



PSE Number: \_\_\_\_\_  
SEC Number: 2022030044636-59  
File Number: \_\_\_\_\_

**Premiere Island Power REIT Corporation**

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(Company's Full Name)

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(Telephone Number)

**December 31, 2025**

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(Fiscal Year Ending)

**Annual Report- SEC Form 17-A**

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(Form Type)

**N/A**

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(Amendments – if applicable)



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## PART I – GENERAL INFORMATION

### Item 1. Business

#### Background of Business

Premiere Island Power REIT Corporation (the **Company** or **PREIT**) was registered with the Securities and Exchange Commission (**SEC**) on 4 March 2022, originally under the name Premiere Island Holding Corporation, primarily to engage in investment activities as an investment holding company. On 9 November 2022, the SEC approved the change in name of the Company to its current name and the change in its primary purpose to that of a real investment trust company. PREIT is a real estate investment trust (**REIT**) incorporated under the Philippine Real Estate Investment Trust Law (Republic Act No. 9856) listed with the Philippine Stock Exchange (**PSE**) on 15 December 2022. As of 31 December 2025, gross leasable area (**GLA**) of the property portfolio totaled to 30,666 sq. m.

PREIT has an authorized capital stock of P7,500,000,000.00 divided into 7,500,000,000 common shares with a par value of P1.00 per share. As of 31 December 2025, 3,288,669,000 common shares of the Company are issued and outstanding.

PREIT 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 S.I. Power Corporation and Camotes Island Power Generation Corporation (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 will also 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.

#### Sponsors

S.I. Power Corporation (**SIPCOR**) and Camotes Island Power Generation Corporation (**CAMPCOR**), sponsors of the REIT, are corporations organized under the laws of the Philippines.

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. 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 wires, conduits, ducts, and subways 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 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, which 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 investors strong indications of further revenue growth in the near future.

### Fund Manager

PREIT's fund manager is VFund Management, Inc. (formerly Communities Palawan, Inc.) (**VFund** or the **Fund Manager**). It was incorporated on 8 November 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. The Fund Manager has an 11-year track record in the development of real estate industry. 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 our Shareholders, with a focus on investment yields and profitability margins. Currently, the Fund Manager has the President, Chief Financial Officer, and its Chief Audit Executive as its full-time employees, each of whom have track records and experience in financial management and the real estate industry of at least 10 years prior to joining the Fund Manager.

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.

In addition, the Fund Manager shall be entitled to receive from the Company an acquisition fee equivalent to 0.5% of the acquisition price, for every acquisition, exclusive of value-added taxes. 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.

### Property Manager

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

As of 31 December 2025, the directors and executive officers of the Property Manager have over 20 years of accumulated experience in commercial real estate operations, leasing, and property management.

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.

### Competition

The Company's and its Lessees' main competition in the Philippine electricity market are coal, oil and natural gas electricity generators, as well as other renewable energy suppliers who use hydro, wind, geothermal and solar PV technologies. The market price of commodities, such as natural gas and coal, are important drivers of energy pricing and competition in most energy markets, including in the Philippines.

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.

### 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. (For more information, see Audited Financial Statements, Note 15).

### Risks Associated with the Company's Business

*PREIT'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 PREIT.*

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 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. 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, ongoing geopolitical tensions and disruptions in the Middle East may contribute to volatility in global fuel prices and supply chains, which could adversely affect the operating costs of power generation companies. These developments may, in turn, affect the outlook of the Philippine energy sector and could materially and adversely affect the Company's results of operations. The Company continues to monitor these developments and their potential impact on its tenants and overall business operations.

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 can manage these risks through its land lease rental rates for its Properties that are largely composed of guaranteed base lease which are 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 the 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 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. PREIT'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. However, there is no assurance that the Company can provide an effective mitigation to such risk.

*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 canceled, including as a result of any of the 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 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 2034, 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 Siquijor Diesel Power Plant 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 cases. 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.

*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. 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.

*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 insure 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.

*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.

### Significant Transactions During 2022

#### *Increase in Authorized Capital Stock*

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 P7,500,000,000.00, divided into 7,500,000,000 common shares, with a par value of P1.00, 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.

#### *Execution of Deed of Assignment and Subscription*

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 P8,221,660,000.00, 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). On 31 May 2022, the Company and Sponsors executed a deed of assignment whereas the Sponsors cede, assign, and transfer to the Company, in a manner absolute and irrevocable, the parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, to the REIT, in consideration for the issuance of REIT's shares. The property-for share swap transaction, forming part of the capital increase of the REIT, was also approved by the SEC on May 31, 2022. 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. The parcels of land include the land owned by the NPC to which the lease right was also assigned to the REIT as approved by the NPC. The lease has an original term of 20 years with renewal option, subject to mutual agreement of both parties, and an escalation rate of 20% every five years. 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.

#### *Cash Dividend Declaration*

On 11 July 2022, the BOD approved the declaration of cash dividends amounting to P2.0 million from its unrestricted retained earnings payable to stockholders of record as of 11 July 2022. The dividends were paid on 29 August 2022.

#### *Initial Public Offering Through Secondary Offer of Shares*

On 15 December 2022, the Company successfully completed its P2.4 billion initial public offering (**IPO**) through secondary sale of shares held by its Sponsors, debuting with an initial portfolio of eight properties with a total gross leasable area of 30,666 square meters.

### Significant Transactions During 2023

#### *Cash Dividend Declaration*

During the year, the BOD approved the declaration of the following dividends from its unrestricted retained earnings payable to stockholders.

Date of Declaration	Payment Date	Cash Dividend per Share		Total
April 28, 2023	May 26, 2023	0.0682	P	224,287,226
June 22, 2023	July 17, 2023	0.0299		98,331,203
September 8, 2023	September 29, 2023	0.0359		118,063,217
			P	<u>440,681,646</u>

### Significant Transactions During 2024

#### *Cash Dividend Declaration*

During the year, the BOD approved the declaration of the following dividends from its unrestricted retained earnings payable to stockholders.

Date of Declaration	Payment Date	Cash Dividend per Share		Total
February 5, 2024	March 12, 2024	0.0388	P	127,600,357
April 14, 2024	May 13, 2024	0.0388		127,600,357
May 27, 2024	June 28, 2024	0.0326		107,210,609
August 29, 2024	September 27, 2024	0.0326		107,210,609
November 28, 2024	December 27, 2024	0.0325		118,881,744
			P	<u>576,503,676</u>

### Significant Transactions During 2025

#### *Cash Dividend Declaration*

During the year, the BOD approved the declaration of the following dividends from its unrestricted retained earnings payable to stockholders.

Date of Declaration	Payment Date	Cash Dividend per Share		Total
April 15, 2025	May 21, 2025	0.0548	P	180,219,061
May 26, 2025	June 27, 2025	0.0332		109,183,811
August 27, 2025	September 26, 2025	0.0331		108,854,944
November 28, 2025	January 14, 2026	0.0265		87,149,729
			P	<u>485,407,545</u>

#### *Revocation of SIPCOR's permit to operate and suspension of lease agreements with SIPCOR*

In August 2025, the Energy Regulatory Commission (ERC) issued a Decision revoking the Provisional Authorities to Operate previously granted to S.I. Power Corporation (SIPCOR) for its generating units in Siquijor. Thus, SIPCOR has pursued the legal remedies available to it, including the filing of a Petition challenging the ERC Decision and seeking injunctive relief. At present, the proceedings before the Court of Appeals remain ongoing.

In view of these developments, PREIT and SIPCOR mutually agreed to temporarily suspend their Lease Agreement dated 11 April 2022, as amended (the "Lease Agreement") and as a consequence of such suspension, PREIT likewise suspended the recognition of revenue arising from the lease until such time as SIPCOR's authority to operate is reinstated or as may otherwise be directed by PREIT's Board of Directors (the "Board").

The suspension, however, is without prejudice to SIPCOR's obligation to pay for the current maintenance of the leased assets, as well as the right to terminate the Lease Agreement or avail of such other remedies as may be warranted thereafter. PREIT's Board further resolved that the suspension shall remain in effect until 31 December 2025, after which the matter shall be reevaluated, taking into consideration SIPCOR's exhaustion of all available legal remedies to resume operations in accordance with law.

PREIT's Management continues to monitor developments and assess the potential impact on the Company's operations and financial condition.

## Item 2. Properties

The Company's principal investment strategy is to invest in income-generating real estate. 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 Feed-in Tariff (FIT), the Green Energy Auction Program (GEAP), or such successor programs headed or managed by the Department of Energy.

As of 31 December 2025, the property portfolio of the Company consists 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 Megawatt (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, workshop, 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**). GLA of each property are summarized in the following table.

SIPCOR Properties	GLA
Land – Candanay, Siquijor	9,478 sq.m.
Land – Lazi, Siquijor	3,000 sq.m
Building - Candanay, Siquijor	353.2 sq.m.

Powerplant Assets – Candanay Siquijor	607 sq.m
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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**). GLA of each property are summarized in the following table.

<b>CAMPCOR Properties</b>	<b>GLA</b>
Land - Camotes, Cebu	8,468 sq.m.
Land – Pilar, Cebu	7,938.5 sq.m.
Building – Camotes, Cebu	577.3 sq.m.
Building – Pilar, Cebu	244 sq.m

All 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.

As of 31 December 2025, all of the Properties registered occupancy rate is 100%.

PREIT continuously seeks opportunities to acquire properties in prime locations through purchase or otherwise to increase its leasable assets.

### **Item 3. Legal Proceedings**

S.I. Power Corporation (SIPCOR), the lessee of the Company's properties in Siquijor, has pursued the legal remedies available to it, including the filing of a Petition seeking injunctive relief and challenging the Energy Regulatory Commission (ERC) Decision which revoked its Provisional Authorities to Operate. As of date of this report, the proceedings before the Court of Appeals remain ongoing. The Company continues to monitor developments and assess their potential impact on its operations and financial condition.

### **Item 4. Submission of Matters to a Vote of Security Holders**

No matter was submitted during the year 2025 to a vote of security holders.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market Information

PREIT's common shares are traded on the PSE under the symbol PREIT. The shares were listed on 15 December 2022.

The following table sets out, for the periods indicated, the high and low sales prices for the Company's common shares as reported on the PSE:

2025	High	Low
First Quarter (January to March)	2.25	2.23
Second Quarter (April to June)	2.48	1.92
Third Quarter (July to September)	2.09	0.93
Fourth Quarter (October to December)	1.25	0.89

As of 31 December 2025, the closing market price of the shares on the last trading day of the year (December 29, 2025) was P1.02 per share.

### Holders

As of 31 December 2025, the Company's total common shares issued and outstanding is 3,288,669,000 held by 12 shareholders of record. The following table sets forth the shareholders of the Company as of 31 December 2025.

Rank	Name	Holdings	Percentage of Ownership
1	PCD Nominee Corporation – Filipino	1,605,862,981	48.83%
2	S.I. Power Corporation	845,589,861	25.71%
3	Camotes Island Power Generation Corporation	834,839,132	25.39%
4	PCD Nominee Corporation - Non Filipino	2,374,019	00.07%
5	Jennifer T. Ramos	3,000	00.00%
6	Cynthia J. Javarez	1	00.00%
7	Garth F. Castaneda	1	00.00%
8	Jose Rommel C. Orillaza	1	00.00%
9	Leonardo A. Singson	1	00.00%
10	Manuel Paolo A. Villar	1	00.00%
11	Maria Isabel J. Rodriguez	1	00.00%
12	Timothy Joseph M. Mendoza	1	00.00%
	Total	3,288,669,000	100.00%
	Shares Owned by Foreigners	2,374,019	00.07%

### Dividend Policy

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law which 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 Company's assets that are reinvested in the Company 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.

The Company may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all its 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 Securities and Exchange Commission (SEC) within five working days from receipt of the request for approval. If the SEC does not act on the said request within such a period, the declaration shall be deemed approved.

The Company intends to declare and pay out dividends on a quarterly basis each year. In 2023, 2024, and 2025 PREIT has declared and paid out cash dividends as follows:

Date of Declaration	Record Date	Payment Date	Cash Dividend per Share (in PhP)
April 28, 2023	May 12, 2023	May 26, 2023	0.0682
June 22, 2023	July 7, 2023	July 17, 2023	0.0299
September 8, 2023	September 23, 2023	September 29, 2023	0.0359
February 5, 2024	February 20, 2024	March 12, 2024	0.0388
April 14, 2024	April 26, 2024	May 13, 2024	0.0388
May 27, 2024	June 11, 2024	June 28, 2024	0.0326
August 29, 2024	September 13, 2024	September 27, 2024	0.0326
November 28, 2024	December 13, 2024	December 27, 2024	0.0325
April 15, 2025	May 7, 2025	May 21, 2025	0.0548
May 26, 2025	June 10, 2025	June 27, 2025	0.0332
August 27, 2025	September 10, 2025	September 26, 2025	0.0331
November 28, 2025	December 15, 2025	January 14, 2026	0.0265

## Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Results of Operations (Financial Performance)

Review of results of operations for the years ended 31 December 2025 and 2024. PREIT was incorporated on 4 March 2022 and started its commercial operations in June 2022.

#### *Revenue decreased from P695.6 million to P587.2 million*

Revenues during the period solely pertains to income from the lease of properties to the lessees who operate power plants on such leased properties. The amount of revenue recognized was in accordance with the relevant Philippine Financial Reporting Standards (PFRS). Under PFRS 16, the rental income includes the effect of the straight-line basis of accounting over the lease term. The revenue is P108.4 million lower due to the suspension of the lease agreement with SIPCOR for the year ended 31 December. No additional lease agreements has been entered into during the year.

#### *Cost of rentals increased from P85.8 million to P90.3 million*

Cost of rentals which amounted to P90.3 million consisted of depreciation of generation assets, fund and property management fees and various fees and taxes. The increase of P4.5 million is mainly attributed to increase in depreciation and taxes.

#### *Operating Expenses increased from P6.9 million to P385.1 million*

Operating expenses amounted to P385.1 million for the period. The increase was primarily due to impairment losses recognized on receivables and property and equipment.

#### *Net Other Income (Charges) amounted to P(2,484.87) million and P86.1 million in 2025 and 2024, respectively*

Based on the appraisal of properties, the value of the investment properties resulted in a P2,484.49 million fair value loss for the year ended December 31, 2025, as compared to a fair value gain of P86.5 million for the year ended 31 December 2024. The fair values of the investment properties were determined by an

independent and SEC-accredited property appraisers. Finance cost on lease liability during the period amounted to P0.4 million while interest on bank deposits increased to P573.

As a result, PREIT registered a net loss for the period amounting to P2,347.64 million.

*Other Comprehensive Income decreased from P63.9 million to P(128.7) million*

Items reported in Other Comprehensive Income pertain to the revaluation decrease of property and equipment which amounted to P128.74 million for the year ended 31 December 2025 and P63.9 million for the year ended 31 December 2024. Total comprehensive income amounted to P(2,476.38) million for the year ended 31 December 2025 and P719.9 million for the year ended 31 December 2024.

## **Financial Position as of 31 December 2025**

### **Assets**

*Cash decreased from P0.9million to P0.5 million*

The net decrease in cash balance is due to the settlement of payables and distribution of cash dividends on 21 May 2025 amounting to P180.2 million, on 27 June 2025 amounting to P109.2 million, and on 26 September 2025 amounting to P108.9 million. Quarterly dividends were paid out of the distributable income for each the quarters from 1 October to 31 December 2025 and 1 January 2025 to 30 September 2025.

*Trade and other receivables decreased from P889.5 million to P433.7 million*

The decrease in trade and other receivables is due to higher rental collections relative to billings during the year, coupled with the recognition of an allowance for doubtful accounts relating to SIPCOR receivables.

*Prepayments and other current assets increased from P55.0 million to P59.9 million*

The increase mainly pertains to the recognition of creditable withholding tax from collections made. These will be utilized against any future income tax payable.

*Net property and equipment decreased from P961.5 million to P704.09 million*

Movement to property and equipment pertains to depreciation for the period and revaluation decrease.

*Investment properties decreased from P7.9 billion to P5.4 billion*

The Company's investment properties, which comprise of land (including land subject to right-of-use of asset) and buildings leased out to power plant operators, decreased in value by P2.5 billion due to the appraisal of properties. There were no acquisitions and disposals made during the year.

### **Liabilities**

*Trade and other payables increased from P138.7 million to P243.5 million*

The increase in trade and other payables is due to the incurrence of liabilities during the year, most of which relate to dividends payable.

*Due to related parties decreased from P322.7 million to P55.3 million*

Due to related parties composed of cash advances from its parent company and a related party under common ownership for accommodation of certain expenses, working capital requirements, and other purposes. The decrease is primarily due to the settlement of the advances due to affiliates.

*Lease liability (including non-current portion) decreased from P5.8 million to P5.4 million*

Movements to the account were due to repayments and amortization during the year.

## Equity

*Equity decreased from P9.24 billion to P6.28 billion*

Total equity decreased with decreases in revaluation surplus and retained earnings. Revaluation reserves decreased following the revaluation of property, plant and equipment under the revaluation model. Retained earnings decreased as the company recognized a total comprehensive loss of P2,476 million and declared dividends of P485 million.

## Material Events and Uncertainties

*Suspension of Lease Agreement with SIPCOR*

In November 2025, PREIT and SIPCOR mutually agreed to suspend the implementation of their lease agreement pending the resolution of regulatory and legal developments affecting SIPCOR's operations. The suspension has resulted in a reduction in rental revenues and has affected PREIT's financial performance for 2025. The Company continues to assess the impact of the suspension and monitor developments that may affect the resumption or modification of the lease arrangement.

Except for the impact of the suspension of the lease agreement with SIPCOR, the Company is not aware of any other material events or uncertainties that are expected to have a significant effect on its financial condition or cause a material change in the relationship between costs and revenues. All significant elements of income and loss arose from the Company's normal operations. The Company had no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or relationships with unconsolidated entities or other persons during the reporting period.

As of December 31, 2025, the Company had no material commitments for capital expenditures and no outstanding bank indebtedness.

## Key Financial Ratios

PREIT's key financial ratio as of 31 December 2025 and 2024 are as follows:

Key Ratio	2025	2024
Earnings per share	(0.71)	0.20
Current ratio	1.65	2.05
Debt to Equity	0.06	0.06
Return on Asset	(0.35)	0.07
Return on Equity	(0.37)	0.07

The key ratios provide directors and management with a measure of liquidity (Current Ratio), financial strength (Debt to Equity), and profitability (Earnings per Share, Return on Asset, and Return on Equity). The Company was incorporated on 4 March 2022 and started its commercial operations in June 2022.

## External Audit Fees and Services

Engagement fees for the services rendered by the Company's external auditors, Punongbayan & Araullo, are as follows:

Nature of Engagement	2025	2024
Year-end audit	P540,000	P425,000

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

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

Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as Exhibit 1 and incorporated herein by reference.

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

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to reference thereto in their reports on the financial statements of the Company.

## PART III – CONTROL AND COMPENSATION INFORMATION

### Item 9. Board of Directors and Executive Officers

As of 31 December 2025, there are seven members of the Company’s Board of Directors, three of whom are independent directors. As provided by Revised SRC Rule 38, an independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director.

The following are the names, ages, citizenship of the incumbent members of the Board of Directors and executive officers of the Company:

Name	Age	Citizenship	Position
Timothy Joseph M. Mendoza	44	Filipino	President, Chief Executive Officer and Director
Cynthia J. Javarez	62	Filipino	Chairman and Director
Manuel Paolo A. Villar	49	Filipino	Director
Jose Rommel C. Orillaza	58	Filipino	Chief Operating Officer and Director
Garth F. Castañeda	45	Filipino	Independent Director
Leonardo Singson	47	Filipino	Independent Director
Maria Isabel J. Rodriguez	43	Filipino	Independent Director
Nikki Isabel R. Laynes	39	Filipino	Treasurer and Chief Finance Officer
Vincent Kitto N. Jacinto	45	Filipino	Investor Relations Officer
Reychelle B. Medina	38	Filipino	Corporate Secretary
Nielson G. Pangan	39	Filipino	Compliance Officer

Below are summaries of the business experience and credentials of the Directors and the Company’s key executive officers:

**Timothy Joseph M. Mendoza**, *Director, President and CEO*. Atty. Mendoza, 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 Corporate Secretary of Prime Asset Ventures, Inc. and 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**, *Chairman and Director*. Ms. Javarez, 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. and Dusit Hospitality Education Philippines, Inc.

**Manuel Paolo A. Villar**, *Director*. Mr. Villar, 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**, *Chief Operating Officer*. Mr. Orillaza, 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. Power Corporation.

**Garth F. Castañeda**, *Independent Director*. Atty. Castañeda, 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.

**Leonardo Singson**, *Independent Director*. Atty. Singson, 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 GNPowder 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, 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 2023. 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.

**Nikki Isabel R. Laynes**, *Director, Treasurer, Chief Finance Officer, and Chief Risk Officer*. Ms. Laynes graduated from the University of the Philippines with a degree in Bachelor of Science in Business Administration and Accountancy in 2009. From 2011 to 2012, she worked as a Financial Analyst for Mercan Capital Ltd. in Montreal, Canada. Thereafter, she worked as Finance Manager for Virac Tridom Construction Corp. from 2012 to 2019. She also worked as Consultant and Team Lead for Administration in Finance from 2016 to 2017 in USAID RTI STRIDE. From 2019 to 2021, she worked as Finance Manager – Group Planning and Consolidation for Del Monte Pacific Ltd. (DMPL). She was also previously the Acting Chief Operations Officer and Head of Finance in Ropali Corporation from 2021 to 2022. She received her Executive Master of Business Administration from the Asian Institute of Management in 2024. She currently serves as the the Head of Finance of Prime Asset Ventures, Inc.

**Vincent Kitto N. Jacinto**, *Investor Relations Officer*. Mr. Jacinto, 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.

**Reychelle May B. Medina**, *Corporate Secretary*. Atty. Medina graduated from the University of Sto. Tomas with a Bachelor of Arts in Political Science. She likewise received her Juris Doctor degree from the University of Sto. Tomas in 2016. Thereafter, she joined KPMG R.G. Manabat & Co. as a Tax Advisor in 2017. From 2019 to 2022, she worked in Gorriceta Africa Cauton & Saavedra as a Junior Associate and became a Mid-Level Associate from 2021 to 2022. She currently serves as Legal Counsel of Primewater Infrastructure Corp.

**Nielson G. Pangan**, *Compliance Officer*. Atty. Niel Pangan, graduated from New Era University with a degree in Bachelor of Science in Business Administration in 2008. He received his Juris Doctor from the University of the Philippines in 2013, ranking 1st, with the highest grade overall in the 2013 Bar Examinations. He obtained his Masters of Law in International Business Law and International Dispute Resolution from Queen Mary University of London. He joined the Migallos and Luna Law Offices in 2013. From 2014 to 2016, he worked as an Associate Solicitor with the Office of the Solicitor General. He also worked as a Senior Legislative Officer for the Office of Senator Angara from 2017 to 2018. In 2019, he joined Tolosa Javier Law as a Senior Associate. Atty. Pangan also served as Senior Legal Counsel in Huawei Technologies Philippines, Inc. and as Regulatory and Legal Counsel of Coins.ph. He currently serves as General Counsel for Prime Asset Ventures, Inc.

#### Employees

The Company has no significant employees other than senior management.

#### Family Relationship

There are no known family relationships between the current members of the Board and key officers.

None of the directors, executive officers or persons nominated to be elected to the Company's Board are related up to the fourth civil degree, either by consanguinity or affinity.

#### Involvement in Certain Legal Proceedings

As of the date of this Annual Report, the Company has no knowledge and/or information that any of the Company's directors, officers or nominees for election as Directors is, presently or during the last five (5) years, involved in any material legal proceeding which will have any material effect on the Company, its operations, reputation, or financial condition.

### **Item 10. Executive Compensation**

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.

The Company's key officers, namely: Timothy Joseph M. Mendoza and Nikki Isabel R. Laynes are also serving as officers of PAVI. They do not receive any compensation from the Company. The compensation

of these officers is paid by PAVI or the relevant PAVI Group company. There are no executive officers other than the aforementioned individuals.

Independent directors of the Company were entitled to per diem for meetings attended for the year 2024. Details of the compensation for independent directors were as follows:

<b>Independent Directors</b>	<b>2025</b>	<b>2024</b>
Independent Director 1	P137,500	P 137,500
Independent Director 2 and 3	Aggregate of P410,000.00	Aggregate of P410,000.00

There was no other compensation paid to the directors other than as indicated above. 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.

Outstanding Options

As of 31 December 2025, there are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

Owners of record of more than five percent (5%) of PREIT's shares of stock as of 31 December 2025 are as follows:

<b>Title of Class</b>	<b>Name &amp; Address of Record Owner &amp; Relationship with Issuer</b>	<b>Name of Beneficial Owner &amp; Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percent (%)</b>
Common	PCD Nominee Corp. (Filipino)  G/F MSE Bldg. Ayala Ave., Makati City  Stockholder	PCD participants acting for themselves or for their customers	Filipino	1,605,862,981	48.83%
Common	S.I. Power Corporation  Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City	S.I. Power Corporation	Filipino	845,589,861	25.71%

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
	Stockholder				
Common	Camotes Island Power Generation Corporation  8F VistaHub Campus Tower 1 Levi B. Mariano Ave. Brgy Ususan, Taguig NCR  Stockholder	Camotes Island Power Generation Corporation	Filipino	834,839,132	25.39%

PCD Nominee Corporation (Filipino) (**PCD**) is not related to the Company. Among the PCD participants, CNN Securities, Inc owns 1,440,480,000 shares representing 43.80% of the Company's outstanding capital stock.

*Security Ownership of Directors as of 31 December 2025*

Title of Class	Name of Beneficial Owner	Shares Owned and Nature of Beneficial Ownership	% of Total Outstanding Shares
Common	Garth F. Castañeda	1 (Direct)	0.00%
Common	Timothy Joseph M. Mendoza	1 (Direct)	0.00%
Common	Cynthia J. Javarez	1,001 (Direct & Indirect)	0.00%
Common	Manuel Paolo A. Villar	1 (Direct)	0.00%
Common	Nikki Isabel R. Laynes	1 (Direct)	0.00%
Common	Leonardo A. Singson	1 (Direct)	0.00%
Common	Maria Isabel J. Rodriguez	1 (Direct)	0.00%

*Security Ownership of Management as of 31 December 2025*

*Foreign Ownership*

As of 31 December 2025, 2,374,019 common shares, or 0.07% of the Company's outstanding capital stock, are owned by foreigners. The Company's foreign ownership limit is 40%.

**Item 12. Certain Relationships and Related Party Transactions**

Related Parties	Nature of the Transaction	Value of the Transaction
S.I. Power Corporation	Income arising from leased properties	P 275,747,261
S.I. Power Corporation	Cash advances from parent company for accommodation of certain expenses and working capital requirements	P161,768,703
S.I. Power Corporation	Liability arising from lease agreement entered with Parent Company	P381,236
Camotes Island Power Generation Corporation	Income arising from leased properties	P311,447,616
Camotes Island Power Generation Corporation	Cash payment to parent company for accommodation of certain expenses and working capital requirements	P105,573,405
VFund Management, Inc.	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, provided that the total of such fee and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed.
VProperty Management, Inc.	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 and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed.

## **PART IV – CORPORATE GOVERNANCE**

### **Item 13. Corporate Governance**

#### **Compliance**

The Board has adopted the Company’s Manual on Corporate Governance which institutionalizes the principles of good corporate governance in the entire organization. The Company believes that it is a necessary component of sound strategic business management, hence, efforts are undertaken to create awareness within the organization. The Board of Directors, Management and officers commit themselves to the principles and best practices contained on the Manual on Corporate Governance (the “Manual”) and acknowledge that the same shall guide the attainment of the corporate goals.

#### **Green Initiatives and Corporate Social Responsibility**

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.

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.

#### **Deviations from Manual and Sanctions Imposed**

There is no material deviation to the provision of the Manual on Corporate Governance in 2025. PREIT has substantially complied, and no sanctions were imposed on any director or officer on account of non-compliance with its Manual on Corporate Governance.

#### **Updates on Corporate Governance**

PREIT’s Manual of Corporate Governance is compliant with SEC Memorandum Circular No. 19, Series of 2016. The Company will continue to adopt best practices in Corporate Governance as may be prescribed by the Commission.

## PART V – EXHIBIT AND SCHEDULES

### Item 14. Exhibits and Reports on SEC Form 17-A

*Exhibits (incorporated by reference in this report)*

**Exhibit “1”** : Audited Financial Statements and Schedules

**Exhibit “2”** : Sustainability Report

*Reports on SEC Form 17-C (through official disclosures with the SEC and the PSE)*

The Company filed the following reports on SEC Form 17-C during the year ended 31 December 2025.

DATE	REPORTS
February 19, 2025	VFund Management, Inc. 4Q 2024 Quarterly Report
April 16, 2025	Declaration of Cash Dividends – 15 April 2025
May 2, 2025	2024 Annual Report
May 16, 2025	VFund Management, Inc. 1Q 2025 Quarterly Report
May 20, 2025	Q1 Quarterly Report
May 22, 2025	Postponement of Annual Shareholder’s Meeting
May 23, 2025	Notice of Annual Shareholder’s Meeting
May 27, 2025	Declaration of Cash Dividends – 26 May 2025
July 9, 2025	Results of Annual Shareholder’s Meeting
July 10, 2025	[Amended] Results of Annual Shareholder’s Meeting
July 29, 2025	Integrated Annual Corporate Governance Report
September 2, 2025	VFund Management, Inc. 2Q 2025 Quarterly Report
September 3, 2025	Declaration of Cash Dividends – 27 August 2025
September 3, 2025	Q2 Quarterly Report
October 1, 2025	Results of Organizational Meeting of Boards of Directors
November 17, 2025	VFund Management, Inc. 3Q 2025 Quarterly Report
November 19, 2025	Q3 Quarterly Report
December 1, 2025	Declaration of Cash Dividends – 28 November 2025
December 3, 2025	Results of Organizational Meeting of Boards of Directors
December 15, 2025	Three-Year Investment Strategy

**DISCLOSURES FOR REIT COMPANIES**  
*Pursuant to Section 6.2 of the Amended Listing Rules for REIT*

**Summary of Real Estate Transaction for the year ended 31 December 2025**

On 31 May 2022, the Company and Sponsors executed a deed of assignment whereas the Sponsors cede, assign and transfer to the Company, in a manner absolute and irrevocable, the parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, to the REIT, in consideration for the issuance of REIT's shares. The property-for share swap transaction, forming part of the capital increase of the REIT, was also approved by the SEC on May 31, 2022. 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. The parcels of land include the land owned by the NPC to which the lease right was also assigned to the REIT as approved by the NPC. The lease has an original term of 20 years with a renewal option, subject to mutual agreement of both parties, and an escalation rate of 20% every five years. 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.

The REIT did not enter into any real estate transactions, such as acquisitions and disposals, during the year ended 31 December 2025.

**Summary of Real Estate Assets of the Company as of 31 December 2025**

<b>PROPERTIES</b>	<b>APPRAISAL AS OF 31 DECEMBER, 2025</b>	<b>GROSS LEASABLE AREA (GLA)</b>	<b>WALE</b>	<b>LEASED AREA</b>	<b>OCCUPANCY RATE</b>
<b>SIPCOR Properties</b>					
Land – Candanay, Siquijor	P -	9,478 sq.m.	7 years	9,478 sq.m.	100%
Land – Lazi, Siquijor	P1,200,000	3,000 sq.m	8 years	3,000 sq.m	100%
Building – Candanay, Siquijor	P19,392,000	353.2 sq.m.	8 years	353.2 sq.m.	100%
Powerplant Assets – Candanay Siquijor	P704,089,300	607 sq.m	8 years	607 sq.m	100%
<b>CAMPCOR Properties</b>					
Land – Poro, Cebu	P1,656,340,000	8,468 sq.m.	9 years	8,468 sq.m.	100%
Land – Pilar, Cebu	P1,552,770,000	7,938.5 sq.m.	9 years	7,938.5 sq.m.	100%
Building – Poro, Cebu	P1,289,790,000	577.3 sq.m.	9 years	577.3 sq.m.	100%
Building – Pilar, Cebu	P910,440,000	244 sq.m	9 years	244 sq.m	100%

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PREMIERE ISLAND POWER REIT  
CORPORATION**

Issuer



**Timothy Joseph M. Mendoza**  
President



**Reychele B. Medina**  
Corporate Secretary

29 May 2026

Date



**Nikki Isabel R. Laynes**  
Treasurer and Chief Finance Officer


2 JUN 2026

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_, in **CITY OF MAKATI**,  
affiant exhibiting to me his/her valid ID, as follows

Name	Competent Evidence of Identity	Date & Place of Issue
Timothy Joseph M. Mendoza		
Nikki Isabel R. Laynes		
Reychelle B. Medina		

Doc No.  
Page No.  
Book No.  
Series 2026.

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45  
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**ATTY. RYAN ANTHONY G. PEREÑA**  
NOTARY PUBLIC for MAKATI CITY  
Commission No. M-012 until Dec. 31, 2027  
Roll of Attorneys 77327  
PTR No. 10764513; 01/02/2026; Makati City  
IBP OR No. 566188; 12/16/2025; Pasig City  
MCLE Compliance No. VIII-0000389  
8553 San Jose St., Guadalupe Nuevo, Makati City



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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN**

The Management of **Premiere Island Power REIT Corporation** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of Premiere Island Power REIT Corporation are complete and correct in all material respects. Management likewise affirms that:

- (a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Bank's books and records in accordance with the requirements of Revenue Regulations No.8-2007 and other relevant issuances;
- (c) Premiere Island Power REIT Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

  
\_\_\_\_\_  
**Cynthia J. Javarez**  
Chairman

  
\_\_\_\_\_  
**Timothy Joseph M. Mendoza**  
President

  
\_\_\_\_\_  
**Nikki Isabel R. Laynes**  
Treasurer

Signed this 15<sup>th</sup> day of April 2026

2 JUN 2026

CITY OF MAKATI

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_, in \_\_\_\_\_, affiant exhibiting to me his/her valid ID, as follows

Name	Competent Evidence of Identity	Date & Place of Issue
Cynthia J. Javarez		
Timothy Joseph M. Mendoza		
Nikki Isabel R. Laynes		

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**ATTY. RYAN ANTHONY G. PEREÑA**

NOTARY PUBLIC for MAKATI CITY

Commission No. M-012 until Dec. 31, 2027

Roll of Attorneys 77327

PTR No. 10764513; 01/02/2026; Makati City

IBP OR No 566188; 12/16/2025; Pasig City

MCLE Compliance No VIII-0000389

3553 San Jose St., Guadalupe Nuevo, Makati City

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**


The management of Premiere Island Power REIT Corporation is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the year ended December 31, 2025, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative 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, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.



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**Cynthia J. Javarez**  
Chairman



---

**Timothy Joseph M. Mendoza**  
President



---

**Nikki Isabel R. Laynes**  
Treasurer

Signed this 15<sup>th</sup> day of April 2026

2 JUN 2026


CITY OF MAKATI

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**ATTY. RYAN ANTHONY G. PEREÑA**  
NOTARY PUBLIC for MAKATI CITY  
Commission No. M-012 until Dec. 31, 2027  
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8553 San Jose St., Guadalupe Nuevo, Makati City



**P&A**  
**Grant Thornton**

**FOR SEC FILING**

Financial Statements and  
Independent Auditors' Report

**Premiere Island Power REIT Corporation**

December 31, 2025, 2024 and 2023

## Report of Independent Auditors

**The Board of Directors and Stockholders**  
**Premiere Island Power REIT Corporation**  
*(A Subsidiary of S.I. Power Corp.)*  
4th Starmall IT Hub CV Starr Ave.  
Philamlife Pamplona Dos Las Piñas  
Las Piñas City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Premiere Island Power REIT Corporation (the REIT), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the three years period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2025 and 2024, and its financial performance and its cash flows for the three years period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

#### *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 Financial Statements* section of our report. We are independent of the REIT in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in the Philippines. We have also 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.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 to the financial statements, which explains that in August 2025, the Energy Regulatory Commission (ERC) revoked the authority of Siquijor Island Power Corporation (SIPCOR) to operate, resulting in the shutdown of its power plant. As a direct consequence of this regulatory action, the REIT suspended the related lease arrangements with SIPCOR beginning November 2025, leading to the loss of a significant source of recurring rental income. These events adversely affected the REIT's financial performance, resulting in a net loss of P2.35 billion for the year ended December 31, 2025 and a deficit of P2.34 billion as at that date. The related regulatory and legal matters remain unresolved and are largely outside management's control.

Management has assessed the REIT's ability to continue as a going concern, taking into account, among others, cash flow projections, the continued income generated from Camotes Island Power Generation Corporation (CAMPCOR), and planned mitigating actions. In connection with our audit, we evaluated management's going concern assessment, including the reasonableness of key assumptions used in the cash flow forecasts and the adequacy of the related disclosures.

These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the REIT's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

***Key Audit Matters***

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

***Valuation of Investment Properties relating to CAMPCOR Assets with Continuing Operations******Description of the Matter***

The REIT's investment properties, comprising parcels of land, buildings, and a right-of-use asset, are measured under the fair value model. As of December 31, 2025, the carrying value of investment properties amounted to P5.4 billion, representing a significant portion of the REIT's total assets. A portion of these assets continues to be leased to CAMPCOR under existing lease agreements that remained in force throughout the year and continued to generate recurring rental income.

The fair value of CAMPCOR-related investment properties was determined by an independent appraiser using valuation techniques that rely on projected future cash flows supported by continuing lease arrangements. These valuations required significant judgment, particularly in assessing the sustainability of rental income, lease terms, counterparty credit risk, and market participant assumptions.

The valuation of CAMPCOR-related investment properties is a key audit matter due to the magnitude of the balance and significant judgement involved in estimating future cash flows from continuing lease agreements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to valuation of investment properties included:

- Evaluating the competence, capabilities, and objectivity of the independent appraiser;
- Assessing whether the valuation appropriately identified CAMPCOR assets as income-generating properties with continuing lease arrangements distinct from SIPCOR-affected assets;
- Evaluating key assumptions applied in the valuation, including projected rental income, lease durations, renewal assumptions, and discount rates reflecting market participant expectations and counterparty risk;
- Assessing the appropriateness of cash flow projections, including consistency with executed lease agreements with CAMPCOR and historical collection patterns;
- Testing completeness and accuracy of key valuation inputs; and,
- Performing sensitivity analyses on significant assumptions.

***Impairment and Recoverability Assessment of SIPCOR-related Assets and Receivables***

*Description of the Matter*

The REIT holds assets and receivables arising from lease arrangements with SIPCOR, including property and equipment, investment properties, right-of-use assets, and trade receivables. As of December 31, 2025, the SIPCOR-related assets and receivables have an aggregate carrying value of approximately P8.6 billion as disclosed in Notes 5, 6, 7 and 8 of the financial statements.

During 2025, the revocation by the ERC of SIPCOR's authority to operate and the resulting shutdown of its power plant led to the prolonged suspension of the related lease arrangements. These events introduced significant uncertainty over the recoverability of SIPCOR-related assets and the collectability of related receivables, rather than uncertainty arising from valuation methodology alone.

Given the absence of near-term visibility on resumption of SIPCOR's operations and the ongoing regulatory and legal uncertainties, management performed impairment assessments and estimated expected credit losses (ECL) based on recovery scenarios, alternative use assumptions, and probability-weighted cash flows.

This matter is considered a key audit matter due to the significance of SIPCOR-related balances, the high degree of estimation uncertainty, and the significant judgment involved in impairment testing and ECL measurement.

#### *How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to impairment and recoverability included:

- Understanding and evaluating management's impairment assessment process, including identification of impairment indicators arising from the SIPCOR shutdown;
- Evaluating key assumptions used in impairment models and ECL calculations, including recovery timing, alternative use scenario, and discount rates;
- Assessing the reasonableness of management's assumptions by reference to market data and approved plans;
- Evaluating the competence, capabilities, and objectivity of the independent appraiser and reviewing the related valuation reports;
- Testing the completeness and accuracy of underlying data used in impairment and ECL assessments; and,
- Performing sensitivity analyses on significant assumptions, to evaluate the potential impact on impairment and ECL outcomes.

#### ***Revenue Recognition on Rental of Investment Properties***

##### *Description of the Matter*

The REIT recognized rental income amounting to P587.2 million for the year ended December 31, 2025, which represents its primary source of revenue. During the year, the suspension of SIPCOR lease arrangements required management to reassess revenue recognition for affected contracts, including whether revenue should continue to be recognized, modified, or suspended based on the enforceability of lease terms. This involved significant judgment in determining the appropriate accounting treatment under PFRS 16, *Leases* particularly in evaluating the point at which lease income should no longer be recognized.

At the same time, lease arrangements with CAMPCOR remained in force and continued to generate recurring rental income.

Revenue recognition is a key audit matter due to the significance of rental income and the judgment involved in distinguishing SIPCOR-affected leases from continuing CAMPCOR leases, as well as in determining the timing and extent of revenue recognition.

##### *How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to revenue recognition included:

- Inspecting lease agreements and suspension agreements to understand contract terms and periods of enforceability;
- Assessing management's determination of whether and when rental income should be recognized or suspended for SIPCOR-affected leases under PFRS 16;

- Evaluating the continued recognition of rental income for CAMPCOR leases;
- Recomputing rental income, including straight-line adjustments, taking into account lease suspensions and contractual modifications; and,
- Evaluating adequacy of related revenue recognition disclosures in the financial statements.

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the REIT's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025, are expected to be made available to us after the date of this auditors' report.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the REIT'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 REIT or to cease operations, or has no realistic alternative but to do so.

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the REIT'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 REIT'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 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 REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

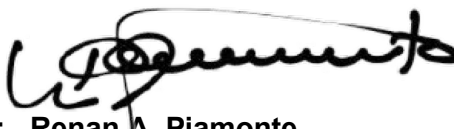
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation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

## **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue (BIR) as disclosed in Note 24 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Renan A. Piamonte.

### **PUNONGBAYAN & ARAULLO**



**By: Renan A. Piamonte**  
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10770769, January 6, 2026, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2025)

Firm - No. 0002 (until financial period 2030)

BIR AN 08-002551-037-2025 (until August 6, 2028)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

May 29, 2026

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash	4	<b>P 545,596</b>	P 891,662
Trade receivables - net	5	<b>433,745,299</b>	889,500,954
Prepayments and other current assets	6	<b>59,860,198</b>	55,012,509
Total Current Assets		<b>494,151,093</b>	945,405,125
<b>NON-CURRENT ASSETS</b>			
Property and equipment - net	7	<b>704,089,300</b>	961,520,000
Investment properties	8	<b>5,429,932,000</b>	7,914,420,000
Total Non-current Assets		<b>6,134,021,300</b>	8,875,940,000
<b>TOTAL ASSETS</b>		<b><u>P 6,628,172,393</u></b>	<b><u>P 9,821,345,125</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	<b>P 243,459,062</b>	P 138,665,894
Due to related parties	14	<b>55,303,290</b>	322,655,398
Lease liabilities	10	<b>522,227</b>	408,491
Total Current Liabilities		<b>299,284,579</b>	461,729,783
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10	<b>4,865,352</b>	5,411,452
Deferred tax liabilities - net	13	<b>44,505,193</b>	112,895,217
Total Non-current Liabilities		<b>49,370,545</b>	118,306,669
Total Liabilities		<b>348,655,124</b>	580,036,452
<b>EQUITY</b>			
Capital stock	15	<b>3,288,669,000</b>	3,288,669,000
Additional paid in capital	15	<b>5,328,952,851</b>	5,328,952,851
Revaluation reserves - net	7	-	137,936,681
Retained earnings (Deficit)	15	<b>( 2,338,104,582 )</b>	485,750,141
Total Equity		<b>6,279,517,269</b>	9,241,308,673
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 6,628,172,393</u></b>	<b><u>P 9,821,345,125</u></b>

*See Notes to Financial Statements.*

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024	2023
<b>RENTAL INCOME</b>	11	<b>P 587,194,877</b>	P 695,609,311	P 643,814,022
<b>COSTS OF RENTALS</b>	12	<u>90,326,004</u>	<u>85,846,407</u>	<u>70,763,428</u>
<b>GROSS PROFIT</b>		<b>496,868,873</b>	609,762,904	573,050,594
<b>OTHER OPERATING EXPENSES</b>	12	<u>385,119,418</u>	<u>6,949,610</u>	<u>4,660,730</u>
<b>OPERATING PROFIT</b>		<u>111,749,455</u>	<u>602,813,294</u>	<u>568,389,864</u>
<b>OTHER INCOME (CHARGES) – Net</b>				
Fair value gain (loss) on investment properties	8	( 2,484,488,000 )	86,511,514	213,520,000
Finance cost	10	( 381,236 )	( 411,551 )	( 434,898 )
Finance income	4	<u>573</u>	<u>4,506</u>	<u>6,051</u>
		<u>( 2,484,868,663 )</u>	<u>86,104,469</u>	<u>213,091,153</u>
<b>PROFIT (LOSS) BEFORE TAX</b>		<u>( 2,373,119,208 )</u>	688,917,763	781,481,017
<b>TAX INCOME (EXPENSE)</b>	13	<u>25,476,253</u>	( 32,905,682 )	( 77,471,471 )
<b>NET PROFIT (LOSS)</b>		<u>( 2,347,642,955 )</u>	<u>656,012,081</u>	<u>704,009,546</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Item that will not be reclassified subsequently to profit or loss				
Revaluation increase (decrease) in property and equipment – net	7	( 171,654,538 )	85,142,383	89,441,268
Tax income (expense)	13	<u>42,913,634</u>	( 21,285,596 )	( 22,360,317 )
		<u>( 128,740,904 )</u>	<u>63,856,787</u>	<u>67,080,951</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<u>( P 2,476,383,859 )</u>	<u>P 719,868,868</u>	<u>P 771,090,497</u>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE</b>	16	<u>( P 0.71 )</u>	<u>P 0.20</u>	<u>P 0.21</u>

*See Notes to Financial Statements.*

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	<u>Capital Stock</u> <small>(See Note 15)</small>	<u>Additional Paid-in Capital</u> <small>(See Note 15)</small>	<u>Revaluation Reserves</u> <small>(See Note 7)</small>	<u>Retained Earnings</u> <small>(See Note 15)</small>	<u>Total</u>
Balance at January 1, 2025	P 3,288,669,000	P 5,328,952,851	P 137,936,681	P 485,750,141	P 9,241,308,673
Dividends declared	-	-	-	( 485,407,545 )	( 485,407,545 )
Transfer of depreciation to retained earnings	-	-	( 9,195,777 )	9,195,777	-
Total comprehensive loss for the year	-	-	( 128,740,904 )	( 2,347,642,955 )	( 2,476,383,859 )
<b>Balance at December 31, 2025</b>	<b><u>P 3,288,669,000</u></b>	<b><u>P 5,328,952,851</u></b>	<b><u>P -</u></b>	<b><u>( P 2,338,104,582 )</u></b>	<b><u>P 6,279,517,269</u></b>
Balance at January 1, 2024	P 3,288,669,000	P 5,328,952,851	P 79,018,554	P 401,303,076	P 9,097,943,481
Dividends declared	-	-	-	( 576,503,676 )	( 576,503,676 )
Transfer of depreciation to retained earnings	-	-	( 4,938,660 )	4,938,660	-
Total comprehensive loss for the year	-	-	63,856,787	656,012,081	719,868,868
Balance at December 31, 2024	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 137,936,681</u>	<u>P 485,750,141</u>	<u>P 9,241,308,673</u>
Balance at January 1, 2023	P 3,288,669,000	P 5,328,952,851	P 12,683,703	P 137,229,076	P 8,767,534,630
Dividends declared	-	-	-	( 440,681,646 )	( 440,681,646 )
Transfer of depreciation to retained earnings	-	-	( 746,100 )	746,100	-
Total comprehensive income for the year	-	-	67,080,951	704,009,546	771,090,497
Balance at December 31, 2023	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 79,018,554</u>	<u>P 401,303,076</u>	<u>P 9,097,943,481</u>

*See Notes to Financial Statements.*

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before tax		( P 2,373,119,208 )	P 688,917,763	P 781,481,017
Adjustments for				
Fair value loss (gain) on investment properties	8	2,484,488,000	( 86,511,514 )	( 213,520,000 )
Impairment loss	6, 7	379,022,577	-	-
Depreciation	7	63,747,182	58,102,383	52,541,268
Finance cost	10	381,236	411,551	434,898
Finance income	4	( 573 )	( 4,506 )	( 6,051 )
Operating profit before working capital changes		554,519,214	660,915,677	620,931,132
Decrease (increase) in trade receivables		98,762,058	161,824,103	( 658,938,603 )
Increase in prepayments and other current assets		( 4,847,689 )	( 12,054,315 )	( 42,354,099 )
Increase in trade and other payables		17,878,511	6,527,973	72,427,503
Cash generated from (used in) operations		666,312,094	817,213,438	( 7,934,067 )
Interest received	4	573	4,506	6,051
Income tax paid		( 137 )	( 214 )	( 8,718,662 )
Net Cash From (Used in) Operating Activities		<u>666,312,530</u>	<u>817,217,730</u>	<u>( 16,646,678 )</u>
<b>CASH FLOWS FROM AN INVESTING ACTIVITY</b>				
Acquisitions of investment properties	8	-	( 43,418,486 )	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances paid to related parties	14	( 658,402,440 )	( 921,664,709 )	( 400,000 )
Dividends paid	15	( 398,492,888 )	( 636,767,714 )	( 380,417,608 )
Advances obtained from related parties	14	391,050,332	734,428,462	445,663,922
Interest paid	10	( 381,236 )	( 411,551 )	( 434,898 )
Payment of lease liability	10	( 432,364 )	( 381,908 )	( 500,189 )
Net Cash From (Used in) Financing Activities		<u>( 666,658,596 )</u>	<u>( 824,797,420 )</u>	<u>63,911,227</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>( 346,066 )</b>	<b>( 50,998,176 )</b>	<b>47,264,549</b>
<b>CASH AT BEGINNING OF THE YEAR</b>		<u>891,662</u>	<u>51,889,838</u>	<u>4,625,289</u>
<b>CASH AT END OF THE YEAR</b>		<u><b>P 545,596</b></u>	<u><b>P 891,662</b></u>	<u><b>P 51,889,838</b></u>

**Supplemental Information on Non-cash Financing Activity –**

In 2025, dividends amounting to P86.9 million were declared but remained unpaid as of December 31, 2025 and were recorded as part of Trade and Other Payables in the 2025 statement of financial position. Similarly, in 2023, dividends amounting to P60.3 million were declared but remained unpaid as of December 31, 2023, and were likewise presented under Trade and Other Payables in the 2023 statement of financial position (see Note 9). The unpaid dividends in 2023 were subsequently settled in 2024.

*See Notes to Financial Statements.*

**PREMIERE ISLAND POWER REIT CORPORATION**

*(A Subsidiary of S.I. Power Corp.)*

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2025, 2024 AND 2023**

*(Amounts in Philippine Pesos)*

**1. GENERAL INFORMATION**

***1.1 Corporate Information***

Premiere Island Power REIT Corporation (the REIT) was incorporated under Philippine law on March 4, 2022 under the name of Premiere Island Philippines Holding Corporation (PIPHC). Under its articles of incorporation, PIPHC is authorized to invest in, purchase, or otherwise acquire and own, 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, PIPHC did not have any business operation until the property-for-share swap transaction with Camotes Island Power Generation Corporation and S.I. Power Corp. (CAMPCOR and SIPCOR, respectively; the Sponsors, collectively) (see Note 15).

On June 24, 2022, the Board of Directors (BOD) approved certain amendments to the Articles of Incorporation and By-Laws, including: (a) changing the corporate name to Premiere Island Power REIT Corporation; and, (b) changing the REIT's primary purpose to engage in the business of a real estate investment trust as provided under Republic Act (R.A.) No. 9856, *The Real Estate Investment Trust Act of 2009* (the REIT Act), including its implementing rules and regulations, and other applicable laws. The Securities and Exchange Commission (SEC) approved the amendments on November 9, 2022.

The REIT listed its common shares in the Philippine Stock Exchange (PSE) as a power REIT on December 15, 2022 (see Note 15.1).

SIPCOR (the Parent Company) holds 25.71% interest over the REIT while CAMPCOR holds 25.39%. SIPCOR also owns 93.68% of CAMPCOR. Accordingly, SIPCOR effectively holds 49.50% of the REIT's total issued and outstanding capital stock, making SIPCOR as the controlling stockholder and the REIT's parent company. SIPCOR and CAMPCOR are both 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 or the Ultimate Parent) is the REIT'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 registered office address and principal place of business of the REIT, PAVI, SIPCOR and CAMPCOR are located at 4th Starmall IT Hub CV Starr Ave., Philamlife Pamplona Dos Las Piñas, Las Piñas City.

### ***1.2 Approval of the Financial Statements***

The financial statements of the REIT as of and for the year ended December 31, 2025 (including the comparative financial statements as of and for the years ended December 31, 2024 and 2023) were authorized for issue by the REIT's BOD on May 29, 2026.

### ***1.3 Going Concern and Impact of SIPCOR Lease Suspension***

The financial statements have been prepared on a going concern basis, which assumes that the REIT will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. In August 2025, the Energy Regulatory Commission (ERC) revoked the authority of SIPCOR to operate its power plant, resulting in the shutdown of its operations. As a direct consequence of this regulatory action, the REIT suspended its lease arrangements with SIPCOR beginning November 2025. SIPCOR had historically contributed a significant portion of the REIT's lease income, and the suspension resulted in a substantial reduction in recurring cash inflows from the affected assets.

Notwithstanding the suspension of the SIPCOR lease arrangements, the REIT continues to generate recurring rental income from its lease arrangements with CAMPCOR, which remained in force throughout the year and into 2026. The cash inflows from CAMPCOR provide continuing support to the REIT's operations and liquidity while the SIPCOR-related regulatory and legal matters remain unresolved.

Management has assessed that the going concern basis of preparation remains appropriate after considering the REIT's existing resources, continuing income generated from CAMPCOR, and other mitigating actions. Notwithstanding management's assessment, the circumstances described above indicate the existence of a material uncertainty that may cast significant doubt on the REIT's ability to continue as a going concern.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information that has been used in the preparation of these financial statements are summarized below and on the succeeding pages. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### ***2.1 Basis of Preparation of Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

The financial statements of the REIT have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards 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 Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The REIT presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The REIT 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 have 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 financial statements are presented in Philippine pesos, the REIT's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the REIT are measured using the REIT's functional currency. Functional currency is the currency of the primary economic environment in which the REIT operates.

## **2.2 Adoption of New and Amended PFRS Accounting Standards**

(a) *Effective in 2025 that is not Relevant to the REIT*

Among the amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2025, the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, is not relevant to the REIT's financial statements.

(b) *Effective Subsequent to 2025 but not Adopted Early.*

There are pronouncements effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the REIT's financial statements:

- (i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to Contracts Referencing Nature-dependent Electricity* (effective from January 1, 2026).

- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

### **2.3 Financial Instruments**

Financial assets and financial liabilities are recognized when the REIT becomes a party to the contractual provisions of the financial instrument.

#### *(a) Financial Assets*

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the REIT commits to purchase or sell the asset).

#### *Classification and Measurement of Financial Assets*

The REIT's financial assets include financial assets at amortized cost such as Cash and Trade Receivables.

#### *Impairment of Financial Assets*

The REIT applies a general approach in relation to its trade receivables, which relate to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables, the contractual period is the very short period needed to transfer the cash once demanded or when the receivables fall due. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the REIT's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties.

If the REIT cannot immediately collect the receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized which may prove to be negligible.

#### *(b) Financial Liabilities*

Financial liabilities include Trade and Other Payables (except tax-related liabilities), Lease Liabilities and Due to Related Parties.

### **2.4 Property and Equipment**

Property and equipment 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.

Depreciation of property and equipment (comprising of generation assets) is computed on the straight-line basis over the estimated useful lives of 18 years.

## ***2.5 Investment Properties***

Properties held for lease under operating lease agreements, which comprise mainly of land and buildings are classified as Investment Properties.

Investment properties are accounted for under the fair value model. They are remeasured annually and are reported in the statement of financial position at their fair values. Fair value is based on the income approach and, where projected cash flows cannot be measure reliably, the cost approach, as determined annually by an independent appraiser with sufficient experience with respect to both the location and the nature of the investment properties.

## ***2.6 Leases***

### ***(a) REIT as Lessee***

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.

The REIT has elected to account for short-term leases and leases of low-value assets using the practical expedients, when applicable. 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.

### ***(b) REIT as Lessor***

The REIT applies judgment in determining whether a lease contract is a finance or operating lease.

## ***2.7 Impairment of Non-financial Assets***

The Company's property and equipment, right-of-use assets, and other non-financial assets are subject to impairment testing.

# **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the REIT's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the 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 Judgments in Applying Accounting Policies***

In the process of applying the REIT'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 financial statements.

(a) *Suspension of Revenue Recognition from Lease Agreement with SIPCOR*

The REIT recognizes rental income from its lease arrangements in accordance with PFRS 16, *Leases*, whereby lease income is generally recognized on a straight-line basis over the lease term.

In August 2025, the ERC revoked the authority of SIPCOR, a significant lessee, to operate its power plant, resulting in the shutdown of its operations. Consequently, the related lease agreement was suspended effective November 2025.

Following the suspension, management exercised significant judgment in determining the appropriate accounting treatment for lease income from SIPCOR. In making this judgement, management considered, among others, the enforceability of the lease arrangement in substance, SIPCOR's ability to utilize the underlying leased asset and the implications on the timing and recoverability of lease payments during the period of operational shut down.

Accordingly, no lease income from SIPCOR has been recognized from the date of suspension through the reporting period. Management concluded that continued recognition of lease income would no longer faithfully represent the economic substance of the arrangement during the suspension period.

This judgment significantly affects the timing and amount of revenue recognized in the financial statements and is subject to ongoing assessment as circumstances involve, including any resolution of regulatory matters and resumption of SIPCOR's operations.

(b) *Assessment of REIT's Ability to Continue as Going Concern*

The REIT's management has made an assessment on the REIT's ability to continue as a going concern and is satisfied that the REIT has the resources and concrete plans to continue in the foreseeable future.

Management's assessment and plans to improve its financial position and performance are discussed in Note 1. The financial statements continue to be prepared on a going concern basis.

(c) *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 REIT pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the REIT is reasonably certain to extend and not to terminate the lease contract. Otherwise, the REIT considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The REIT 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 REIT 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 REIT.

(d) *Distinction Among Investment Properties and Owner-occupied Properties*

The REIT determines whether a property should be classified as investment property or owner-occupied property. The REIT 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 REIT 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 REIT's main line of business or for administrative purposes, the REIT 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 REIT'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 REIT considers each property separately in making its judgment.

(e) *Distinction Between Operating and Finance Leases as Lessor*

The REIT 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 risks 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.

(f) *Recognition of 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.

Judgment is exercised by management to distinguish between provisions and contingencies.

**3.2 Key Sources of Estimation Uncertainty**

The following 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 and Property and Equipment*

The REIT's investment properties, composed of right-of-use asset, land and buildings, are measured using the fair value model while the REIT's property and equipment, composed of generation assets, are measured using revaluation model. In determining the fair value of these assets, the REIT 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 and expenses related to the operations and discount rate.

The fair value measurements of the REIT's investment properties and property and equipment involve significant judgment and estimation. The valuation assumptions are updated each reporting period based on information available at the reporting date and reflect current expectations of market participants. Changes in these key assumptions arising from current-year developments are accounted for as changes in accounting estimates in accordance with PAS 8 and are recognized in accordance with the applicable standards.

In the current year, the fair value of certain investment properties decreased compared with the prior year primarily due to the suspension of lease arrangements and the operational shutdown of SIPCOR. These circumstances resulted in reduced and more uncertain projected cash flows, including changes in assumptions relating to expected rental income, timing of cash flows and discount rates, and led to increased estimation uncertainty in the valuation of these properties.

In contrast, investment properties leased to CAMPCOR continued to generate recurring rental income under existing lease agreements, providing support to fair values based on continuing cash flow projections.

Due to the current operating environment of SIPCOR, there is heightened uncertainty over the timing and extent of recovery in projected cash flows for the affected investment properties. The fair values of these properties are particularly sensitive to changes in assumptions regarding rental income and discount rates. A reasonably possible change in these key assumptions could result in a material adjustment to the carrying amounts of the related assets in future reporting periods.

For investment properties and property and equipment for which the valuation was conducted prior to the end of the reporting period, management assesses whether there are significant events or changes in circumstances occurring between the valuation date and the reporting date that would require adjustments to the fair values or additional disclosures.

Management concluded that the effects of the suspension of lease arrangements and the operational shutdown of SIPCOR were appropriately reflected in the valuation assumptions used by the independent appraisers. No further significant events or changes in circumstances were identified during the intervening period that would require additional adjustments to the disclosed fair values as at the reporting date.

*(b) Estimation of Useful Lives of Property and Equipment*

The REIT estimates the useful lives of the property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property and equipment 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 the property and equipment are analyzed in Note 7. Based on management's assessment as at December 31, 2025 and 2024, there is no change in estimated useful lives of the property and equipment during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

*(c) Estimation of Allowance for ECL*

The measurement of the allowance for ECL is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers/counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 18.2(b).

Based on management's assessment, an allowance for expected credit losses was recognized on receivables as of December 31, 2025. Accordingly, receivables as of December 31, 2024 were considered fully collectible (see Note 5).

*(d) Impairment of Non-financial Assets*

The REIT's Investment Properties, Property and Equipment and other non-financial assets are subject to impairment testing.

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 relate to assumptions about future operating results and the determination of suitable discount rate.

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.

Based on management's assessment, an impairment loss on Property and Equipment was recognized for the year ended December 31, 2025. There was no similar transaction in 2024 (see Notes 7 and 12).

#### 4. CASH

Cash in banks amounted to P0.5 million and P0.9 million as of December 31, 2025 and 2024, respectively.

Cash in banks generally earn interest based on daily bank deposit rates. Interest income earned from cash in banks amounted to P573 in 2025, P4,506 in 2024 and P6,051 in 2023. Interest earned is presented as Finance income under Other Income (Charges) – Net section in the statements of comprehensive income.

#### 5. TRADE RECEIVABLES – Net

This account as of December 31 is composed of the following:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Billed	14.1	<b>612,718,120</b>	736,640,406
Accrued	14.1	<b>178,020,776</b>	152,860,548
		<b>790,738,896</b>	889,500,954
Allowance for impairment		<b>(356,993,597)</b>	-
	11	<b><u>433,745,299</u></b>	<b><u>889,500,954</u></b>

All trade receivables are subject to credit risk exposure. In 2025, following the revocation by the ERC of SIPCOR's authority to operate and the resulting shutdown of its power plant, management reassessed the recoverability of the related assets and receivables. Accordingly, an impairment loss was recognized based on estimated expected credit losses and recovery scenarios and is presented as part of impairment loss under Cost and Operating Expenses in 2025 statement of comprehensive income (see Note 12).

## 6. PREPAYMENTS AND OTHER CURRENT ASSETS

The REIT's other assets consist of the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Income tax credits	59,673,258	54,827,714
Prepaid expenses	<u>186,940</u>	<u>184,795</u>
	<u><b>59,860,198</b></u>	<u><b>55,012,509</b></u>

Income tax credits represent amounts available to offset the REIT's income tax liability, including creditable withholding taxes withheld from the REIT's income by its customers and prior-year excess income tax payments carried forward for application against future income tax liabilities.

## 7. PROPERTY AND EQUIPMENT

The property and equipment of the REIT pertains to generation assets (see Note 15).

The carrying amounts of property and equipment as at December 31, 2025, 2024 and 2023 are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost	961,520,000	934,480,000	897,580,000
Revaluation increase (decrease)	<b>(171,654,538)</b>	85,142,383	89,441,268
Depreciation	<b>(63,747,182)</b>	(58,102,383)	(52,541,268)
Impairment	<b>(22,028,980)</b>	-	-
	<u><b>704,089,300</b></u>	<u>961,520,000</u>	<u>934,480,000</u>

The property and equipment is recognized under the revaluation model. The revaluation surplus, net of applicable deferred income taxes, is presented as part of the Revaluation Reserves account in the equity section of the statements of financial position. As of December 31, 2025, the Revaluation Reserves balance is nil, following the offset of prior revaluation gains against impairment losses and changes in valuation assumptions during the year.

The movements of the revaluation surplus are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance at beginning of the year	137,936,681	79,018,554	12,683,703
Revaluation	<b>(128,740,904)</b>	63,856,787	67,080,951
Depreciation	<b>(9,195,777)</b>	(4,938,660)	(746,100)
Balance at end of the year	<u>-</u>	<u>137,936,681</u>	<u>79,018,554</u>

Indicators of impairment were identified during the year ended December 31, 2025 due to changes in operating conditions that affected the expected recoverable amounts of certain property and equipment. Accordingly, the REIT recognized an impairment loss on its property and equipment amounting to P22.0 million, arising from a revaluation decrease, the excess of which over the existing revaluation surplus and carrying amount of the related property and equipment was recognized in profit or loss. The amount is presented as part of Other Operating Expenses in the 2025 statement of comprehensive income (see Note 12). No impairment loss was recognized for the years ended December 31, 2024 and 2023.

The REIT recognized income arising from the lease of generation assets to SIPCOR amounting to P35.1 million in 2025 and P52.7 million for both 2024 and 2023, and these are presented as part of Rental Income in the statements of comprehensive income (see Note 11). The related outstanding receivable is presented as part of Trade Receivables in the statements of financial position (see Note 5). The depreciation expense is presented as part of Costs of Rentals in the statements of comprehensive income.

In 2025 and 2024, the REIT transferred to Retained Earnings the depreciation of the revaluation surplus from prior year amounting to P9.2 million and P4.9 million, respectively.

Under the cost model, the carrying value of the property and equipment would have amounted to P704.1 million and P777.6 million as of December 31, 2025 and 2024, respectively.

The REIT did not have any fully depreciated property and equipment as of December 31, 2025 and 2024. The information on the fair value measurement and disclosures related to the property and equipment are presented in Note 20.3.

## 8. INVESTMENT PROPERTIES

The REIT's investment properties pertain to parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land (see Note 15) and the right-of-use asset on the lease right from the lease agreement with NPC (see Note 10).

These parcels of land and buildings are measured at fair value and the information on the fair value measurement and disclosures are presented in Note 20.3.

A reconciliation of the carrying amounts of investment properties as at December 31, 2025, 2024 and 2023 is shown below.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Total</u>
Balance as of January 1, 2025	4,377,340,000	2,382,870,000	1,154,210,000	7,914,420,000
Fair value loss	<u>(1,167,030,000)</u>	<u>(163,248,000)</u>	<u>(1,154,210,000)</u>	<u>(2,484,488,000)</u>
Balances as of December 31, 2025	<u><b>3,210,310,000</b></u>	<u><b>2,219,622,000</b></u>	<u><b>-</b></u>	<u><b>5,429,932,000</b></u>

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Total</u>
Balance as of				
January 1, 2024	4,254,240,000	2,315,860,000	1,214,390,000	7,784,490,000
Additions	25,482,095	17,936,391	-	43,418,486
Fair value gain (loss)	97,617,905	49,073,609	(60,180,000)	86,511,514
	<u>4,377,340,000</u>	<u>2,382,870,000</u>	<u>1,154,210,000</u>	<u>7,914,420,000</u>
Balances as of				
December 31, 2024	<u>4,377,340,000</u>	<u>2,382,870,000</u>	<u>1,154,210,000</u>	<u>7,914,420,000</u>
Balances as of				
January 1, 2023	4,085,360,000	2,223,800,000	1,261,810,000	7,570,970,000
Fair value gain (loss)	168,880,000	92,060,000	(47,420,000)	213,520,000
	<u>4,254,240,000</u>	<u>2,315,860,000</u>	<u>1,214,390,000</u>	<u>7,784,490,000</u>
Balance as of				
December 31, 2023	<u>4,254,240,000</u>	<u>2,315,860,000</u>	<u>1,214,390,000</u>	<u>7,784,490,000</u>

The fair values of the investment properties were determined by an independent and SEC-accredited property appraiser. The REIT's management engaged with an appraiser and the amounts stated above are the fair values. The fair value gain and loss on investment properties is presented under Other Income (Charges) – Net in the statements of comprehensive income.

The REIT recognized income amounting to P552.1 million, P642.9 million and P591.1 million in 2025, 2024 and 2023, respectively, from the lease of investment properties which is presented as part of Rental Income in the statements of comprehensive income (see Note 11). The related outstanding receivables are presented as part of Trade Receivables in the statements of financial position (see Note 5).

Expenses, such as taxes and licenses and property management fees, incurred in relation to the rental services are recognized as incurred and presented as part of Costs of Rentals in the statements of comprehensive income (see Note 12).

The REIT does not have contractual commitments for purchase of investment properties. The operating lease commitments of the REIT as lessor are fully disclosed in Note 17.1.

## 9. TRADE AND OTHER PAYABLES

This account is composed of the following as of December 31:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Dividends payable		<b>86,914,657</b>	-
Accrued expenses	15.2	<b>66,176,136</b>	51,120,455
Deferred output VAT		<b>65,648,370</b>	78,925,758
VAT payable		<b>24,342,155</b>	7,711,583
Others		<b>377,744</b>	908,098
		<u><b>243,459,062</b></u>	<u>138,665,894</u>

Dividends payable represent dividends that were declared during the year but remain unpaid as of December 31, 2025.

Accrued expenses relate to unpaid administrative expenses as at year end.

Deferred output VAT is recognized by the REIT for uncollected billings for rentals. This will be reclassified to output VAT payable and offset against input VAT, if any, once collected.

## 10. LEASES

In 2022, SIPCOR assigned the lease of the land situated in Candanay, Siquijor owned by the NPC (Candanay Property) to the REIT. The lease has a term of 20 years with renewal option, subject to mutual agreement of both parties, and an escalation rate of 20% every five years. The assignment was approved by the NPC. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. The lease allows the REIT to sublet the asset to another party, however, it did not contain an option to purchase the underlying lease asset at the end of the lease.

On April 11, 2022, the REIT entered into a sublease agreement with SIPCOR for the same Candanay Property for a term of eight years, recognizing the right-of-use asset which is presented as part of Investment Properties in the statements of financial position (see Note 8).

Lease liability is presented in the statements of financial position as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	522,227	408,491
Non-current	<u>4,865,352</u>	<u>5,411,452</u>
	<u>5,387,579</u>	<u>5,819,943</u>

The movements in the lease liability recognized in the statements of financial position are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	5,819,943	6,201,851	6,702,040
Repayments	(813,600)	(793,459)	(935,087)
Interest	<u>381,236</u>	<u>411,551</u>	<u>434,898</u>
Balance at end of year	<u>5,387,579</u>	<u>5,819,943</u>	<u>6,201,851</u>

Interest expense related to the lease liability is reported as Finance cost under Other Income (Charges) – Net in the statements of comprehensive income.

As at December 31, 2025 and 2024, the REIT has no lease commitments for leases that had not commenced.

The maturity analysis of undiscounted lease liabilities as at December 31 are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Within 1 year	<b>813,600</b>	813,600
1 to 2 years	<b>813,600</b>	813,600
2 to 3 years	<b>813,600</b>	813,600
3 to 4 years	<b>976,320</b>	813,600
4 to 5 years	<b>976,320</b>	976,320
More than 5 years	<b><u>2,928,960</u></b>	<u>3,905,280</u>
	<b><u>7,322,400</u></b>	<u>8,136,000</u>

The cash outflow in respect of the lease for the years ended December 31, 2025 and December 31, 2024 amounted to P0.8 million for both years.

## 11. RENTAL INCOME

The REIT derives its rental income from the lease of its investment properties and property and equipment (see Notes 7 and 8), which commenced in June 2022.

Rentals from these properties are based on an agreed guaranteed annual base or the calculated variable rental based on the lessees' revenues, whichever is higher. In 2025 and 2024, the agreed guaranteed annual base is higher than the variable base for all properties, except for the Candanay property and Lazi property (see Note 17).

The table below describes the lease agreements entered into by the REIT and their respective terms.

	<u>Lease Term</u>	<u>Renewable years Upon mutual agreement</u>	<u>Variable rental rates based on lessees' revenues</u>
Candanay property	8 years	10 years	26.59%
Lazi property	9 years	10 years	8.41%
SIPCOR building	9 years	10 years	0.50%
SIPCOR generation assets	9 years	10 years	4.50%
CAMPCOR land	10 years	10 years	15.00%
CAMPCOR building	10 years	10 years	10.00%

The rental income derived from such leases amounted to P587.2 million, P695.6 million and P643.8 million in 2025, 2024 and 2023, respectively. Breakdown of rental income reported in the statements of comprehensive income is shown in the succeeding page.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Rental income from SIPCOR:			
Right-of-use asset	<b>179,791,372</b>	247,306,487	207,956,866
Land	<b>56,865,192</b>	78,219,163	65,773,495
Generation assets (presented as property and equipment)	<b>35,146,648</b>	52,719,971	52,719,971
Building	<b>3,944,049</b>	5,916,074	5,916,074
	<b>275,747,261</b>	384,161,695	332,366,406
Rental income from CAMPCOR:			
Land	<b>184,766,973</b>	184,766,973	184,766,973
Building	<b>126,680,643</b>	126,680,643	126,680,643
	<b>311,447,616</b>	311,447,616	311,447,616
	<b>587,194,877</b>	695,609,311	643,814,022

The REIT's rental income is generated from the following assets and geographical regions:

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Generation assets</u>	<u>Total</u>
<b>2025:</b>					
Siquijor	56,865,192	3,944,049	179,791,372	35,146,648	275,747,261
Cebu	184,766,973	126,680,643	-	-	311,447,616
	<b>241,632,165</b>	<b>130,624,692</b>	<b>179,791,372</b>	<b>35,146,648</b>	<b>587,194,877</b>
<b>2024:</b>					
Siquijor	78,219,163	5,916,074	247,306,487	52,719,971	384,161,695
Cebu	184,766,973	126,680,643	-	-	311,447,616
	<b>262,986,136</b>	<b>132,596,717</b>	<b>247,306,487</b>	<b>52,719,971</b>	<b>695,609,311</b>
<b>2023:</b>					
Siquijor	65,773,495	5,916,074	207,956,866	52,719,971	332,366,406
Cebu	184,766,973	126,680,643	-	-	311,447,616
	<b>250,540,468</b>	<b>132,596,717</b>	<b>207,956,866</b>	<b>52,719,971</b>	<b>643,814,022</b>

As of December 31, 2025 and 2024, the rental receivable amounted to P790.7 million and P889.5 million, respectively, which is reported as Trade Receivables in the statements of financial position (see Note 5).

## 12. COSTS AND OPERATING EXPENSES BY NATURE

The details of this account are shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Impairment loss	6, 7	<b>379,022,577</b>	-	-
Depreciation	7	<b>63,747,182</b>	58,102,383	52,541,268
Property and fund management fees	8	<b>19,389,227</b>	20,554,430	18,222,160
Taxes and licenses		<b>7,487,821</b>	9,620,493	238,877
Professional fees		<b>2,497,859</b>	2,190,920	1,572,897
General and administrative		<b>1,277,779</b>	841,355	1,099,680
Miscellaneous		<b>2,022,977</b>	1,486,436	1,749,276
		<b><u>475,445,422</u></b>	<u>92,796,017</u>	<u>75,424,158</u>

These expenses are classified in the statements of comprehensive income as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of rentals	<b>90,326,004</b>	85,846,407	70,763,428
Operating expenses	<b>385,119,418</b>	6,949,610	4,660,730
	<b><u>475,445,422</u></b>	<u>92,796,017</u>	<u>75,424,158</u>

## 13. INCOME TAXES

The components of tax expense (income) as reported in the statements of comprehensive income are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
Final tax at 20%	<b>137</b>	1,073	1,441
Regular corporate income tax at 25%	-	-	8,717,221
	<b><u>137</u></b>	<u>1,073</u>	<u>8,718,662</u>
Deferred tax arising from origination of temporary differences	<b><u>(25,476,390)</u></b>	<u>32,904,609</u>	<u>68,752,809</u>
	<b><u>(25,476,253)</u></b>	<u>32,905,682</u>	<u>77,471,471</u>

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in other comprehensive income (loss) –</i>			
Deferred tax arising from recognition and reversal of revaluation surplus	<u><b>(42,913,634)</b></u>	<u>21,285,596</u>	<u>22,360,317</u>

A reconciliation of tax on pretax profit or loss computed at the applicable statutory rates to tax expense or income reported in the statements of comprehensive income for the periods ended December 31, 2025, 2024, and 2023 is presented on the next page.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax on pretax profit (loss) at 25%	<b>(593,279,802)</b>	172,229,441	195,370,254
Tax effects of:			
Unrecognized DTA	<b>689,166,688</b>	-	-
Dividends from distributable income	<b>(104,990,758)</b>	(125,392,106)	(117,898,783)
Excess of optional standard deduction (OSD) over itemized deduction	<u><b>(16,372,381)</b></u>	<u>(13,931,653)</u>	<u>-</u>
Tax expense (income)	<u><b>(25,476,253)</b></u>	<u>32,905,682</u>	<u>77,471,471</u>

The REIT claimed the dividends as tax deduction in its determination of income tax liability (see Notes 15 and 23). As per Rule 10 of the REIT Act, REITs may deduct against taxable income any dividends distributed as of the end of the taxable year and on or before the last day of the fifth month of the next taxable year.

In 2025, the REIT did not recognize certain DTA on other deductible temporary differences as management has assessed that it may not be able to realize the related tax benefits.

As of the end of the reporting period, the total unrecognized deferred tax assets relate to the items presented below.

<i>(Amounts in PHP)</i>	<u>Amount</u>	<u>Tax effect</u>
Fair value loss on investment properties	2,376,416,488	594,104,122
Impairment loss	379,022,577	94,755,644
Interest expense on lease liability	<u>1,227,686</u>	<u>306,922</u>
	<u><b>2,756,666,751</b></u>	<u><b>689,166,688</b></u>

The net deferred tax liability relates to the following as of December 31, 2025 and 2024:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Straight-lining of rental income	<b>44,505,193</b>	38,215,137
Fair value gains on investment property	-	27,017,878
Revaluation surplus of property and equipment	-	47,873,814
Interest expense on lease liability	-	(211,612)
	<u><b>44,505,193</b></u>	<u>112,895,217</u>

The REIT claimed OSD in computing for its income tax due in 2025 and 2024, and itemized deductions in 2023.

#### 14. RELATED PARTY TRANSACTIONS

The REIT's related parties include the parent company, a related party under common ownership, and key management. A summary of the REIT's transactions and outstanding balances, if any, with its related parties is presented below.

<i>(Amounts in PHP)</i>	Notes	<u>Amount of Transactions</u>			<u>Outstanding Receivable (Payable)</u>	
		2025	2024	2023	2025	2024
<b>Parent Company:</b>						
Rental income	5, 11, 14.1	<b>275,926,155</b>	384,161,695	332,366,406	<b>356,792,586</b>	573,523,714
Due to related party	14.2	<b>161,768,703</b>	60,613,265	54,977,600	<b>(17,898,441)</b>	(179,677,144)
Lease liabilities	10	<b>381,236</b>	381,908	500,189	<b>(5,387,579)</b>	(5,819,943)
<b>Related party under common ownership:</b>						
Rental income	5, 11, 14.1	<b>311,447,616</b>	311,447,616	311,447,616	<b>433,946,310</b>	315,977,240
Due to related party	14.2	<b>(105,573,405)</b>	(247,849,512)	390,286,322	<b>(37,404,849)</b>	(142,978,254)
<b>Key management personnel –</b>						
Compensation	14.3	<b>540,000</b>	322,500	547,500	-	262,200

##### ***14.1 Lease Agreements***

In 2022, the REIT entered into several operating lease agreements with SIPCOR and CAMPCOR (see Notes 10 and 11).

The rentals earned from the Lease Agreements are presented as Rental Income in the statements of comprehensive income (see Note 11). The unsecured, noninterest-bearing outstanding balances related to such agreements are presented as part of Trade Receivables in the statements of financial position (see Note 5).

##### ***14.2 Due to Related Parties***

In the normal course of business, the REIT obtains cash advances from its parent company and a related party under common ownership for accommodation of certain expenses, working capital requirements and other purposes.

The outstanding due to related parties presented in the statements of financial position as at December 31, 2025 and 2024 amounted to P55.3 million and P322.7 million, respectively. Such balances have no fixed repayment terms and are unsecured, noninterest-bearing and generally payable in cash upon demand, or through offsetting arrangements with the related parties.

A reconciliation of the carrying amounts of the Due to Related Parties is shown as:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<i>Parent Company:</i>		
Balance at beginning of year	179,677,144	119,063,879
Advances obtained	213,378,824	526,584,527
Repayments	<u>(375,157,527)</u>	<u>(465,971,262)</u>
	<u>17,898,441</u>	<u>179,677,144</u>
<i>Related Party under Common Ownership:</i>		
Balance at beginning of year	142,978,254	390,827,766
Advances obtained	177,671,508	207,843,935
Repayments	<u>(283,244,913)</u>	<u>(455,693,447)</u>
	<u>37,404,849</u>	<u>142,978,254</u>
Balance at end of year	<u><u>55,303,290</u></u>	<u><u>322,655,398</u></u>

### **14.3 Key Management Function**

Key management personnel compensation amounted to P0.5 million and P0.3 million in 2025 and 2024, respectively. The unpaid balance as of December 31, 2025 and 2024 is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Note 9).

## **15. EQUITY**

### **15.1 Capital Stock**

Capital stock consists of the following as of December 31, 2025 and 2024:

	<u>Shares</u>	<u>Amount in PHP</u>
Common shares		
Authorized	7,500,000,000	7,500,000,000
Issued and outstanding	3,288,669,000	3,288,669,000

On March 9, 2022, the REIT 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. As of December 31, 2025 and 2024, a total number of 3,288,669,000 shares were fully issued and outstanding which amounted to P3.3 billion.

Under the terms of the capital increase, the REIT shall issue a total of 3,288,664,000 common shares to SIPCOR and CAMPCOR in exchange for the transfer, assignment and conveyance by SIPCOR and CAMPCOR of all their rights, title and interests in certain generation assets (see Note 7) and parcels of land and buildings situated thereat (see Note 8).

Pursuant to the capital increase and the property-for-share swap transaction, the REIT issued 1,654,856,000 common shares to SIPCOR and 1,633,808,000 common shares to CAMPCOR. The REIT recognized additional paid-in capital on the excess of the fair value of properties transferred over the par value of shares totalling to P5.3 billion, net of the stock issue costs totalling to P49.5 million, as a result of this transaction.

Under the terms of the property-for-share swap transaction, the REIT, as a lessor and/or sublessor of the properties assigned by SIPCOR and CAMPCOR, executed lease and sublease agreements with each of SIPCOR and CAMPCOR to enable them to use the assigned properties for their continuing power generation operations. The property-for-share swap transaction, forming part of the capital increase of the REIT, was also approved by the SEC on May 31, 2022.

On December 15, 2022, following the initial public offering of the REIT's common shares, the shares of SIPCOR and CAMPCOR were reduced to 845,589,861 (25.71%) and 834,839,132 (25.39%) common shares, respectively. As at December 31, 2022, 1,607,431,000 (48.88%) common shares are owned by the public and the remaining 809,007 (0.02%) common shares are owned by REIT's directors and officers.

As of December 31, 2025 and 2024, there are 5,435 holders and 3,627 holders, respectively, of at least one board lot of the listed shares, which closed at P1.02 per share for 2025 and P2.21 per share for 2024.

## 15.2 Dividends

During the year, the BOD approved the following dividends declaration from its unrestricted retained earnings payable to stockholders.

<u>Date of Declaration</u>	<u>Payment Date</u>	<u>Cash Dividend per Share</u>	<u>Total (Amounts in PHP)</u>
<b><u>2025</u></b>			
April 15, 2025	May 21, 2025	0.0548	180,219,061
May 26, 2025	June 27, 2025	0.0332	109,183,811
August 27, 2025	September 26, 2025	0.0331	108,854,944
November 28, 2025	January 14, 2026	0.0265	87,149,729
			<b>485,407,545</b>
<b><u>2024</u></b>			
February 5, 2024	March 12, 2024	0.0388	127,600,357
April 14, 2024	May 13, 2024	0.0388	127,600,357
May 27, 2024	June 28, 2024	0.0326	107,210,609
August 29, 2024	September 27, 2024	0.0326	107,210,609
November 28, 2024	December 27, 2024	0.0325	106,881,744
			<b>576,503,676</b>

<u>Date of Declaration</u>	<u>Payment Date</u>	<u>Cash Dividend per Share</u>	<u>Total (Amounts in PHP)</u>
<u>2023</u>			
April 28, 2023	May 26, 2023	0.0682	224,287,226
June 22, 2023	July 17, 2023	0.0299	98,331,203
September 8, 2023	September 29, 2023	0.0359	118,063,217
			<u>440,681,646</u>

Unpaid dividends amounting to P60.3 million as of December 31, 2023 has been paid in 2024. There were no unpaid dividends as of December 31, 2024. Dividends payable of P86.9 million is presented as part of Trade and Other Payables in the 2025 statement of financial position (see Note 9).

### **15.3 Distributable Income**

The computation of the distributable income of the REIT for the periods ended December 31, 2025, 2024, and 2023 is shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net profit (loss)		<b>(2,347,642,955)</b>	656,012,081	704,009,546
Fair value adjustment of investment property resulting to loss (gain)	8	<b>2,484,488,000</b>	(86,511,514)	(213,520,000)
Impairment loss	6, 7	<b>379,022,577</b>	-	-
Deferred tax expense (income)	13	<b>(25,476,253)</b>	32,904,609	68,752,809
Effect of straight lining of rental income	11	<b>(25,160,228)</b>	(45,518,472)	(61,926,134)
Accretion of interest relating to lease liability	10	<b>381,236</b>	411,551	434,898
Distributable income		<u>-</u>	<u>557,298,255</u>	<u>497,751,119</u>

The REIT has adopted a dividend policy in accordance with the provisions of the REIT Act, pursuant to which the REIT's shareholders may be entitled to receive at least 90% of the REIT's annual distributable income. The REIT intends to declare and pay out dividends of at least 90% of distributable income on a quarterly basis each year.

During the year, the REIT declared and paid dividends for the first three quarters. However, as a result of the net loss, no distributable income was generated as of December 31, 2025. Accordingly, no additional amounts were available for dividend declaration at year-end, consistent with the REIT's dividend policy.

For purposes of tax reporting, the REIT claimed distributable income declared as dividend as deduction against its taxable income as allowed per Rule 10 of the REIT Act (see Note 13).

## 16. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net profit (loss) for the period	<b>(2,347,642,955)</b>	656,012,081	704,009,546
Divided by weighted number of outstanding common shares	<u><b>3,288,669,000</b></u>	<u>3,288,669,000</u>	<u>3,288,669,000</u>
Basic and diluted earnings (loss) per share	<u><b>(0.71)</b></u>	<u>0.20</u>	<u>0.21</u>

The REIT has no potential dilutive common shares as of December 31, 2025 and 2024.

## 17. COMMITMENTS AND CONTINGENCIES

### *17.1 Operating Lease Commitments – REIT as a Lessor*

The lease agreements of the REIT with SIPCOR and CAMPCOR require monthly rentals equivalent to the higher of a guaranteed base lease or a percentage ranging from 0.50% to 26.90% of the lessee's annual revenue (see Notes 6, 7 and 11). In 2025 and 2024, rentals based on the guaranteed base lease are higher than the rentals calculated based on the variables rates except for the rental income from Candanay Property and Lazi Property (see Note 11). The rental income from such properties is determined based on 26.59% and 8.41% of the revenue derived from the lease, respectively. The amounts recognized as rental income from such properties are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Candanay Property	<b>179,791,372</b>	247,306,487
Lazi Property	<u><b>56,865,191</b></u>	<u>78,219,163</u>
	<u><b>236,656,563</b></u>	<u>325,525,650</u>

The future minimum lease receivable under the REIT's lease agreements (see Notes 7 and 8) as of December 31, 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Within 1 year	<b>311,447,926</b>	608,848,418
1 to 2 years	<b>311,447,926</b>	608,848,418
2 to 3 years	<b>311,447,926</b>	608,848,418
3 to 4 years	<b>311,447,926</b>	608,848,418
4 to 5 years	<b>311,447,926</b>	608,848,418
More than 5 years	<u><b>441,217,895</b></u>	<u>993,297,303</u>
	<u><b>1,998,457,525</b></u>	<u>4,037,539,393</u>

The REIT is subject to risk incidental to the operation of its investment properties and property and equipment, which include, among others, changes in market rental rates and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. All of the REIT's lease agreements are from related parties. If the expected growth does not meet management's expectations, the REIT may not be able to collect rent or collect at profitable rates. Management initially assessed the risk of non-collection as insignificant, considering that the REIT and its tenants are related parties under common control and can direct payments and collections among themselves (see Note 14). Notwithstanding this, an impairment loss has been recognized in the current period after management reassessed recoverability following the revocation of SIPCOR's authority and shutdown of its power plant (see Note 5).

### ***17.2 Others***

There are other commitments and contingent liabilities that may arise in the normal course of the REIT's operations, which are not reflected in the financial statements. As of December 31, 2025 and 2024, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the REIT's financial statements.

## **18. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The REIT is exposed to a variety of financial risks in relation to its financial instruments. The REIT's financial asset and financial liability by category is disclosed in Note 19. The main types of risks are market risk, credit risk, and liquidity risk.

The REIT's risk management is coordinated with its parent company, in close coordination with the BOD, and focuses on actively securing the REIT's short to medium-term cash flows by minimizing the exposure to financial risks. The REIT does not engage in trading of financial assets for speculative purposes. The relevant financial risks to which the REIT is exposed are discussed below and in the succeeding page.

### ***18.1 Market Risk***

As of December 31, 2025 and 2024, the REIT 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.

### ***18.2 Credit Risk***

The REIT's credit risk is attributable to cash in banks and trade receivables. The REIT maintains defined credit policies and continuously monitors defaults of counterparties, identified either individually or by group, and incorporates 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 REIT's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets as at December 31, 2025 and 2024 is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized in the succeeding page.

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>
Cash	4	<b>545,596</b>	891,662
Trade receivables	5	<b>433,745,299</b>	889,500,954
		<b><u>434,290,895</u></b>	<b><u>890,392,616</u></b>

(a) *Cash*

The maximum credit risk exposure of financial asset is the carrying amount of the financial asset as shown in the statement 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 P1.0 million for every depositor per banking institution.

(b) *Trade Receivables*

Substantially all of the REIT's receivables arise from two related party lease arrangements with SIPCOR and CAMPCOR, resulting in a significant concentration of credit exposure to these parties. Management determines possible impairment based on the related parties' ability to repay the receivables upon demand at the reporting date taking into consideration historical defaults of the related parties.

In 2025, due to the developments affecting SIPCOR as discussed in Note 5, management reassessed the collectability of receivables from SIPCOR and recognized expected credit losses based on estimated recovery scenarios and probability-weighted cash flows.

As of December 31, 2024, management assessed that the outstanding balances from related parties are recoverable, as the related parties have the financial capacity to settle the balances upon demand and there have been no historical defaults. Accordingly, expected credit losses were deemed negligible.

### **18.3 Liquidity Risk**

As of December 31, 2025 and 2024, the REIT's maximum liquidity risk is the carrying amounts of trade and other payables, due to related parties and lease liabilities (see Note 10).

As of December 31, the REIT's financial liabilities, excluding lease liabilities, have contractual maturities which are presented below.

<i>(Amounts in PHP)</i>	Notes	<u>Within 6 months</u>	
		<u>2025</u>	<u>2024</u>
Trade and other payables	9	<b>153,227,682</b>	51,820,313
Due to related parties	14	<b>55,303,290</b>	322,655,398
		<b><u>208,530,972</u></b>	<b><u>374,475,711</u></b>

The contractual maturity reflects the gross cash flows and the carrying value of the liability at the end of the reporting periods.

## 19. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 19.1 Carrying Amounts and Fair Value by Category

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

<i>(Amounts in PHP)</i>	Notes	2025		2024	
		Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial assets</b>					
Cash	4	545,596	545,596	891,662	891,662
Trade receivables	5	433,745,299	433,745,299	889,500,954	889,500,954
		<u>434,290,895</u>	<u>434,290,895</u>	<u>890,392,616</u>	<u>890,392,616</u>
<b>Financial liabilities</b>					
Trade and other payables	9	243,459,061	243,459,061	51,820,313	51,820,313
Due to related parties	14	55,303,290	55,303,290	322,655,398	322,655,398
		<u>298,762,351</u>	<u>298,762,351</u>	<u>374,475,711</u>	<u>374,475,711</u>

A description of the REIT's risk management objectives and policies for financial instruments is provided in Note 18.

### 19.2 Offsetting of Financial Assets and Financial Liabilities

The REIT has not set off financial instruments and does 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.

## 20. FAIR VALUE MEASUREMENT AND DISCLOSURE

### 20.1 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 Accounting Standards, 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.

### ***20.2 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed***

The REIT's financial instruments are measured at amortized cost and hence are included in Level 3, except for cash, which is considered within Level 1.

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.

### ***20.3 Fair Value Measurement of Non-financial Assets***

The REIT's investment properties and property and equipment amounting to P5.4 billion and P0.7 billion as of December 31, 2025, respectively, and P7.9 billion and P0.9 billion as of December 31, 2024, respectively, and are classified under Level 3 of the fair value measurements hierarchy.

The fair values of the REIT's investment properties (see Note 8) and property and equipment (see Note 7) are determined based on the appraisals performed by Asian Appraisal Company, Inc., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties.

In estimating the fair value of these properties, management considers a market participant's ability to generate economic benefits by using the assets at their highest and best use. Based on management's assessment, the highest and best use of the REIT's investment properties and property and equipment is their current use.

For investment properties with continuing lease arrangements, including those leased to CAMPCOR, the appraisers applied the income approach using discounted cash flows (DCF). The DCF model involves estimating: (a) revenues to be generated; (b) operating costs and expenses; (c) an appropriate discount rate; and (d) the present value of expected net cash flows. The appraisers used a discount rate of 7.66% in 2025 and 8.39% in 2024, and a growth rate of 8.42% in both years.

However, due to the suspension of SIPCOR operations during the current year, the valuation assumptions for the SIPCOR-related assets were significantly affected. As a result of the suspension, projected cash flows became uncertain and could no longer be measured reliably. Accordingly, the valuation methodology for the SIPCOR assets changed from the income approach using a DCF model used in the prior year to the cost approach in the current year. Under the cost approach, fair value was determined based on the replacement cost of the assets, adjusted for physical deterioration, functional obsolescence, and economic obsolescence, as applicable. This change in valuation technique reflects management's assessment that, in light of the suspension, the cost approach provides a more reliable indication of fair value than an income-based approach.

Fair values determined by independent appraisers are primarily based on valuation techniques appropriate to the nature and condition of the underlying assets. Under the income approach, the fair value of an asset is measured by calculating the present value of its expected economic benefits by discounting projected cash flows at a rate that reflects the risks associated with the investment.

Except for the change in valuation approach applied to SIPCOR assets as discussed above, there has been no change in the valuation techniques used by the REIT during the period. There were also no transfers into or out of the Level 3 fair value hierarchy.

## 21. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The REIT's capital management objectives are to ensure the REIT's ability to continue as a going concern.

The REIT sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The REIT manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The REIT's total liabilities and total equity during the reporting periods are presented in the succeeding page.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Total liabilities	<b>348,655,124</b>	580,036,452
Total equity	<b><u>6,279,517,269</u></b>	<u>9,241,308,673</u>
Debt-to-equity ratio	<b><u>0.06:1.00</u></b>	<u>0.06:1.00</u>

Under the REIT Act, the REIT is subject to external capital requirement to have a minimum paid-up capital of P300.0 million which was complied with as of the reporting periods presented.

## 22. SEGMENT REPORTING

The REIT has determined that it operates as one operating segment. The REIT's only income-generating activity is the lease of its land, right-of-use asset, buildings and generation asset which is the measure used by the Chief Operating Decision Maker in allocating resources (see Notes 8 and 11).

The REIT derives its rental income exclusively from SIPCOR and CAMPCOR, related parties under common control during the reporting periods December 31, 2025 and 2024 (see Notes 8, 11 and 14).

The disaggregation of rental income as to lessee and geographical area are also detailed in Note 11.

### 23. EVENTS AFTER THE END OF THE REPORTING PERIOD

On May 4, 2026, the REIT declared dividends of P0.0349 per share, amounting to P114.8 million, which were paid on May 29, 2026.

These dividends are allowed to be claimed as a deduction against taxable income in accordance with the REIT Act (see Note 13).

### 24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages is the supplementary information on taxes, duties and license fees paid during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

#### (a) *Output VAT*

For the year ended December 31, 2025, the REIT declared output VAT amounting to P80,539,403 based on vatable amount of P671,161,690. The tax base relates to rental income recognized for VAT reporting purposes in 2025.

As of December 31, 2025, the outstanding balance amounted to P24,342,155 and is presented as part of Trade and Other Payables in the statement of financial position.

#### (b) *Input VAT*

The movements in input VAT for the year ended December 31, 2025 are summarized below (amounts in PHP).

Balance at beginning of year	-
Domestic purchases of goods	168,987
Applied against output VAT	<u>(168,987)</u>
Balance at end of year	<u>-</u>

#### (c) *Taxes on Importation*

The REIT did not have any transaction which was subject to customs duties and tariff fees in 2025.

(d) *Excise Tax*

The REIT did not have any transaction in 2025 which is subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

In 2025, the REIT incurred DST amounting to P60 for tax clearance during the year. There is no related outstanding payable for DST arising from these transactions.

(f) *Taxes and Licenses*

The details of taxes and licenses are broken down below.

Real property taxes	7,485,417
Municipal licenses and permits	2,344
DST	<u>60</u>
	<u><b>7,487,821</b></u>

The amounts of taxes and licenses are presented as part of Cost of Rentals and Other Operating Expenses in the 2025 statement of comprehensive income.

(g) *Withholding Taxes*

The REIT paid expanded withholding tax amounting to P103,155 and reported the unpaid portion amounting to P5,457 as of December 31, 2025 as part of Other payables under Trade and Other Payables in the 2025 statement of financial position. No expenses were incurred in 2025 which are subject to final withholding tax and withholding tax on compensation.

(h) *Deficiency Tax Assessment and Tax Cases*

The REIT did not settle any tax assessments nor does it have any tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable periods.



**Report of Independent Auditors  
to Accompany Supplementary  
Information Required by the  
Securities and Exchange Commission  
Filed Separately from the  
Basic Financial Statements**

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**The Board of Directors and Stockholders  
Premiere Island Power REIT Corporation  
(A Subsidiary of S.I. Power 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 financial statements of Premiere Island Power REIT Corporation (the REIT) for the year ended December 31, 2025 and have issued our report thereon dated May 29, 2026. Our audits were made for the purpose of forming an opinion on the basic 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 financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information is the responsibility of the REIT's management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**

By: **Renan A. Piamonte**  
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10770769, January 6, 2026, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2025)

Firm - No. 0002 (until financial period 2030)

BIR AN 08-002551-037-2025 (until August 6, 2028)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

May 29, 2026

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
**List of Supplementary Information**  
**December 31, 2025**

<u>Schedule</u>	<u>Content</u>	<u>Page No.</u>
<b>Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68</b>		
A	Financial Assets Financial Assets at Fair Value Through Profit or Loss Financial Assets at Fair Value Through Other Comprehensive Income	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	N/A
E	Indebtedness to Related Parties	2
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3
<b>Others Required Information</b>		
	Reconciliation of Retained Earnings Available for Dividend Declaration	4
	Map Showing the Relationship Between the REIT and its Related Entities	5
	Supplemental Schedule of Financial Soundness Indicators	6

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
Schedule B  
Amounts Receivable from Directors, Officers, Employees, Related Parties  
and Principal Stockholders (Other than Related Parties)  
December 31, 2025  
*(Amounts in Philippine Pesos)*

Name and designation of debtor	Balance at Beginning of year	Additions	Deductions		Ending Balance		Balance at end of year
			Amounts collected	Amounts written off	Current	Not current	
S.I. Power Corporation	P 573,523,714	P 308,836,932	P 420,310,634	P -	P 462,050,012	P -	P 462,050,012
Camotes Island Power Generation Corporation	315,977,240	348,821,330	336,109,686	-	328,688,884	-	328,688,884
	<b>P 889,500,954</b>	<b>P 657,658,262</b>	<b>P 756,420,320</b>	<b>P -</b>	<b>P 790,738,896</b>	<b>P -</b>	<b>P 790,738,896</b>

*Note: These are presented as part of receivables account in the statements of financial position.*

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
Schedule E  
**Indebtedness to Related Parties**  
December 31, 2025  
*(Amounts in Philippine Pesos)*

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
<i>Parent Company –</i> S.I. Power Corporation	P 179,677,144	P 17,898,441
<i>Related party under common ownership:</i> Camotes Island Power Generation Corporation	<u>142,978,254</u>	<u>37,404,849</u>
Total indebtedness to related parties	<b><u>P 322,655,398</u></b>	<b><u>P 55,303,290</u></b>

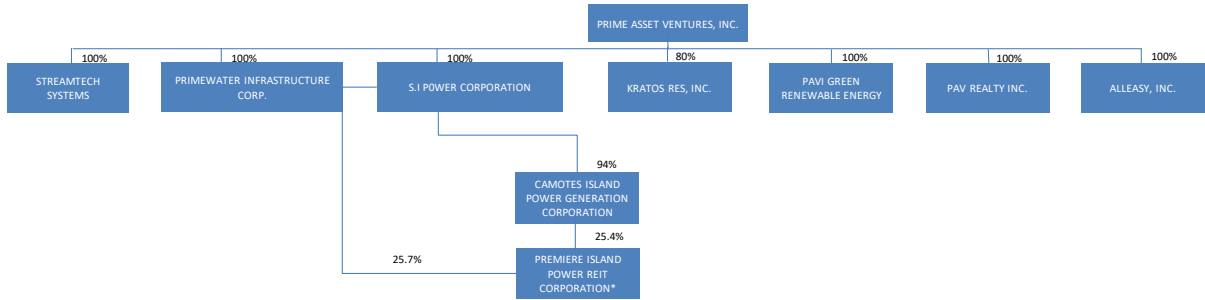
**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
 Schedule G  
 Capital Stock  
 December 31, 2025

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common	7,500,000,000	3,288,669,000	-	1,680,433,993	801,007	1,607,434,000

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.J. Power Corp.)*  
 4th Starfall IT Hub CV Starr Ave.  
 Philamlife Pamplona Dos Las Piñas, Las Piñas City  
 December 31, 2025  
**Reconciliation of Retained Earnings Available for Dividend Declaration**

<b>Unappropriated Retained Earnings at Beginning of Year</b>		P	204,039,276
Effect of restatements or prior-period adjustments	-		
Others	-		
	<u>-</u>		<u>-</u>
<b>Less: Items that are directly debited to Unappropriated Retained Earnings</b>			
Dividend declaration during the year	( 485,407,545 )		
Effect of restatements or prior-period adjustments	-		
Transfer depreciation to retained earnings	9,195,777		( 476,211,768 )
	<u>9,195,777</u>		<u>( 476,211,768 )</u>
<b>Unappropriated Retained Earnings, as adjusted</b>			( 272,172,492 )
<b>Less: Net Loss for the Current Year</b>			( 2,347,642,955 )
<b>Less: Unrealized income recognized in the profit or loss during the year (net of tax)</b>			
Equity in net income of associate/joint venture, net of dividends declared	-		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss	-		
Unrealized fair value gain of investment property	-		
Unrealized income from straight-lining of rentals	( 18,870,171 )		( 18,870,171 )
	<u>( 18,870,171 )</u>		<u>( 18,870,171 )</u>
<b>Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u></b>			
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-		
Realized fair value gain of investment property	-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-		
Sub-total	<u>-</u>		<u>-</u>
<b>Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u></b>			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL	-		
Reversal of previously recorded fair value gain of investment property	-		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-		
Sub-total	<u>-</u>		<u>-</u>
<b>Adjusted Net Income/Loss</b>			( 2,638,685,618 )
<b>Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>			
Depreciation on revaluation increment	9,195,777		
Accretion of interest on lease liability	285,927		
Sub-total	<u>9,481,704</u>		<u>9,481,704</u>
<b>Add/ Less: <u>Category E: Adjustments related to relief granted by the SEC and BSP</u></b>			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others	-		
Sub-total	<u>-</u>		<u>-</u>
<b>Less: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>			
Net movement of treasury shares (except for reacquisition of redeemable shares)	-		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others	-		
Sub-total	<u>-</u>		<u>-</u>
<b>Unappropriated Retained Earnings Available for Dividend Distribution at End of Year</b>		( P	<u>2,629,203,914</u> )

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
Map Showing the Relationship Between the REIT and its Related Entities  
December 31, 2025



**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
**Supplemental Schedule of Financial Soundness Indicators**  
**December 31, 2025**

Ratio	Formula	2025	2024
Current ratio	Total Current Assets divided by Total Current Liabilities	1.65	2.05
	Total Current Assets	P 494,151,093	P 945,405,125
	Divide by: Total Current Liabilities	299,284,579	461,729,783
	Current ratio	1.65	2.05
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	1.45	1.93
	Total Current Assets	P 494,151,093	P 945,405,125
	Less: Other Current Assets	59,860,198	55,012,509
	Quick Assets	434,290,895	890,392,616
	Divide by: Total Current Liabilities	299,284,579	461,729,783
Acid test ratio	1.45	1.93	
Solvency ratio	Total Liabilities divided by Total Assets	0.05	0.06
	Total Liabilities	P 348,655,124	P 580,036,452
	Divide by: Total Assets	6,628,172,393	9,821,345,125
	Solvency ratio	0.05	0.06
Debt-to-equity ratio	Total Liabilities divided by Total Equity	0.06	0.06
	Total Liabilities	P 348,655,124	P 580,036,452
	Divide by: Total Equity	6,279,517,269	9,241,308,673
	Debt-to-equity ratio	0.06	0.06
Assets-to-equity ratio	Total Assets divided by Total Equity	1.06	1.06
	Total Assets	P 6,628,172,393	P 9,821,345,125
	Divide by: Total Equity	6,279,517,269	9,241,308,673
	Assets-to-equity ratio	1.06	1.06
Return on equity	Net Profit divided by Total Equity	(0.37)	0.07
	Net Profit (Loss)	( P 2,347,642,955 )	P 656,012,081
	Divide by: Total Equity	6,279,517,269	9,241,308,673
	Return on equity	( 0.37 )	0.07
Return on assets	Net Profit divided by Total Assets	(0.35)	0.07
	Net Profit (Loss)	( P 2,347,642,955 )	P 656,012,081
	Divide by: Total Assets	6,628,172,393	9,821,345,125
	Return on assets	( 0.35 )	0.07
Book value per share	Total Equity divided by Outstanding Shares	1.91	2.81
	Total Equity	P 6,279,517,269	P 9,241,308,673
	Divide by: Outstanding Shares	3,288,669,000	3,288,669,000
	Book value per share	1.91	2.81
Earnings per share	Net Profit divided by Weighted Average Outstanding Shares	(0.71)	0.20
	Net Profit (Loss)	( P 2,347,642,955 )	P 656,012,081
	Divide by: Weighted Average Outstanding Shares	3,288,669,000	3,288,669,000
	Earnings per share	( 0.71 )	0.20

**PREMIERE ISLAND POWER REIT CORPORATION**  
*(A Subsidiary of S.I. Power Corp.)*  
**Supplementary Schedule of External Auditor Fee-Related Information**  
**For the Years Ended December 31, 2025 and 2024**

	2025	2024
<b>Total Audit Fees</b>	<b>P 540,000</b>	P 425,000
Non-audit service fees:		
Other assurance service	-	-
Relate Tax service	-	-
All other service	-	-
<b>Total Non-Audit Fees</b>	<b>-</b>	-
<b>Total Audit and Non-audit Fees</b>	<b>P 540,000</b>	P 425,000

## Sustainability Report

### Contextual Information

Company Details	
Name of Organization	PREMIERE ISLAND POWER REIT CORPORATION
Location of Headquarters	4 <sup>TH</sup> STARMALL IT HUB CV STARR AVE PHILAMLIFE PAMPLONA DOS
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	PREIT and its Lessees
Business Model, including Primary Activities, Brands, Products, and Services	Engaged in the long-term investment in income-generating real estate and infrastructure assets, including sustainable power generation facilities, as a real estate investment trust under the provisions of Republic Act No. 9856, otherwise known as "The Real Estate Investment Trust (REIT) Act of 2009" and its Implementing Rules and Regulations.
Reporting Period	January 1, 2025 to December 31, 2025
Highest Ranking Person responsible for this report	Nikki Isabel Laynes Chief Finance Officer

# Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. <sup>1</sup>	
<p>Premiere Island Power REIT Corporation (PREIT or the Company) is devoted to transparency, and reporting sustainability in alignment with the Global Reporting Initiative (GRI) standards. PREIT applies the principle of materiality to identify and report topics that hold importance and relevance to the company and its associated stakeholders.</p>	
Stakeholders Identification	<p>PREIT's main stakeholders comprise shareholders, investors, customers, employees, local communities, governmental entities, and regulatory agencies. Engaging these stakeholders enables PREIT to acquire insights into the issues that hold the highest significance to them and guides the process of identifying material subjects.</p>
Materiality Assessment:	<p><b>Internal Examination:</b> This involves analyzing our corporate strategy, business model, prevailing policies, and performance metrics.</p> <p><b>External Engagement:</b> This process entails stakeholder engagement, feedback incorporation, and analysis of industry trends and benchmarks.</p> <p><b>Materiality Matrix:</b> We create a matrix to visually represent the relevance of each topic based on its impact and adherence to GRI guidelines.</p>
Identified Material Topics:	<p>The main topics identified include Renewable Energy and Social and Missionary Generation and Infrastructure, Social and Community Impact, Financial Performance, and Dividend Yield.</p>
Reporting and Review	<p>We maintain transparency by reporting material topics in our sustainability reports, and we routinely reevaluate and update our materiality assessment to reflect evolving stakeholder expectations and industry trends.</p>

<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,371,020,758	PhP
Direct economic value distributed:		
a. Operating costs	1,670,707,999	PhP
b. Employee wages and benefits	16,234,959	PhP
c. Payments to suppliers, other operating costs	109,904,934	PhP
d. Dividends given to stockholders and interest payments to loan providers	419,963,032	PhP
e. Taxes given to government	6,320,997	PhP
f. Investments to community (e.g. donations, CSR)	1,497,803	PhP

#### PREIT and its Lessees Strategic Management Approach on Economic Performance

PREIT, a prominent real estate investment trust (REIT) with a focus on power and infrastructure, has exemplified remarkable resilience and expansive operational capabilities, navigating through the tumultuous challenges posed by the pandemic. Despite the adversities, the company has steadfastly safeguarded the interests of its key stakeholders.

One of PREIT's notable achievements has been its ability to deliver consistent financial success, thereby ensuring satisfaction among shareholders and investors. Moreover, the company has demonstrated its commitment to fostering positive relationships with lessees and maintaining superior property conditions. By prioritizing the stability, growth, and fair compensation of its employees, PREIT has further solidified its standing as a responsible corporate entity.

In addition to its internal operations, PREIT has played a pivotal role in bolstering local economies by generating employment opportunities and stimulating economic activity within the communities where its properties are located.

At the heart of PREIT's management philosophy lie three fundamental principles: effective property management, meticulous market analysis, and rigorous financial discipline.

By embracing a holistic and forward-thinking approach to business, PREIT not only ensures its own growth and sustainability but also fosters the economic prosperity of its diverse stakeholders. Through its unwavering commitment to excellence and adaptability, PREIT continues to chart a course of resilience and prosperity in the ever-evolving landscape of retail real estate.

## Climate-related risks and opportunities

PREIT has implemented robust risk management protocols, which encompass meticulous assessments of potential risks and the formulation of resilience strategies. These measures are aimed at safeguarding the company's assets and operations against various physical risks, including extreme weather events, rising sea levels, and shifts in precipitation patterns. Moreover, PREIT remains acutely attuned to transition risks associated with the transition to a low-carbon economy, which encompass regulatory changes, technological advancements, and shifts in market dynamics.

To address these challenges, PREIT is committed to adapting its strategies to ensure sustained competitiveness and capitalize on emerging opportunities. The company recognizes that climate change presents both risks and opportunities within the real estate sector. As such, PREIT actively explores energy-efficient initiatives, promotes the adoption of renewable energy sources, and invests in properties that align with its climate-related objectives. By embracing these initiatives, PREIT not only contributes to the transition towards a low-carbon economy but also generates long-term value for its stakeholders.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), PREIT has developed strategies to effectively manage climate impacts, navigate the evolving business landscape, and enhance the company's resilience and sustainability. By adhering to these guidelines, PREIT demonstrates its commitment to addressing climate-related risks and opportunities in a proactive and responsible manner.

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers:		%
PREIT LESSEES:		
Camotes Island Power Generation Corporation (CAMPCOR)	98	
S.I. Power Corporation (SIPCOR)	96	

### PREIT and its Lessees Strategic Management Approach on Procurement Practices

PREIT, along with its lessees SIPCOR and CAMPCOR, adopts a strategic and conscientious approach to procurement, placing a strong emphasis on ethical practices, sustainability, and compliance. The process begins with thorough due diligence on potential suppliers, evaluating their capabilities and their commitment to upholding social and environmental standards. Priority is given to responsible sourcing practices, with sustainability criteria playing a central role in supplier selection.

Recognizing the importance of managing procurement risks, PREIT and its lessees are vigilant in identifying and mitigating potential threats while also recognizing the opportunities that procurement presents. By integrating sustainability considerations into the procurement process, the company not only reduces its environmental footprint but also promotes social responsibility within its supply chain.

A noteworthy aspect of PREIT's procurement strategy is its dedication to supporting local suppliers especially for their consumables. A significant portion of the procurement budget is allocated to sourcing from local businesses, thereby contributing to economic growth and community development. This commitment not only strengthens relationships with local stakeholders but also fosters a sense of partnership and shared prosperity.

In summary, PREIT and its lessees prioritize ethical, sustainable, and compliant procurement practices, conducting thorough due diligence on suppliers and actively managing procurement risks. By embracing responsible sourcing and supporting local suppliers, the company demonstrates its commitment to sustainability, social responsibility, and community engagement.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures\*

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

*\*The Company and the Lessees adopt the Anti-Corruption Policies and Procedures of its parent company, Prime Asset Ventures, Inc. (PAVI), as it applies to the entire PAVI group.*

### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

### PREIT and its Lessees Strategic Management Approach on Anti-Corruption Practices

PREIT and its lessees have embraced a strategic management approach to combat corruption and champion anti-corruption practices. Central to this strategy are values of transparency, integrity, and ethical conduct, which permeate all facets of business operations. At the core of this commitment lies the implementation of a comprehensive Anti-Bribery and Anti-Corruption Policy, which serves as a guiding framework for ethical behavior.

To ensure the effectiveness of their anti-corruption measures, PREIT and its lessees undertake rigorous risk assessments and maintain robust internal controls. Thorough due diligence procedures are conducted to vet potential partners and suppliers, mitigating the risk of engaging with entities involved in corrupt practices.

Recognizing that awareness and education are essential components of any anti-corruption strategy, PREIT and its lessees places a strong emphasis on mentorship, employee training, and awareness programs. Furthermore, stakeholders are encouraged to report suspected acts of corruption through a confidential reporting mechanism, with assurances that whistleblowers will be protected from retaliation.

By promoting anti-corruption efforts, PREIT and its lessees not only uphold their commitment to ethical business practices but also contribute to the development of a resilient and responsible business environment. Through their strategic management approach, they aim to foster a corruption-free business environment that encourages fair competition and sustainable development, ultimately contributing to the greater good of society.

# ENVIRONMENT

## Resource Management

### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	2,286,642	Liters
Energy consumption (electricity)	5,660,476	kWh

### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	On the process of implementing Solar Rooftop for renewable energy.	GJ
Energy reduction (electricity)	On the process of implementing Solar Rooftop for renewable energy.	kWh

### PREIT and its Lessees Strategic Management Approach on Energy Consumption

Underlining our steadfast commitment to sustainability, PREIT is actively spearheading initiatives aimed at curbing energy consumption across all aspects of our operations. While our sustainability journey is in its nascent stages, we have already pinpointed energy reduction as a critical priority. Implementing strategic programs, such as setting ambitious energy reduction targets, deploying energy-efficient technologies, conducting routine energy audits, and exploring investments in hybrid renewable energy and social and missionary electrification, underscores our dedication to minimizing our environmental footprint.

This initiative acknowledges the profound impact of energy usage on various stakeholders and the environment, from carbon emissions to resource depletion. Despite the inherent challenges, including escalating energy costs and regulatory hurdles, PREIT perceives this energy management approach as an opportunity to enhance operational efficiency, diminish environmental impact, and demonstrate environmental leadership. In collaboration with our lessees, SIPCOR and CAMPCOR, we are collectively steering towards more sustainable practices.

A significant milestone in our sustainability journey is the implementation of rooftop solar energy systems, which represent a tangible step towards renewable energy adoption and environmental stewardship. The solar installations, owned and operated by SI Power Corporation and Camotes Island Power Generation Corporation in the Philippines, exemplify our unwavering commitment to sustainable development.

SI Power Corporation's Candanay Plant in Candanay Sur, Siquijor Islands, serves as a beacon of sustainability with its rooftop solar setup. With a capacity of 42kWdc / 36kWac and covering an area of 197m<sup>2</sup>, this installation substantially reduces reliance on non-renewable energy sources and slashes carbon emissions by 33.91 tons, equivalent to the environmental benefits of planting 59 trees.

Similarly, Camotes Island Power Generation Corporation will oversee the operation of two rooftop solar plants on Camotes Island, Cebu. The Pilar Plant, with a 25kWdc / 20kWac system spanning 115m<sup>2</sup>, mitigates emissions by 18.46 tons (equivalent to planting 32 trees), while the Poro Plant, boasting a capacity of 56kWdc / 50kWac over 262m<sup>2</sup>, reduces emissions by 43 tons (comparable to planting 75 trees).

These pioneering solar installations signify a paradigm shift towards renewable energy adoption and represent a collective effort to combat climate change and foster sustainable development. By offsetting carbon emissions akin to the ecological benefits of tree planting, these solar installations contribute to a greener, more resilient future. Moreover, their strategic distribution across islands promotes resilience and self-sufficiency within local communities.

The collaborative efforts between PAVI Green Renewable Energy Inc., SI Power Corporation, and Camotes Island Power Generation Corporation underscore our unwavering commitment to sustainability and environmental stewardship. Through the deployment of rooftop solar systems, PREIT is at the forefront of clean energy adoption and natural resource preservation, paving the way for a greener, more sustainable future in the Philippines.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	7,080	Cubic meters
Water consumption	1,800	Cubic meters
Water recycled and reused	90	Cubic meters

**PREIT and its Lessees Strategic Management Approach on Water Consumption**

PREIT and its lessees have implemented proactive measures to reduce water usage, reflecting our steadfast commitment to minimizing impacts on employees, customers, local communities, and the environment. By establishing water-efficient policies and practices, the company aims to mitigate risks associated with water scarcity while safeguarding its reputation.

Key initiatives include setting ambitious water reduction targets, leveraging advanced technologies to optimize water usage, and advocating for broader water conservation efforts. These strategic measures underscore PREIT's proactive approach to addressing environmental challenges and demonstrate its commitment to responsible corporate citizenship.

In addition to mitigating environmental impact, PREIT recognizes the potential for cost savings and brand enhancement through diligent water stewardship. By embracing sustainable water management practices, the company not only reduces operational expenses but also enhances its reputation as a socially and environmentally responsible organization.

Overall, PREIT's comprehensive approach to water stewardship reflects its commitment to sustainability and responsible business practices. By prioritizing water conservation, the company contributes to the preservation of natural resources while advancing its broader sustainability goals.

### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0	kg/liters
• non-renewable	0	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

#### PREIT and its Lessees Strategic Management Approach on Materials Used

The industry faces various risks, including resource scarcity and regulatory compliance, which could significantly affect suppliers and local communities. In response, PREIT prioritizes key opportunities aimed at mitigating these risks, such as sourcing sustainable materials whenever possible, minimizing waste generation, and enhancing operational efficiency. By embracing these initiatives, PREIT endeavors to safeguard the interests of all stakeholders, with a particular emphasis on investors, customers, and local communities.

Central to PREIT's approach to materials management is the pursuit of practical and feasible decisions that align with industry standards, while simultaneously upholding principles of sustainability and efficiency. By integrating these considerations into their operations, PREIT not only reduces risks associated with resource scarcity and regulatory compliance but also enhances its overall resilience and reputation as a responsible corporate entity. This approach underscores PREIT's commitment to balancing economic objectives with environmental and social considerations, thereby contributing to long-term sustainability and stakeholder value.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	ha
IUCN <sup>2</sup> Red List species and national conservation list species with habitats in areas affected by operations	0	

**PREIT and its Lessees Strategic Management Approach on Ecosystems and Biodiversity**

PREIT and its lessees place a strong emphasis on integrating ecosystems and biodiversity considerations into their operations, recognizing the potential impact of their activities on local habitats and biodiversity. Committed to environmental stewardship, they adhere to industry standards to ensure that their properties do not adversely affect protected areas or habitats of endangered species listed on the IUCN Red List.

In addition to complying with regulations, PREIT and its lessees implement proactive measures to safeguard biodiversity, such as a tree replacement strategy during site development to restore and protect natural habitats. These efforts align with recognized environmental practices and demonstrate their commitment to responsible corporate citizenship.

Furthermore, by supporting government policies and regulations in the Philippines related to biodiversity conservation, PREIT and its lessees actively contribute to the preservation of ecosystems and biodiversity in the country. Through their collective actions, they strive to minimize their environmental footprint and promote sustainable development, ensuring the well-being of both present and future generations.

<sup>2</sup> International Union for Conservation of Nature

## Environmental impact management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	None	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	None	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	None	Tonnes

#### Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	108,240	kg
SO <sub>x</sub>	61,226	kg
Persistent organic pollutants (POPs)	None	kg
Volatile organic compounds (VOCs)	None	kg
Hazardous air pollutants (HAPs)	None	kg
Particulate matter (PM)	12,475	kg

### PREIT and its Lessees Management Approach on Emissions

PREIT and its lessees place a high priority on reducing their environmental impact, particularly concerning air emissions. As operators of power plants, we actively engage in efforts to minimize emissions by embracing cleaner technologies and implementing efficient operational practices. By adhering to industry standards and regulatory requirements in the Philippines, we abide by effective management and control of air pollutants such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), and particulate matter.

The commitment to reducing air emissions aligns with broader goals of promoting improved air quality, supporting sustainable energy practices, and safeguarding public health. In the Philippines, conventional power generation is governed by stringent standards set forth by the Department of Environment and Natural Resources (DENR) and the Philippine Clean Air Act, which provide clear guidelines for managing emissions and ensuring environmental protection.

By following industry standards and regulatory requirements, PREIT and its lessees contribute to environmental stewardship while striving to minimize environmental footprint and positively impact local communities. This proactive approach to reducing air emissions reflects our dedication to sustainable business practices and underscores the commitment to protecting the environment and public health in the Philippines.

## **Solid and Hazardous Wastes**

### *Solid Waste*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total solid waste generated	1,920	kg
Reusable	1,152	kg
Recyclable	768	kg
Composted	None	kg
Incinerated	None	kg
Residuals/Landfilled	None	kg

### *Hazardous Waste*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total weight of hazardous waste generated	252,000	kg
Total weight of hazardous waste transported	0	kg

### *Effluents*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total volume of water discharges	24	Cubic meters
Percent of wastewater recycled	5	%

### *Solid Waste*

#### **PREIT and its Lessees Management Approach on Waste Management and Effluents**

In the process of power generation, solid and hazardous waste production is an unavoidable consequence. The company implements robust waste management strategies to handle, store, and dispose of such waste responsibly. Our policies focus on minimizing waste production, recycling where possible, and ensuring safe disposal to mitigate environmental risks and protect local biodiversity.

The generation of effluents from our operations is managed under a comprehensive effluent management system. The approach is designed to treat and dispose of effluents responsibly, adhering to environmental standards and regulations. By implementing strategies such as wastewater treatment and monitoring discharge quality, we aim to protect water bodies from pollution and maintain the health of aquatic ecosystems. This commitment also plays a vital role in our broader goal of supporting sustainable development.

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

PREIT and its lessees have diligently acquired all requisite approvals and permits from pertinent government agencies and regulatory bodies, essential for the seamless execution of the organization's operations. These authorizations were obtained promptly and remain in active status. Each operational plant under PREIT's jurisdiction operates in strict compliance with environmental regulations, with a designated Pollution Control Officer (PCO) overseeing processes and addressing any environmental concerns that may arise. This steadfast commitment ensures that we uphold our dedication to environmental stewardship, in alignment with our overarching goal of promoting clean, renewable, and sustainable energy practices.

## SOCIAL

### Employee Management (as it applies to PREIT and its Lessees)

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees <sup>3</sup>	17	
a. Number of female employees	5	#
b. Number of male employees	12	#
Attrition rate <sup>4</sup>	29%	rate
Ratio of lowest paid employee against minimum wage	N/A	ratio

##### Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0	0
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	0	0
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	Y	100%	100%
(Others)			

PREIT and its lessees hold its workforce in high regard and are committed to providing fair compensation and benefits in strict accordance with labor laws in the Philippines. We take pride in offering comprehensive and rewarding employee benefits tailored to enhance the well-being and satisfaction of our team members. Our commitment to supporting the holistic needs of our

<sup>3</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>4</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

employees is reflected in a range of initiatives, from robust health insurance packages to ample opportunities for professional development.

In addition to these essential benefits, we offer unique perks designed to foster a supportive and inclusive work environment. Flexible scheduling options, wellness programs, and generous vacation allowances are just a few examples of the ways in which we prioritize the overall wellness and work-life balance of our employees.

While we recognize the value of in-person collaboration and team synergy, we understand that full remote work may not currently align with our operational structure. Nevertheless, our unwavering commitment to providing exceptional benefits underscores our dedication to cultivating a thriving workforce that is empowered to succeed and grow within our organization.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	193	
a. Female employees	81	hours
b. Male employees	112	hours
Average training hours provided to employees		
a. Female employees	7.36	hours/employee
b. Male employees	11.2	hours/employee

PREIT and its lessees have made a concerted effort to prioritize the inclusion and development of female workers within the workplace. An encouraging trend has been observed, with a notable increase in the training hours of female workers compared to the previous year. However, it's important to note that this emphasis on female development does not exclude male workers from participating in learning programs. Targeted learning sessions have been extended to male employees as well, ensuring an inclusive approach to employee development.

Overall, this year's data reflects a significant increase in the average number of learning hours per employee, demonstrating our unwavering commitment to the continuous development of our workforce. Our dedication to delivering relevant and meaningful learning sessions underscores our commitment to fostering a culture of growth and opportunity within our organization, benefiting all employees, regardless of gender.

### Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	29	%
% of male workers in the workforce	71	%
Number of employees from indigenous communities and/or vulnerable sector*	1	#

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

PREIT and its Lessees, fairness in manpower diversity and employee benefits is not just a commitment but a cornerstone of our culture. We believe that diversity in our workforce enriches our perspectives and strengthens our capabilities. From gender and ethnicity to background and abilities, we foster an inclusive environment where everyone's unique contributions are valued and celebrated.

### Workplace Conditions, Labor Standards, and Human Rights

#### Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	155,280	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

#### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	

Human Rights	N	
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We strictly adhere to the regulations outlined by the Department of Labor Employment's (DOLE), ensuring a safe, secure, and equitable work environment. Respect for human rights forms the basis of our operations, with every employee treated fairly, irrespective of their contractual terms.

## Supply Chain Management

Please see attached policy: Attached Annex A.

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Section V, SUBSECTION B
Forced labor	Y	Section VI. ACCREDITATION CANCELATION OR REVOCATION in accordance with Republic Act No. 9208 or the Anti-Trafficking in Persons Act of 2003
Child labor	Y	Section VI. ACCREDITATION CANCELATION OR REVOCATION in accordance with Republic Act No. 9231 or the Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act and Republic Act No. 7610 or the Special Protection of Children Against Abuse, Exploitation and Discrimination Act
Human rights	Y	Section VI. ACCREDITATION CANCELATION OR REVOCATION in accordance with Republic Act No. 9851 or the Philippine Act on Crimes Against International Humanitarian Law, Genocide, and Other Crimes Against Humanity
Bribery and corruption	Y	Section VI. ACCREDITATION CANCELATION OR REVOCATION in accordance with Republic Act No. 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees

PREIT and its Lessees place a strong emphasis on robust supply chain management practices to uphold operational continuity and mitigate risks effectively. Central to our approach is the promotion of transparency, fair labor practices, and environmental sustainability throughout the supply chain. We achieve this by adhering to ethical procurement practices and maintaining a diversified supplier base. Regular assessments and active engagement with suppliers drive continuous improvement and ensure compliance with our standards.

In terms of supplier accreditation, PREIT has implemented a comprehensive policy that encompasses various sustainability aspects. These include environmental performance, social responsibility, and adherence to ethical standards. By integrating these criteria into our accreditation process, we aim to guarantee that our supply chain operates in alignment with industry best practices and ethical principles. This commitment underscores our dedication to fostering a responsible and sustainable business ecosystem.

## Relationship with Community

### Significant Impacts on Local Communities

<b>Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</b>	<b>Location</b>	<b>Vulnerable groups (if applicable)*</b>	<b>Does the particular operation have impacts on indigenous people (Y/N)?</b>	<b>Collective or individual rights that have been identified that or particular concern for the community</b>	<b>Mitigating measures (if negative) or enhancement measures (if positive)</b>
N/A	N/A	N/A	N/A	N/A	N/A

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

<b>Certificates</b>	<b>Quantity</b>	<b>Units</b>
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

PREIT and its Lessees actively prioritize building strong relationships with local communities and driving environmental and social endeavors through our Corporate Social Responsibility (CSR) initiatives.

Some notable programs conducted for the year include tree planting activities in collaboration with the LGU, the Philippine Coast Guards, and Municipal DENR; and participating in the Philippine Red Cross training on Occupational First Aid and Basic Life Support Training. An opportunity to educate our young minds from the Maria Integrated School and Tambisan National High School in Siquijor was also organized. To support local employment, we welcomed new hires to add to our pool of talented individuals. We also took part in various community initiatives like town fiestas and celebrations through donations to show our support for local traditions (Please refer to Annex B for CSR photos).

We ensured continuous funding to host communities of the one centavo per kilowatt-hour (P0.01/kWh) share in the electricity produced by the power plants in operation. This is in accordance with the Department of Energy's (DOE) Energy Regulations No. 1-94 (ER 1-94). The host beneficiaries can invest in projects that empower individuals and support inclusive growth. These initiatives include electrification projects, development and livelihood programs, as well as environmental sustainability efforts like reforestation and watershed management.

PREIT and its Lessees are committed to the betterment of communities in driving community development and nurturing camaraderie between generation companies and host communities. Through our CSR initiatives, we aim to create opportunities for economic empowerment, environmental preservation, and improved well-being. By leveraging these resources and fostering partnerships, we work towards sustainable progress and prosperity in the communities we serve.

## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	

### Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

### Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

### Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

### Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

At PREIT, our customer management approach revolves around prioritizing health, safety, and customer satisfaction above all else. We maintain a steadfast commitment to adhering to regulations and industry standards, ensuring that our customers experience a high standard of well-being and welfare whenever they engage with us.

In addition to prioritizing physical well-being, we place a strong emphasis on safeguarding our customers' privacy and data security. We are dedicated to implementing and upholding robust data security measures to protect our customers' sensitive information. Our policies and

procedures are designed to align with both local and international privacy laws, thereby fostering trust and ensuring confidentiality in all our interactions with customers. By prioritizing health, safety, and data security, we aim to provide our customers with a seamless and secure experience that exceeds their expectations.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to United Nations Sustainable Development Goals (UN SDGs)

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Real Estate	<p><b>SDG 6: Clean Water and Sanitation</b> PREIT supports clean water preservation by reducing pollution from fossil fuels through its commitment to renewable energy and social and missionary electrification.</p> <p><b>SDG 9: Industry, Innovation and Infrastructure</b> PREIT fosters industry innovation and resilient infrastructure development through its long-term investments in the renewable energy and social and missionary electrification sector.</p> <p><b>SDG 11: Sustainable Cities and Communities</b> PREIT's commitment to renewable energy and social and missionary electrification contributes to creating sustainable cities,</p>	As they incorporate established management policies and systems aimed at addressing potential issues, these initiatives are not anticipated to result in adverse consequences.	Risk-management programs are supervised and executed to efficiently identify, address, and mitigate risks.

	improving air quality, and reducing environmental impact.		
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PREIT and its lessees are wholeheartedly committed to aligning their operations with the United Nations Sustainable Development Goals (SDGs), recognizing the crucial role of sustainability in driving both financial growth and environmental and social responsibility. As a reputable Real Estate Investment Trust (REIT) with a focus on power and infrastructure, PREIT is dedicated to setting the standard for sustainable practices within the industry.

Central to PREIT's sustainability efforts is the proactive implementation of environmentally-responsible business practices aimed at minimizing resource consumption, reducing emissions, and preserving ecological integrity. By embracing sustainable practices, PREIT not only mitigates its environmental footprint but also sets a positive example for its peers and stakeholders.

In addition to environmental stewardship, PREIT prioritizes inclusive growth and community support, acknowledging its social obligations. Through initiatives that promote local economic development, support community well-being, and prioritize stakeholder engagement, PREIT seeks to create lasting positive impacts that extend beyond financial returns.

By integrating sustainability into its core operations and embracing its role as a responsible corporate citizen, PREIT exemplifies its commitment to driving meaningful change and contributing to a more sustainable future for all.

## Annex "A"

### CONTRACTOR/VENDOR'S ACCREDITATION POLICY

#### COVERAGE:

- I. Introduction
- II. Accreditation Process
- III. Documentary Requirements
- IV. Accreditation Committee
- V. Review and Evaluation Process
- VI. Accreditation, Cancellation or Revocation

***I. Introduction***

The purpose of this Accreditation is to ensure that the evaluation is fair and unbiased. Only those accredited contractors who complied with the accreditation process outlined herein are allowed to join in the project bidding. Nevertheless, being accredited does not automatically mean a Contractor will be awarded a contract for the project. The contractors shall still go through a competitive bidding process. This is applicable to all new and existing contractors.

**II. Accreditation Process**

1. Procurement in-charge shall send the PDF copy of the Accreditation Form via email to all potential contractors.
2. The potential contractors shall submit the duly accomplished application forms, together with the required documents to Procurement in-charge (Note: See *Section III. Documentary Requirements* for the list of requirements)
3. The accomplished application form, together with the required documents, shall be forwarded to the Accreditation Committee (See *Section IV. Accreditation Committee*)
4. The Accreditation Committee will review the application for accreditation and supporting documents for the contractor's technical, financial capability as well as the authenticity of the supporting documents.
5. The Procurement in-charge shall prepare the Accreditation Certificate to be signed by the Contract Management Head and Business Unit Head.
6. The decision on the accreditation application will be communicated by the Procurement Team to the accredited contractor/s.
7. Accredited contractors shall be invited to participate in the in the Company's bidding process.
8. The list of qualified contractors will be used by the Accreditation Committee for the Review and Evaluation Process (See *Section V*).

**III. Documentary Requirements**

**A. For Local Vendors/ Contractors:**

1. Letter of Intent addressed to Procurement
2. Company Profile
3. SEC Certificate of Incorporation and Articles of Incorporation / DTI Certificate of Registration
4. Audited Financial Statements from the last two (2) years
5. Income Tax Return for the last two (2) years
6. Mayor's Permit
7. BIR Certificate of Registration
8. Organizational Chart
9. Office / Warehouse / Factory Location Map
10. Proof of SSS quarterly remittance for the last quarter
11. List of Equipment and Manpower
12. Secretary's Certificate (if corporation) / Special Power of Authority (if sole proprietor) for the authorized signatories, together with their valid ID

**\*Additional Requirements for Procurements of Goods:**

1. Product brochures/catalogue
2. Product samples
3. Certificate of exclusivity (if applicable)

**\*Additional Requirements for Contractors**

1. PCAB License
2. Resume of Key Personnel to be assigned to the project
3. Pictures of projects (completed & ongoing)
4. Environment, health, and safety requirements certificates

**B. For Foreign Vendors:**

1. Letter of Intent addressed to Procurement
2. Company Profile
3. Certificate of Incorporation/equivalent
4. Audited Financial Statements for the last two (2) years
5. Business Permit
6. Organizational Chart
7. Headquarters and/or warehouse location map
8. Product brochure/catalogue/datasheets
9. List of customers/clients in the Philippines

**IV. THE ACCREDITATION COMMITTEE**

**A. Functions**

The Accreditation Committee shall verify, evaluate, review, and analyze the capability of Contractors based on technical, financial, reputation, performance, and commercial capabilities.

The Accreditation Committee is committed to fielding reputable contractors, and encourages its prospective contractors to achieve accredited status.

**B. Members**

The members of the Accreditation Committee shall be the following:

- a) Accounting Head/Chief Accountant
- b) Procurement Head
- c) Proponent/End User's Representative

## **V. REVIEW AND EVALUATION PROCESS**

### **1. Compliance with Documentary Requirements**

The Accreditation Committee shall determine whether the contractor complies with the documents in *Section III*. Only contractors with complete documents shall be considered for evaluation and comparison.

### **2. Review of Documents and Evaluation of Contractor's Capacity**

The Accreditation Committee shall review and evaluate the following:

- a) Authenticity of documents;
- b) Financial capability;
- c) Technical capability;
- d) Performance based on previous completed and on-going projects
  - Authenticity of documents
  - Financial capability
  - Technical capability
  - Performance based on previous completed and ongoing projects (this will include getting feedback from previous / existing clients)
  - Track record in complying with relevant environmental laws and/or issuances of the Department of Environment and Natural Resources, Local Government Unit, etc. (The Accreditation Committee may require the applicant to submit additional documents for this purpose.)

### **3. Categorization**

The Accreditation Committee shall categorize the applicant based on the following qualifications:

- a) Owner Supplied Materials (“OSM”)
- b) Contract Amount – maximum contract amount to be awarded
- c) Work specialty/expertise - for multi-specialty contractors
- d) Volume of projects – number of projects that can be awarded
- e) Internal contractor ratings – PCAB reference

### **4. Updating of Information and Submission of Additional Documents**

In case any information provided changes or is modified after accreditation, the Contractor must update such information and submit corresponding documents to update the information.

### **5. Accreditation**

Contractor's Accreditation is valid for 12 months only subject to renewal upon submission of updated documents. Likewise, the results of the Performance Evaluation for previous contracts form as basis of the renewal of accreditation.

## VI. CANCELLATION OR REVOCATION OF ACCREDITATION

A contractor's accreditation may be cancelled or revoked on the basis of the following grounds:

- a) The Company finds that the contractor and/or his duly authorized representative has falsified documents in support of the application for accreditation;
- b) The contractor has filed for bankruptcy or dissolution;
- c) The contractor or any of its responsible officers is found guilty by the proper courts for violating Section 11(c) of *Republic Act No. 6713*, otherwise known as the "*Code of Conduct and Ethical Standards for Public Officials and Employees*";
- d) The contractor or any of its responsible officers is found guilty by the proper courts for violating *Republic Act No. 9208*, otherwise known as the "*Anti-Trafficking in Persons Act of 2023*" and *Republic Act No. 7610*, otherwise known as the "*Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act*", as amended by *Republic Act No. 9231*, and *Republic Act No. 9851*, otherwise known as the "*Philippine Act on Crimes Against International Humanitarian Law, Genocide, and Other Crimes Against Humanity*";
- e) The Company has reasonable belief that the contractor or any of its responsible officers is undertaking fraudulent activities; and
- f) The commission by the contractor or any of its responsible officers of any act which casts doubt on its/their eligibility to undertake the project, should the same be awarded to them.

Annex "B"

CSR PHOTOS



