are the architectural components, i.e floor finish, wall finish, ceiling works, fenestrations, plumbing, electrical and the like. Bill of quantities for each building component using the appropriate basic unit was prepared and related to the unit cost for each component developed on the basis of current costs of materials and labor prevailing in the locality to arrive at the direct costs of the building, whereupon indirect costs such as contractor's profits, overhead, taxes, and fees, and other related expenses are then added. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence based on personal inspection of the Building.

7.5.3 Land Valuation

We conducted a survey to gather available sales and current listings, and although no sales of truly comparable lands have occurred, the following are believed to provide reasonable bases for comparison:

Listings:

	Date	Source	Location	Land Area (Sq.M.)	Asking Price (Per Sq.M.)
1	Current	Ms. Melith Luchavez Real Estate Agent Contact No.: (0948) 929-88-01	a vacant mixed-use lot along a barangay road, within Barangay Mercedes, Municipality of Poro, Camotes Island, Province of Cebu	5,000	₱700
2	Current	A certain Mr. Jorenz Real Estate Agent Contact Nos.: (0907) 027-76-36/ (0929) 518-08-37	a vacant mixed-use lot along a barangay road, within Barangay Cagcagan, Municipality of Poro, Camotes Island, Province of Cebu (Note: near barangay hall)	4,744	₱822
3	Current	Ms. Danila Fabroa Owner Contact No.: (0917) 650-18-56	a vacant mixed-use lot along a barangay road, within Barangay Adela, Municipality of Poro, Camotes Island, Province of Cebu	1,185	₱1,000

7.5.4.1 Land Valuation Analysis

Site I

	Listing No. 1	Listing No. 2	Listing No. 3
Road/Landmark	barangay road	barangay road/ near barangay hall	barangay road
Barangay/Municipality	Mercedes/Poro	Cagcagan/Poro	Adela/Poro
Lot Area (in Sq.M.)	5,000	4,744	1,185
Asking Price (Per Sq.M.)	₱700	₱822	₱1,000
Less: Bargaining Allowance	-10%	-10%	-10%
Net Price (Per Sq.M.)	₱630	₱740	₱900
Adjustment Factors:			
Transactional Adjustments			
Rights Conveyed	-	-	-
Financing Terms	-	-	-
Time (Market Condition)	-	-	-
Condition of Sale	-	-	-
Locational Adjustments			
Location/Accessibility	5%	10%	5%
Neighborhood	5%	5%	5%
Development	10%	10%	10%
Zoning	-	-	-
Physical Adjustments			
Road Influence	-	-	-
Size	-5%	-5%	-10%
Shape/Frontage	-	-	-
Utility	5%	5%	5%
Potential use	-	-	-
Net Adjustments	20%	25%	15%
Peso Adjustment to Net Price	₱126	₱185	₱135
Adjusted Price	₱756	₱925	₱1,035
% Weight	33%	33%	34%
Price Contribution	₱249	₱305	₱352
Weighted Price	₱906		
Rounded to	**₱910**	**per sq.m.**	

Site II

	Listing No. 1	Listing No. 2	Listing No. 3
Road/Landmark	barangay road	barangay road/ near barangay hall	barangay road
Barangay/Municipality	Mercedes/Poro	Cagcagan/Poro	Adela/Poro
Lot Area (in Sq.M.)	5,000	4,744	1,185
Asking Price (Per Sq.M.)	₱700	₱822	₱1,000
Less: Bargaining Allowance	-10%	-10%	-10%
Net Price (Per Sq.M.)	₱630	₱740	₱900
Adjustment Factors:			
Transactional Adjustments			
Rights Conveyed	-	-	-
Financing Terms	-	-	-
Time (Market Condition)	-	-	-
Condition of Sale	-	-	-
Locational Adjustments			
Location/Accessibility	5%	5%	5%
Neighborhood	-	-	-
Development	-	-	-
Zoning	-	-	-
Physical Adjustments			
Road Influence	-	-	-
Size	-	-	-10%
Shape/Frontage	-	-	-
Utility	-	-	-
Potential use	-	-	-
Net Adjustments	5%	5%	-5%
Peso Adjustment to Net Price	₱32	₱37	(₱45)
Adjusted Price	₱662	₱777	₱855
% Weight	34%	33%	33%
Price Contribution	₱225	₱256	₱282
Weighted Price	₱763		
Rounded to	**₱760**	**per sq.m.**	

After an analysis of the market data, and considering the adjustment factors, the market value of the land, appraised as of ***May 31, 2022,*** is estimated as follows:

	Market Value
Land -	
<u>Site I</u>	
8,468 sq.m. @ ₱910 per sq.m.	***₱7,706,000***
	==========
<u>Site II</u>	
net usable area of 7,868 sq.m. @ ₱760 per sq.m.	***₱5,980,000***
	==========

7.5.4.2 Buildings and Other Land Improvements Valuation

CAMPCOR - PORO (BUILDING)

Item	*Description*	*Unit*	*Area (sq.m.)*	*EUC*	*RCN*	*Depreciation*	*Market Value*
1	Powerhouse	*sq.m.*	*530.2*	40,000	*21,208,000*	99%	*20,987,000*
2	Guardhouse	*sq.m.*	*6*	20,000	*120,000*	99%	*119,000*
3	Material Recovery Facility	*sq.m.*	*12*	15,000	*180,000*	99%	*178,000*
4	Fire Pumphouse	*sq.m.*	*9*	15,000	*135,000*	99%	*133,000*
5	Reverse Osmosis House	*sq.m.*	*15*	15,000	*225,000*	99%	*222,000*
6	Transformer House	*sq.m.*	*2.8*	12,000	*34,000*	98%	*33,000*
7	Storage	*sq.m.*	*2.3*	8,000	*18,000*	96%	*17,000*
							21,689,000

CAMPCOR - PORO (OTHER LAND IMPROVEMENTS)

Item	Description	Unit	Area (sq.m.)/ Volume (cu. m)	EUC	RCN	Depreciation	Market Value
1	Perimeter Fence (Concrete & Cyclone Wire)	sq.m.	220	1,500	330,000	98%	323,000
1.1	Perimeter Fence (Concrete & Cyclone Wire)	m	420	1,000	420,000	98%	411,000
							734,000
2	Driveway & Parking Area	sq.m.	1,000	1,200	1,200,000	98%	1,175,000
3	Site Development	lot	1	3,540,000	3,540,000	98%	3,466,000
							5,375,000

CAMPCOR - PILAR (BUILDING)

Item	Description	Unit	Area (Sq.m.)	EUC	RCN	Depreciation	Market Value
1	Powerhouse	sq.m.	150	40,000	6,000,000	99%	5,938,000
2	Guardhouse	sq.m.	8	20,000	160,000	99%	158,000
3	Material Recovery Facility	sq.m.	12	15,000	180,000	99%	178,000
4	Fire Pumphouse	sq.m.	9	20,000	180,000	99%	178,000
5	Reverse Osmosis House	sq.m.	15	20,000	300,000	99%	296,000
6	Admin Office Building	sq.m.	50	25,000	1,250,000	50%	625,000
							7,373,000

CAMPCOR - PILAR (OTHER LAND IMPROVEMENTS)

Item	*Description*	*Unit*	*Area (sq.m.)/ Volume (cu. m)*	*EUC*	*RCN*	*Depreciation*	*Market Value*
1	Fence (Concrete & Cyclone Wire)	*sq.m.*	*150*	1,500	*225,000*	98%	*220,000*
1.1	Fence (Cyclone Wire)	*m*	*150*	8,000	*1,200,000*	98%	*1,175,000*
							1,395,000
2	& Parking Area	*sq.m.*	*500*	1,200	*600,000*	98%	*588,000*
3	opment	*lot*	*1*		*1,403,000*	98%	*1,374,000*
							3,357,000

For a detailed computation of Buildings and Other Land Improvements, please see annex F and G.

7.5.4.3 Valuation Result under Market and Cost Approach

	CAMPCOR – PORO	CAMPCOR - PILAR
Land	7,706,000	5,980,000
Buildings	21,689,000	7,373,000
Other Land Improvements	5,375,000	3,357,000
TOTAL	34,770,000	16,710,000
GRAND TOTAL		**51,480,000**

7.6 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.7 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$\mathbf{FV = PV\ (1 + \mathit{i}\ )^t}$$

such that:

FV = the future value of the investment PV after t years
PV = the principal amount of an investment or its present value
i = the applicable compound interest or discount rate
t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$\mathbf{PV = FV / (1 + \mathit{i})t}$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.8 Discount Rate

As per section 50.31 of International Valuation Standards of 2020, valuer may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes; Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate was set using the Weighted Average Cost of Capital as of the valuation date.

Cost of Equity		**Delevered**	**Relevered**
Risk free rate (5Y)	5.7776%		
Market rate of return	11.897600%		
Phil RE sector beta	1.0167	0.4357	0.6536
Cost of equity	11.9996%	8.44%	9.78%

Computation of Weighted Average Cost of Capital

	Cost	**%**	**Weight**
Debt	6.00%	40.00%	2.40%
Equity	9.78%	60.00%	5.87%
Weighted average cost of capital			**8.27%**

- It is a common market practice to use a 5year or 10year government bond yield on the discount rate when valuing an asset. For this valuation, we used 10-year Risk free Rate based on BVAL as of the valuation date.
- Market rate of return was based on the 6.12% country risk premium published by Damodaran for the Philippines and the 5-year Risk Free Rate as of the valuation date.
- We used the 1.0167 beta based on the average beta of the comparable real estate companies as of the valuation date.
- Client's debt to equity ratio is at 40/60.

7.9 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$\mathbf{NPV = [\sum FVt / (1 + i)t] - I_0}$$

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.

7.10 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

7.10.1 For the tenure of the leases, we have used the projected lease data provided by the CLIENT.

7.10.2 The COMPANY's cash inflows consist of rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;

7.10.3 For the operating expenses, we assumed 5% based on the gross revenue stipulated on the projected lease contract.

7.10.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3.5% rental growth rate based on the comparable. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

7.11 Basis of the Assumption

The properties, which comprise of certain land, buildings, and plant assets, more particularly described on Table 1, currently in owned and/or in the possession and control by CAMOTES ISLAND POWER GENERATION CORPORATION ("CAMPCOR"), will be transferred by CAMPCOR to [PREMIERE ISLAND] ("PREMIERE"), by way of a Deed of Assignment and Subscription ("Deed"), which transfer will be implemented through a tax-free exchange pursuant to Section 40(c)(2) of the National Internal Revenue Code, as amended.

Pursuant to this, PREMIERE shall for apply an application for an increase in its authorized capital stock with the Securities and Exchange Commission (the "SEC"), a portion of which, CAMPCOR will subscribe to, and as payment for such subscription, CAMPCOR will transfer and convey to PREMIERE, all their title, rights, and interest, to and in respect of, the Properties, via a property for share-swap.

Immediately upon the approval of the SEC of the capital increase and the issuance of shares to CAMPCOR, PREMIERE, as lessor and CAMPCOR, as lessee, will enter into lease agreements over the Properties. Pursuant to which, CAMPCOR shall have to utilize the Properties for its power generation operations.

Table 1. THE CAMPCOR PROPERTY

REGISTERED OWNER	TYPE OF PROPERTY	LOCATION	AREA (in sqm)
Camotes Island Power Generation Corporation *Note that the Tax Declaration covering the property is in the name of Spouses Jayme H. Culango and Euprosina De la Peña Culango	Land	Brgy. Teguis, Poro, Camotes Island, Cebu	8,468.00
Camotes Island Power Generation Corporation *Note that the Tax Declaration covering the property is in the name of Adonis Ferdinand Borinaga, Fe Marie Rose Hass, Grace Marie Borinaga, Leila Marilyn Hunt, and Maria Teresita Borinaga	Land	Upper Poblacion, Pilar, Cebu	7,938.50
Camotes Island Power Generation Corporation	Building	Brgy. Teguis, Poro, Camotes Island, Cebu	577.30
Camotes Island Power Generation Corporation	Building	Upper Poblacion, Pilar, Cebu	244

7.12 Summary of Values

Please see annex A to D for a detailed computations.

CAMPCOR	MARKET VALUE
Land - Pilar	1,530,440,000
Land - Poro	1,632,520,000
Building - Pilar	897,350,000
Building - Poro	1,271,250,000
TOTAL	**5,331,560,000**

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of ***THE PROPERTY*** as of 31 May 2022 is as follows:

PESOS:
FIVE BILLION
THREE HUNDRED THIRTY-ONE MILLION
FIVE HUNDRED SIXTY THOUSAND ONLY
(In Words)

PHP5,331,560,000.00
(In Figures)

Market and Cost Approach

PESOS:
FIFTY-ONE MILLION
FOUR HUNDRED EIGHTY THOUSAND ONLY
(In Words)

PHP51,480,000.00
(In Figures)

1 Valuation Date

This valuation is prospectively as of **31 May 2022.**

ANNEX A

CAMOTES ISLAND POWER GENERATION CORPORATION
CAMPCOR PILAR - LAND
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	TERMINAL VALUE
Admin and operating expenses	%	5%	5%	5%	5%	5%	
Income Tax	%	0%	0%	0%	0%	0%	
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on land	PHP	44,930,061	79,333,650	81,713,660	84,165,069	86,690,022	
Gross Revenues	**PHP**	**44,930,061**	**79,333,650**	**81,713,660**	**84,165,069**	**86,690,022**	
Less: Operating expenses							
Admin and operating expenses	PHP	(2,246,503)	(3,966,683)	(4,085,683)	(4,208,253)	(4,334,501)	
Less: Operating Expenses	**PHP**	**(2,246,503)**	**(3,966,683)**	**(4,085,683)**	**(4,208,253)**	**(4,334,501)**	
NET INCOME BEFORE TAX	**PHP**	**42,683,558**	**75,366,968**	**77,627,977**	**79,956,816**	**82,355,520**	
Income Tax	PHP	-	-	-	-	-	
NET INCOME AFTER TAX	**PHP**	**42,683,558**	**75,366,968**	**77,627,977**	**79,956,816**	**82,355,520**	
TERMINAL VALUE	**PHP**						**1,788,281,202**
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	4.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6949
Present value	**PHP**	**40,751,079**	**66,460,798**	**63,227,903**	**60,152,269**	**57,226,244**	**1,242,619,997**
Net present value (NPV)	**PHP**	**1,530,438,290**					
Rounded to:	**PHP**	**1,530,440,000**					

ANNEX B

CAMOTES ISLAND POWER GENERATION CORPORATION
CAMPCOR PORO LAND
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	TERMINAL VALUE
Admin and operating expenses	%	5%	5%	5%	5%	5%	
Income Tax	%	0%	0%	0%	0%	0%	
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on land	PHP	47,926,907	84,625,225	87,163,982	89,778,901	92,472,268	
Gross Revenues	**PHP**	**47,926,907**	**84,625,225**	**87,163,982**	**89,778,901**	**92,472,268**	
Less: Operating expenses							
Admin and operating expenses	PHP	(2,396,345)	(4,231,261)	(4,358,199)	(4,488,945)	(4,623,613)	
Less: Operating Expenses	**PHP**	**(2,396,345)**	**(4,231,261)**	**(4,358,199)**	**(4,488,945)**	**(4,623,613)**	
NET INCOME BEFORE TAX	**PHP**	**45,530,562**	**80,393,964**	**82,805,783**	**85,289,956**	**87,848,655**	
Income Tax	PHP	-	-	-	-	-	
NET INCOME AFTER TAX	**PHP**	**45,530,562**	**80,393,964**	**82,805,783**	**85,289,956**	**87,848,655**	
TERMINAL VALUE	**PHP**						**1,907,560,020**
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	4.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6949
Present value	**PHP**	**43,469,187**	**70,893,750**	**67,445,221**	**64,164,441**	**61,043,249**	**1,325,503,072**
Net present value (NPV)	**PHP**	**1,632,518,920**					
Rounded to:	**PHP**	**1,632,520,000**					

ANNEX C

CAMOTES ISLAND POWER GENERATION CORPORATION
CAMPCOR PILAR - BUILDING
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	TERMINAL VALUE
Admin and operating expenses	%	5%	5%	5%	5%	5%	
Income Tax	%	0%	0%	0%	0%	0%	
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on building	PHP	26,344,118	46,516,186	47,911,671	49,349,021	50,829,492	
Gross Revenues	**PHP**	**26,344,118**	**46,516,186**	**47,911,671**	**49,349,021**	**50,829,492**	
Less: Operating expenses							
Admin and operating expenses	PHP	(1,317,206)	(2,325,809)	(2,395,584)	(2,467,451)	(2,541,475)	
Less: Operating Expenses	**PHP**	**(1,317,206)**	**(2,325,809)**	**(2,395,584)**	**(2,467,451)**	**(2,541,475)**	
NET INCOME BEFORE TAX	**PHP**	**25,026,912**	**44,190,376**	**45,516,088**	**46,881,570**	**48,288,017**	
Income Tax	PHP	-	-	-	-	-	
NET INCOME AFTER TAX	**PHP**	**25,026,912**	**44,190,376**	**45,516,088**	**46,881,570**	**48,288,017**	
TERMINAL VALUE	**PHP**						**1,048,533,887**
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	4.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6949
Present value	**PHP**	**23,893,830**	**38,968,367**	**37,072,805**	**35,269,449**	**33,553,815**	**728,593,005**
Net present value (NPV)	**PHP**	**897,351,271**					
Rounded to:	**PHP**	**897,350,000**					

ANNEX D

CAMOTES ISLAND POWER GENERATION CORPORATION
CAMPCOR PORO - BUILDING
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2022	2023	2024	2025	2026	TERMINAL VALUE
Admin and operating expenses	%	5%	5%	5%	5%	5%	
Income Tax	%	0%	0%	0%	0%	0%	
FREE CASH FLOWS							
Rental Income:							
Guaranteed Lease income on building	PHP	37,320,834	65,897,930	67,874,868	69,911,114	72,008,447	
Gross Revenues	**PHP**	**37,320,834**	**65,897,930**	**67,874,868**	**69,911,114**	**72,008,447**	
Less: Operating expenses							
Admin and operating expenses	PHP	(1,866,042)	(3,294,896)	(3,393,743)	(3,495,556)	(3,600,422)	
Less: Operating Expenses	**PHP**	**(1,866,042)**	**(3,294,896)**	**(3,393,743)**	**(3,495,556)**	**(3,600,422)**	
NET INCOME BEFORE TAX	**PHP**	**35,454,792**	**62,603,033**	**64,481,124**	**66,415,558**	**68,408,025**	
Income Tax	PHP	-	-	-	-	-	
NET INCOME AFTER TAX	**PHP**	**35,454,792**	**62,603,033**	**64,481,124**	**66,415,558**	**68,408,025**	
TERMINAL VALUE	**PHP**						**1,485,423,007**
NET PRESENT VALUE							
Period lapsed	years	0.5833	1.5833	2.5833	3.5833	4.5833	4.5833
Discount rate	%	8.27%	8.27%	8.27%	8.27%	8.27%	8.27%
Present value factor	%	0.9547	0.8818	0.8145	0.7523	0.6949	0.6949
Present value	**PHP**	**33,849,593**	**55,205,187**	**52,519,806**	**49,965,052**	**47,534,571**	**1,032,173,424**
Net present value (NPV)	**PHP**	**1,271,247,634**					
Rounded to:	**PHP**	**1,271,250,000**					

B U I L D I N G S

D e s c r i p t i o n		*Market Value*

SITE I

Powerhouse ₱ 20,987,000

No. of Storey (s)	:	one (1), lofty with mezzanine
Estimated Floor Area	:	530.20 sq.m.
General Framing	:	steel on reinforced concrete foundation
Walls	:	concrete hollow blocks and long span rib-type metal sheets
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	long span rib-type metal sheets on steel frame
Flooring	:	reinforced concrete slab
Floor Finish	:	plain cement with epoxy paint
Partitions	:	concrete hollow blocks of plastered cement finish and plywood
Ceiling	:	plywood
Windows	:	1/4' clear glass on analok frame (sliding type), 1/4' clear glass on analok frame (awning-type) and steel louver vents
Doors	:	enamel painted marine plywood flush type and motorized roll-up doors
Others	:	The building is painted and provided with fire fighting equipments and fire alarm system, electrical lighting and plumbing facilities.
Observed Physical Condition	:	new

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Guardhouse	₱	119,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	6 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	rib-type metal sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	ceramic tile
Partitions	:	concrete hollow blocks of plastered cement
Ceiling	:	plywood
Windows	:	1/4' clear glass on analok frame (sliding type) and 1/4' clear glass on analok frame (awning-type)
Doors	:	enamel painted marine plywood flush-type with bottom louver
Others	:	The building is painted and provided electrical lighting and plumbing facilities.
Observed Physical Condition	:	new

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Material Recovery Facility	₱	178,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	12 sq.m.
General Framing	:	reinforced concrete
Walls	:	partly concrete hollow blocks and wire mesh on galvanized iron pipe frames
Roofing	:	rib-type metal sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	plain cement
Partitions	:	partly concrete hollow blocks and wire mesh on galvanized iron pipe frame
Doors	:	wire mesh on galvanized iron pipe frame
Others	:	The building is painted and provided electrical lighting facility.
Observed Physical	:	new

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Fire Pumphouse	₱	133,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	9 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	rib-type metal sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	plain cement
Windows	:	concrete louver blocks
Doors	:	wire mesh on galvanized iron pipe frame
Others	:	The building is painted and provided electrical lighting and plumbing facilities.
Observed Physical Condition	:	new

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Reverse Osmosis House (2 units)	₱	222,000

Description		This consists of six (2) units of 20-footer container vans with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete mat foundation. It houses the reverse osmosis system and provided with steel plate with epoxy paint flooring and steel louvered type and steel plate doors.
Estimated Floor Area	:	30 sq.m. (total)
Others	:	It is painted and provided with electrical lighting and plumbing facilities.
Observed Physical Condition	:	new

BUILDINGS

Description			*Market Value*
Transformer House		₱	33,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	2.8 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	rib-type metal sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	plain cement
Windows	:	concrete louver vents
Doors	:	rib-type metal sheets on galvanized iron pipe frame
Others	:	It is painted and provided electrical lighting facility.
Observed Physical Condition	:	new

B U I L D I N G S

D e s c r i p t i o n	*Market Value*
Storage	₱ 17,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	2.3 sq.m.
General Framing	:	galvanized iron pipe
Walls	:	rib type metal sheets and wire mesh
Roofing	:	rib-type metal sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	plain cement
Doors	:	rib type metal sheets and wire mesh on galvanized iron pipe frame (swing type)
Others	:	It is painted and provided electrical lighting facility.
Observed Physical Condition	:	new

₱ 21,689,000

B U I L D I N G S

Description	*Market Value*

SITE II

Powerhouse - ₱ 5,938,000

No. of Storey (s)	:	one (1), lofty
Estimated Floor Area	:	150 sq.m.
General Framing	:	steel on reinforced concrete foundation
Walls	:	concrete hollow blocks and long span rib-type metal sheets on 2mm thk. C-purlins framing
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	long span rib-type metal sheets on steel frame suplemented with heat insulation
Flooring	:	reinforced concrete slab
Floor Finish	:	plain cement with epoxy paint
Partitions	:	concrete hollow blocks of plastered cement finish
Ceiling	:	plywood
Doors	:	enamel painted marine plywood flush type, PVC flush type, aluminum roll-up and steel plate doors
Others	:	The building is painted and provided with fire fighting equipment and fire alarm system, electrical lighting and plumbing facilities.
Observed Physical Condition	:	new

BUILDINGS

Description		*Market Value*
Guardhouse -	₱	158,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	8 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	rib-type metal sheets on steel frame
Flooring	:	concrete slab
Floor Finish	:	ceramic tile
Partitions	:	concrete hollow blocks of plastered cement
Ceiling	:	plywood
Windows	:	1/4' clear glass on analok frame (sliding type) and 1/4' clear glass on analok frame (awning-type)
Doors	:	enamel painted marine plywood flush type and PVC flush type with bottom louver
Others	:	The building is painted and provided electrical lighting and plumbing facilities.
Observed Physical Condition	:	new

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Material Recovery Facility -	₱	178,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	12 sq.m.
General Framing	:	reinforced concrete
Walls	:	partly concrete hollow blocks and wire mesh on galvanized iron pipe frames
Roofing	:	rib-type metal sheets on steel frame supplemented with heat insulation
Flooring	:	concrete slab
Floor Finish	:	plain cement
Partitions	:	partly concrete hollow blocks and wire mesh on galvanized iron pipe frame
Doors	:	wire mesh on galvanized iron pipe frames
Others	:	The building is painted and provided electrical lighting facility.
Observed Physical	:	new

B U I L D I N G S

D e s c r i p t i o n		*Market Value*
Fire Pump House -	₱	178,000

No. of Storey (s)	:	one (1)
Estimated Floor Area	:	9 sq.m.
General Framing	:	reinforced concrete
Walls	:	concrete hollow blocks
Interior Wall Finish	:	plastered cement
Exterior Wall Finish	:	plastered cement
Roofing	:	rib-type metal sheets on steel frame supplemented with heat insulation
Flooring	:	concrete slab
Floor Finish	:	plain cement
Windows	:	concrete louver blocks
Doors	:	wire mesh on galvanized iron pipe frame
Others	:	The building is painted and provided electrical lighting and plumbing facilities.
Observed Physical Condition	:	new

B U I L D I N G S

D e s c r i p t i o n			*Market Value*
Reverse Osmosis House -		₱	296,000
Description	: This consists of a 20-footer container vans with dimension of 6.10 meter long, 2.44 meter wide and 2.59 meter high mounted on a reinforced concrete pier foundation. It houses the reverse osmosis system and provided with steel plate with epoxy paint flooring and steel plate door.		
Estimated Floor Area	: 15 sq.m.		
Others	: It is painted and provided with electrical lighting and plumbing facilities.		
Observed Physical Condition	: new		
Admin Office Building (Under Construction) -			625,000
No. of Storey (s)	: one (1)		
Estimated Floor Area	: 50 sq.m.		
General Framing	: reinforced concrete		
Walls	: concrete hollow blocks		
Interior Wall Finish	: plastered cement		
Exterior Wall Finish	: plastered cement		
Flooring	: concrete slab		
Observed Physical Condition	: It is presently under construction of about 50% completion.		
		₱	7,373,000

OTHER LAND IMPROVEMENTS

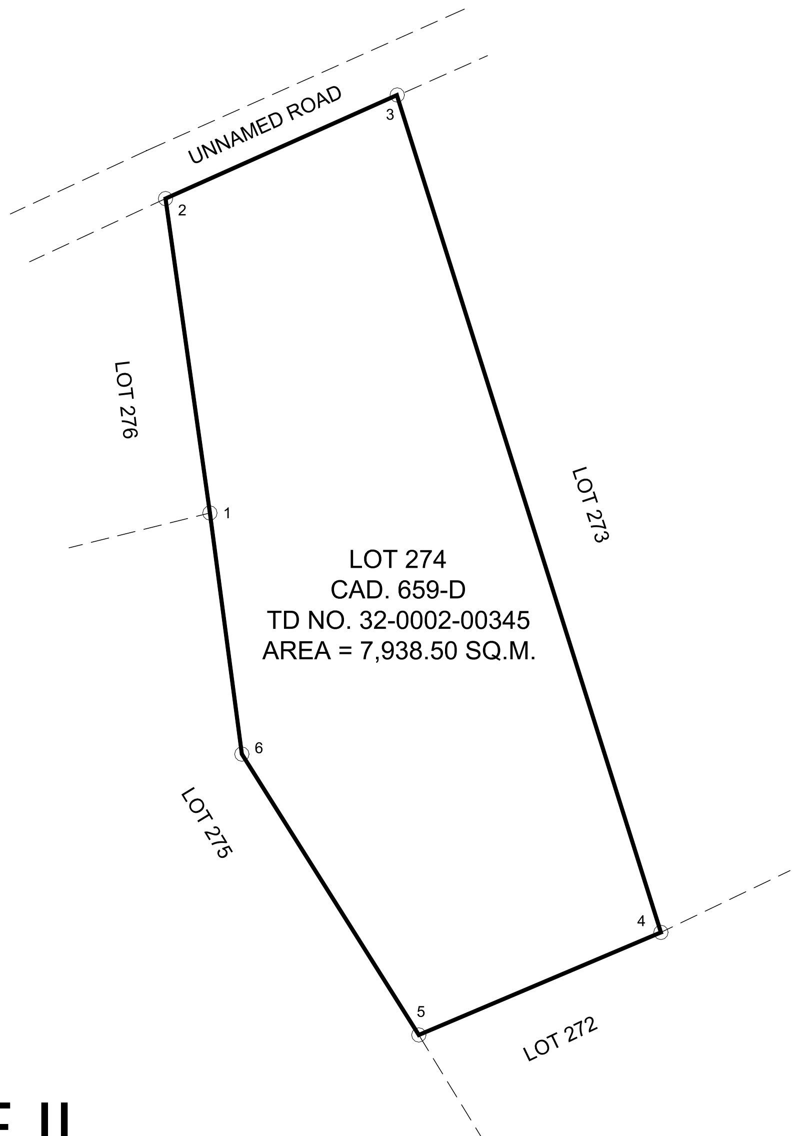
Description			*Market Value*
SITE I			
Perimeter Fence	: These consist of concrete hollow blocks of plastered cement finish topped with cyclone wire on galvanized iron pipe frame and barbed wire perimeter fences and cyclone wire on galvanized iron pipe frame gate hinged on reinforced concrete posts. The total length is approximately 530 lineal meters an average height of 2 meters.	₱	734,000
Driveway and Parking Area	These consist of reinforced concrete pavement laid on well-compacted earth and gravel base course driveway and parking area. The estimated floor area is about 1,000 sq.m.		1,175,000
Site Development	These consist of site clearing and grubbing, grading, excavation, earth filling, drainage system, permits, engineering design, etc.		3,466,000
		₱	5,375,000

ASIAN APPRAISAL

OTHER LAND IMPROVEMENTS

Description				*Market Value*
SITE II				
Perimeter Fence	:	These consist of concrete hollow blocks of plastered cement finish topped with cyclone wire on galvanized iron pipe frame (60% complete) and cyclone wire on galvanized iron pipe frame fences and mild steel topped with wire mesh on galvanize iron pipe frame (sliding type) gate mounted on reinforced concrete posts. The total length is approximately 150 lineal meters and an average height of 2 meters.	₱	1,395,000
Driveway and Parking Area	:	These consist of reinforced concrete pavement laid on well-compacted earth and gravel base course driveway and parking area. The estimated surface area is about 500 sq.m.		588,000
Site Development	:	These consist of site clearing and grubbing, grading, excavation and earth filling, drainage system, permits, engineering design, etc.		1,374,000
			₱	3,357,000

ANNEX G



SITE II

NOTE: BASED ON TAX DECLARATION FORM.

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N

S

CLIENT: CAMOTES ISLAND POWER GENERATION CORPORATION

BARANGAY UPPER POBLACION, MUNICIPALITY OF PILAR, CAMOTES ISLAND, PROVINCE OF CEBU

LOT PLAN

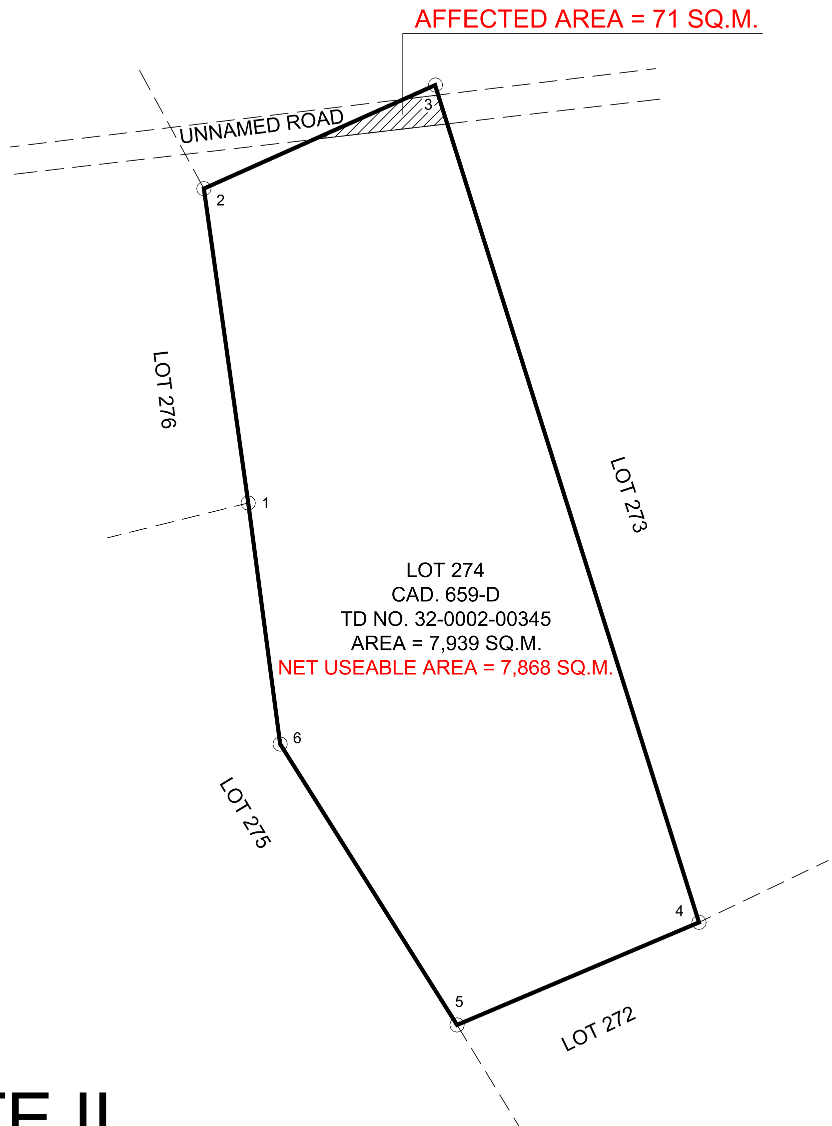
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10929-002
JAM. C. PRAXIDIO



SITE II

NOTE: BASED ON RELOCATION PLAN.

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N

S

CLIENT: CAMOTES ISLAND POWER GENERATION CORPORATION

BARANGAY UPPER POBLACION, MUNICIPALITY OF PILAR, CAMOTES ISLAND, PROVINCE OF CEBU

LOT PLAN

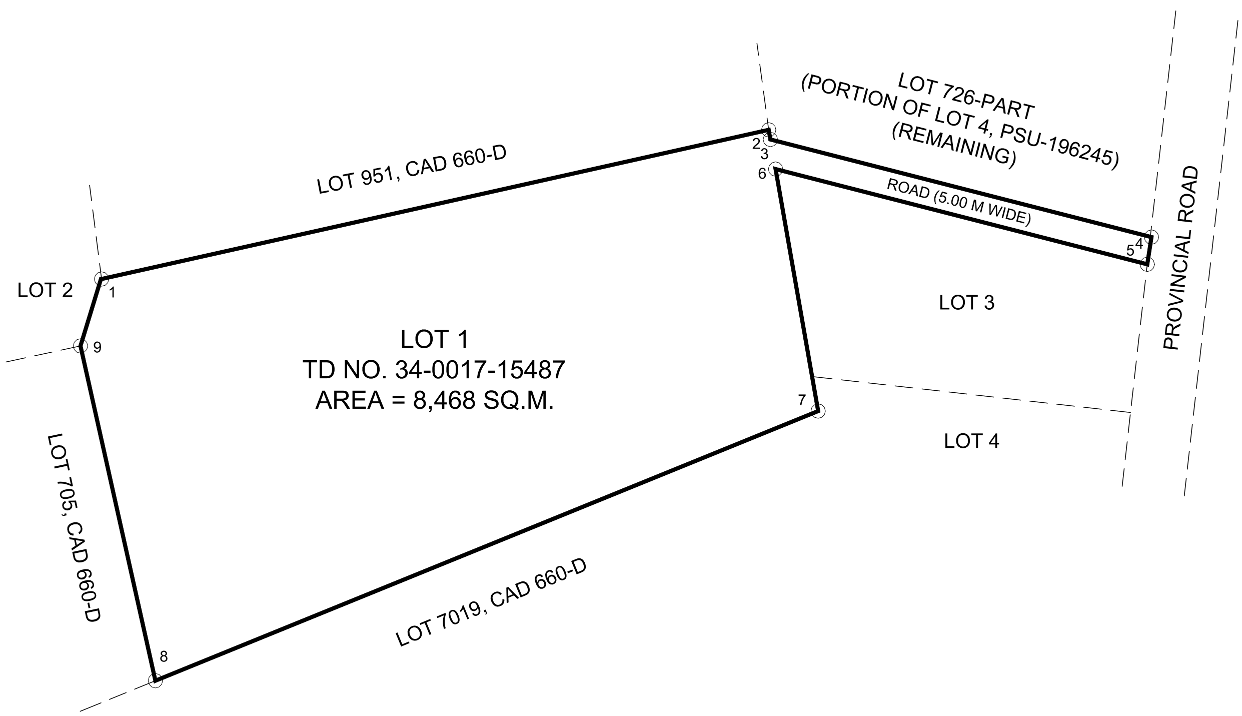
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10929-002
JAM. C. PRAXIDIO



SITE I

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N
S

CLIENT: CAMOTES ISLAND POWER GENERATION CORPORATION

BARANGAY TEGUIS, MUNICIPALITY OF PORO, CAMOTES ISLAND, PROVINCE OF CEBU

LOT PLAN

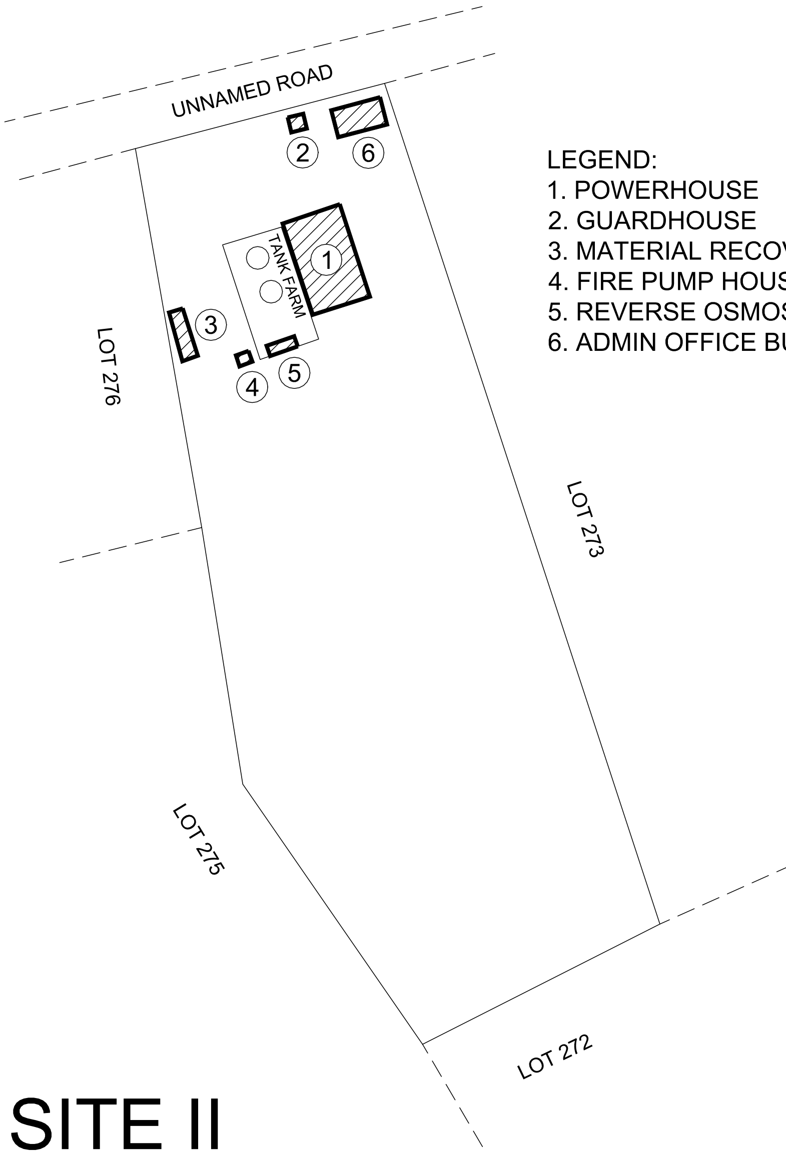
PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10929-002
JAM. C. PRAXIDIO



LEGEND:
1. POWERHOUSE
2. GUARDHOUSE
3. MATERIAL RECOVERY FACILITY
4. FIRE PUMP HOUSE
5. REVERSE OSMOSIS HOUSE
6. ADMIN OFFICE BUILDING (UNDER CONSTRUCTION)

SITE II

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

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CLIENT: CAMOTES ISLAND POWER GENERATION CORPORATION

BARANGAY UPPER POBLACION, MUNICIPALITY OF PILAR, CAMOTES ISLAND, PROVINCE OF CEBU

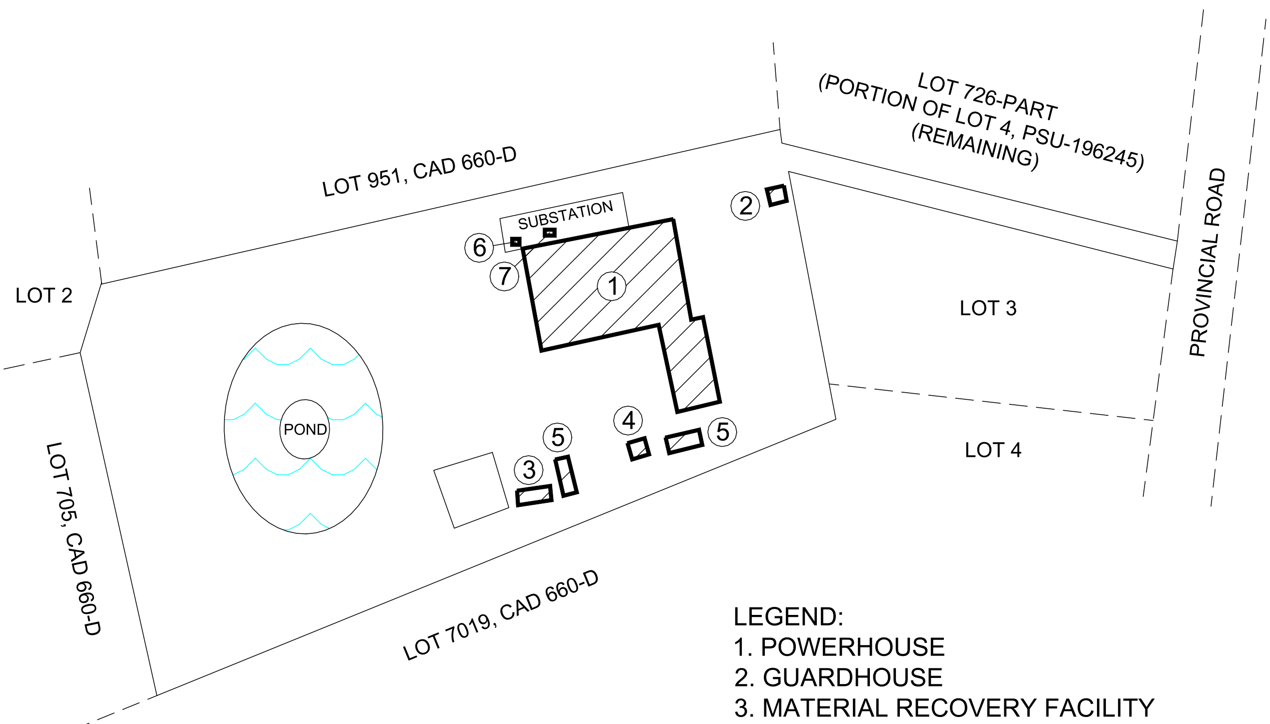
PLOT PLAN

PREPARED BY:

ASIAN APPRAISAL
MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10929-002
JAM. C. PRAXIDIO



LEGEND:
1. POWERHOUSE
2. GUARDHOUSE
3. MATERIAL RECOVERY FACILITY
4. FIRE PUMPHOUSE
5. REVERSE OSMOSIS HOUSE (2 UNITS)
6. TRANSFORMER HOUSE
7. STORAGE

SITE I

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N
S

CLIENT: CAMOTES ISLAND POWER GENERATION CORPORATION

BARANGAY TEGUIS, MUNICIPALITY OF PORO, CAMOTES ISLAND, PROVINCE OF CEBU

PLOT PLAN

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10929-002
JAM. C. PRAXIDIO

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N

S

CLIENT: CAMOTES ISLAND POWER GENERATION CORPORATION

BARANGAY UPPER POBLACION, MUNICIPALITY OF PILAR, CAMOTES ISLAND, PROVINCE OF CEBU

VICINITY MAP

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET
BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10929-002
JAM. C. PRAXIDIO

NOTE:
This plan should not be construed as FINAL as this is not a RELOCATION nor SURVEY PLAN. It is being presented for identification purposes only.

N

S

CLIENT: CAMOTES ISLAND POWER GENERATION CORPORATION

BARANGAY TEGUIS, MUNICIPALITY OF PORO, CAMOTES ISLAND, PROVINCE OF CEBU

VICINITY MAP

PREPARED BY:

ASIAN APPRAISAL

MTE BUILDING, NO. 2735 ZENAIDA STREET

BARANGAY POBLACION, MAKATI CITY, METROPOLITAN MANILA

NOT TO SCALE

BCG22-C10929-002

JAM. C. PRAXIDIO

ANNEX H

Photographs of the Property

Site I - The Subject Property

Front View

Rear View

Powerhouse

Interior View

Powerhouse Interior View

Powerhouse Interior View (Mezzanine Floor)

Guardhouse

Material Recovery Facility

Fire Pumphouse

Reverse Osmosis House Unit 1

Reverse Osmosis House Unit 1 Interior View

Reverse Osmosis House Unit 2

Transformer House

Storage

Site II

The Subject Property

Road Scene along unnamed barangay road

Powerhouse

Interior View

Guardhouse

Interior View

Material Recovery Facility

Fire Pump House

Reverse Osmosis House Unit 1

Admin Office Building (Under Construction)

P&A Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF THE PROFIT FORECAST AND PROFIT PROJECTION

November 17, 2022

The Board of Directors
Premiere Island Philippines Holding Corporation
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

Dear Sir/Madam,

Independent Auditor's Report on the Profit Projections for the Projected Years 2022 and 2023.

We report on the profit projection of Premiere Island Philippines Holding Corporation (the "Company") for the period ending December 1, 2022 to December 31, 2022 and for the year ending December 31, 2023 (the "Profit Forecast and Profit Projection"). This report has been prepared for inclusion in the real estate investment trust plan (the "REIT Plan") dated November 17, 2022 issued in connection with the Secondary Offering of 1,400,000,000 Common Shares and with an Over-allotment Option of up 210,000,000 Common Shares at the assumed Offer Price of up to P2.00 per Offer Share (the "Offering"). The Profit Forecast and Profit Projection, and the material assumptions on which it was prepared, are set out on the Profit Projection section of the REIT Plan issued by the Company.

Management's Responsibility

Management is responsible for the preparation of the Profit Forecast and Profit Projection and for the factors and assumptions made therein, as set out on the Profit Projection section of the REIT Plan, in accordance with Philippine Financial Reporting Standards (PFRS).

Auditors' Independence

We have complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants in the Philippines, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Scope of Work

We have examined the profit projections, excluding certain non-PFRS measures, their reconciliation, calculation and amounts such as Funds from Operations, Adjusted Funds from Operations (AFFO), AFFO payout ratio, dividends payout ratio, illustrative price range per share, dividends, offer price, dividend yield, net operating income and capital expenditure as set out on the Profit Projection section of the REIT Plan which have been prepared on the basis of the assumptions as set out on the Profit Projection section of the REIT Plan, in accordance with Philippine Standard on Assurance Engagements (PSAE) 3400, *The Examination of Prospective Financial Information*. The Company is solely responsible for the profit projection, including the assumptions set out on the Profit Projection section of the REIT Plan on which they are based.

We planned and performed our work so as to obtain the information and explanations we considered necessary to conclude on whether the Profit Forecast and Profit Projection has been properly prepared on the basis stated and the basis of accounting used for the Profit Projection has been consistent with the accounting policies of the Company. Since the Profit Projection and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we express no opinion about whether the actual results reported will correspond to those shown in the Profit Projection and differences may be material.

Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast and Profit Projection as described in the Scope of Work section of this report. Further, in our opinion, the Profit Forecast and Profit Projection, is properly prepared on the basis of the assumptions as set out on the Profit Forecast and Profit Projection section of the REIT Plan, is consistent with the accounting policies adopted by the Company as set out in the notes to combined carve-out financial statements included in the REIT Plan for the years ended December 31, 2021, 2020, and 2019, and is presented in accordance with PFRS.

Even if the events anticipated under the hypothetical assumptions described in the REIT Plan occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material.

Other Matters

Attention is drawn to the risk factors set out on the Risk Factors section of the REIT Plan which describe the principal risks associated with the Offering to which the Profit Forecast and Projection relate and the sensitivity analysis of the Profit Forecast and Profit Projection as set out on the Profit Forecast and Profit Projection section of the REIT Plan.

Restriction on Use

This report has been prepared for the inclusion in the REIT Plan, and, may, therefore, not be appropriate for another purpose. Our report is intended solely for intended users of the REIT Plan. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

November 17, 2022