SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: 2022030044636-59
Company Name: PREMIERE ISLAND PHILIPPINES HOLDING CORPORATION
Industry Classification: K642
Company Type: Stock Corporation

Document Information

Document ID: OST10608202381291446
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

Vicente Ureta III

From: eafs@bir.gov.ph
Sent: Tuesday, 23 May 2023 3:38 pm
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Hi PREMIERE ISLAND POWER REIT CORPORATION,

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- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Premiere Island
POWER REIT CORPORATION

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, 2022. 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, 2022 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.

Garth F. Castañeda
Chairman

Timothy Joseph M. Mendoza
President

Maryknoll B. Zamora
Treasurer

Signed this 27[th] day of April 2023

Tax Return Receipt Confirmation

From: ebirforms-noreply@bir.gov.ph

To: premiereislandphilippines@yahoo.com

Date: Monday, May 8, 2023 at 10:52 AM GMT+8

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 607224091000-1702RTv2018C-122022V1.xml
Date received by BIR: 8 May 2023
Time received by BIR: 09:56 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

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Bureau of Internal Revenue

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-RT
January 2018(ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate
Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filled with the BIR and one held by the taxpayers.

1702-RT 01/18ENCS P1

1 For ● Calendar Fiscal
2 Year Ended (MM/20YY) 12 - December 20 22

3 Amended Return? ● Yes No

4 Short Period Return Yes ● No

5 Alphanumeric Tax Code (ATC)
IC 055–Minimum Corporate Income Tax(MCIT)
IC010 - CORPORATION IN GENERAL - JAN 1, 2009

Part I - Background Information

6 Tax Identification Number (TIN) 607 - 224 - 091 - 00000
7 RDO Code 53A

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
PREMIERE ISLAND POWER REIT CORPORATION

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
4TH STARMALL IT HUB CV STARR AVE PHILAMLIFE PAMPLONA DOS 1740 CITY OF LAS 202020202020PINAS NCR,C FO
URTH DISTRICT PHILIPPINES

9A ZIP Code 1740

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 03/04/2022
11 Contact Number 576740

12 Email Address premiereislandphilippines@yahoo.com

13 Method of Deductions ● Itemized Deductions [Section 34 (A-J), NIRC] Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable *(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

14 Tax Due	8,135,437
15 Less: Total Tax Credits/Payments	59,171,304
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15)*	(51,035,867)
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 16 and 20)*	(51,035,867)

If Overpayment, mark one(1) box only *(Once the choice is made, the same is irrevocable)*
To be refunded To be issued a Tax Certificate Certificate (TCC) ● To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

Signature over Printed Name of President/Principal Officer/Authorized Representative
Signature over Printed Name of Treasurer/Assistant Treasurer
22 Number of Attachments 000

Title of Signatory TIN Title of Signatory TIN

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	**Number**	**Date***(MM/DD/YYYY)*	**Amount**
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others*(Specify Below)*				0

Machine Validation/Revenue Official Receipt Details *[if not filed with an Authorized Agent Bank(AAB)]*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	**1702-RT 01/18ENCS P2**

Taxpayer Identification Number(TIN): 607 224 091 00000

Registered Name: PREMIERE ISLAND POWER REIT CORPORATION

Part IV - Computation of Tax *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

27 Sales/Revenues/Receipts/Fees	309,745,454
28 Less:Sales Returns, Allowances and Discounts	0
29 Net Sales/Revenues/Receipts/Fees *(Item 27 Less Item 28)*	309,745,454
30 Less: Cost of Sales/Services	40,701,197
31 Gross Income from Operation *(Item 29 less Item 30)*	269,044,257
32 Add: Other Taxable Income Not Subjected to Final tax	240
33 Total Taxable Income *(Sum of Items 31 and 32)*	269,044,497
Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions	11,502,749
35 Special Allowable Itemized Deductions	225,000,000
36 NOLCO *(Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)*	0
37 Total Deductions *(Sums of Items 34 to 36)*	236,502,749
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction (OSD) *(40% of Item 33)*	0
39 Net Taxable Income/(Loss) *(If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	32,541,748
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Mininum Corporate Income Tax(MCIT) *(Item 39 x Item 40)*	8,135,437
42 MCIT Due *(2% of Item 33)*	0
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)*	8,135,437
Less: Tax Credits/Payments(attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	59,171,304
52 Special Tax Credits	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 Total Tax Credits/Payments *(Sum of Items 44 to 54)*	59,171,304
56 Net Tax Payable (Overpayment) *(Item 43 Less Item 55)*	(51,035,867)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	225,000,000
58 Add:Special Tax Credits	0
59 Total Tax Relief Availment *(Sum of Items 57 & 58)*	225,000,000

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number(TIN) 607 224 091 00000

Registered Name PREMIERE ISLAND POWER REIT CORPORATION

Part VI - Schedules *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s if necessary)*

			Amount
1	Amortization		0
2	Bad Debts		0
3	Charitable and Other Contributions		0
4	Depletion		0
5	Depreciation		0
6	Entertainment, Amusement and Recreation		107,065
7	Fringe Benefits		0
8	Interest		0
9	Losses		0
10	Pension Trusts		0
11	Rental		0
12	Research and Development		0
13	Salaries, Wages and Allowances		0
14	SSS, GSIS, Philhealth, HDMF and Other Contributions		0
15	Taxes and Licenses		4,932,869
16	Transportation and Travel		78,461
17	Others(Deductions Subject to Withholding Tax and Other Expenses) *(Specify below; Add additional sheet(s), if necessary)*		
a	Janitorial and Messengerial Services		0
b	Professional Fees		3,171,102
c	Security Services		0
d	GENERAL AND ADMINISTRATIVE		2,446,711
e	REPRESENTATION		134,699
f	ADVERTISING		585,809
g	ACCOMODATIONS		23,858
h	MEETINGS AND CONFERENCE		20,046
i	OTHERS		2,129
18	**Total Ordinary Allowable Itemized Deductions** *(Sum of Items 1 to 17i)*		11,502,749

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1	DIVIDENDS FROM DISTRIBUTABLE INCOM	REIT LAW	225,000,000
2			0
3			0
4			0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)*		225,000,000

BIR Form No.
1702-RT
January 2018(ENCS)
Page 4

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P4

Taxpayer Identification Number(TIN): 607 224 091 00000

Registered Name: PREMIERE ISLAND POWER REIT CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	0
2	Less: Ordinary Allowable Itemized Deductions	0
3	Net Operating Loss *(Item 1 Less Item 2) (To Schedule IIIA,Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

	Year Incurred	Net Operating Loss A) Amount	B) NOLCO Applied Previous Year/s
4		0	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule IIIA *(Item numbers continue from table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	**Total NOLCO** *(Sum of Items 4D to 7D)*	0	

Schedule IV -Computation of Minimum corporate Income Tax(MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	**Total Excess MCIT Applied** *(Sum of Items 1F to 3F)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per Books	139,229,076
	Add: Non-deductible Expenses/Taxable Other Income	
2	NON DEDUCTIBLE EXPENSE	270,151
3	LOSS ON INVESTMENT PROPERTY	191,960,000
4	Total *(Sum of Items 1 to 3)*	331,459,227
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	NON- TAXABLE INCOME	45,415,940
6	OTHERS	28,501,539
	B) Special Deductions	
7	DIVIDENDS FROM DISTRIBUTABLE INCOME	225,000,000
8		0
9	Total *(Sum of Items 5 to 8)*	298,917,479
10	**Net taxable Income (Loss)** *(Item 4 Less Item 9)*	32,541,748

Premiere Island
POWER REIT CORPORATION

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, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Garth F. Castañeda
Chairman

Timothy Joseph M. Mendoza
President

Maryknoll B. Zamora
Treasurer

Signed this 27h day of April 2023

Premiere Island
POWER REIT CORPORATION

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, 2022. 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, 2022 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.

Garth F. Castañeda
Chairman

Timothy Joseph M. Mendoza
President

Maryknoll B. Zamora
Treasurer

Signed this 27h day of April 2023

SUBSCRIBED AND SWORN to before me this 04 MAY 2023, in Taguig City, Metro Manila, affiant exhibiting to me his/her valid ID, as follows

Name	Competent Evidence of Identity	Date & Place of Issue
Garth F. Castaneda	P6117273B	DFA NCR NE 01/18/2031
Timothy Joseph M. Mendoza	N26-98-018797	LTO 06/10/2024
Karen G. Empaynado	P9147717B	DFA Manila 03/09/2032

Doc No. 208
Page No. 43
Book No. 3
Series 2023.

ATTY. ARIANE MAE V. VALLADA
NOTARY PUBLIC
ROLL NO. 64605
TAGUIG CITY, PHILIPPINES

ARIANE MAE V. VALLADA
Notary Public until 31 December 2023
Appointment No. 8 / Roll No. 64605
9th Floor, Vista Place, VistaHub Campus Tower 1
Hon. Levi B. Mariano Avenue, Brgy. Ususan, Taguig City
PTR No. A-5700952 / 01-06-2023 / Taguig City
IBP No. 286315 / 01-12-2023 / Quezon City
MCLE Compliance No. VII-0027590 / 04-14-2025

P&A Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Premiere Island Power REIT Corporation

For the Period March 4, 2022 to December 31, 2022

P&A Grant Thornton

YEARS 35
Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Premiere Island Power REIT Corporation
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

Opinion

We have audited the financial statements of Premiere Island Power REIT Corporation (the REIT), formerly Premiere Island Philippines Holding Corporation, which comprise the statement of financial position as at December 31, 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period March 4, 2022 to December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2022, and its financial performance and its cash flows for the period March 4, 2022 to December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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) together with the ethical requirements that are relevant to our audit of the interim financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As more fully discussed in Note 1 to the financial statements, the REIT was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 4, 2022. The REIT has started its commercial operations in June 2022.

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

Description of the Matter

The REIT's investment properties, which relate to certain parcels of land, buildings and right-of-use asset, is carried in the financial statements at fair value model.

The fair value of investment properties was determined by an independent appraiser using the income approach. Under the income approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting the expected cash flows at a rate of return that compensates the risks associated with a particular investment. The total fair value of investment properties as of December 31, 2022 is P7.6 billion, which represents 85% of the total assets of the REIT. The valuation of investment properties is significant to our audit because of the significance of the amount involved and because the measurement involves application of significant judgments and estimates.

The REIT's policy on measurement of investment properties is more fully described in Note 2 to the financial statements. The significant judgments applied and estimates used in measuring fair value are more fully described in Note 3 to the financial statements, while the methods used are fully described in Note 19 to the financial statements.

How the Matter was Addressed in the Audit

We have evaluated the competence, capabilities and objectivity of the appraiser by obtaining an understanding of their qualifications, experience and track record. We have also involved our internal valuation specialists in evaluating the appropriateness of the valuation models and the reasonableness of key assumptions used, such as the discount rate and growth rate used to estimate projected revenues to be generated, costs and expenses to be incurred related to operations. We have also tested the completeness and accuracy of key inputs used such as the lease rates and lease terms by agreeing the samples to supporting lease contracts.

Revenue Recognition on Rental of Investment Properties

Description of matter

In 2022, the REIT recognized revenue from rental of investment properties amounting to P355.2 million. Rental income on long-term leases is recognized on a straight-line basis over the term of the relevant lease agreements as disclosed in Note 2 to the financial statements.

We identified the revenue recognition from rentals as significant to our audit due to the inherent risk of material misstatement involved and the materiality of the amount of rental revenue and related receivables. An error in the REIT's understanding of the significant terms and conditions of the lease agreements and accounting treatment may result in error in revenue recognition i.e., overstatement or understatement of the reported rental revenues and the related receivables recognized therefrom.

The REIT's disclosures relating to revenues from rentals are disclosed in Notes 7, 13, and 16.

How the matter was addressed in the audit

Our audit procedures to address the risk of material misstatement relating to recognition of revenue from rentals include inspecting the lease agreements entered into with the REIT's lessees, and understanding the significant terms and conditions affecting the recognition of rental income, as disclosed in Note 16 to the financial statements. We determined, based on the significant terms and conditions of the lease agreements, whether the recognition of rental income is in compliance with the revenue recognition and measurement requirements under PFRS 16. We recomputed the amounts of rental income and the related receivables taking into consideration, among others, the lease payments, lease terms, periodic rent escalations, and effect of any modifications; and, we have verified whether rental income related to the existing lease agreements have been recognized in the proper accounting period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the REIT's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, 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 period March 4, 2022 to December 31, 2022 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, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 interim financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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

The supplementary information for the period March 4, 2022 to December 31, 2022 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 required part of the basic financial statements prepared in accordance with PFRS. The BIR requires the information to be presented in the notes to financial statements. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is also not a required disclosure under Revised Securities Regulation Code Rule 68 of the SEC. Such supplementary information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audits resulting in this independent auditors' report is Nelson J. Dinio.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 9566632, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 27, 2023

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	Notes		
A S S E T S			
CURRENT ASSETS			
Cash	4	P	4,625,289
Trade and other receivables	5		392,386,454
Prepayments and other current assets	2		604,953
Total Current Assets			397,616,696
NON-CURRENT ASSETS			
Property and equipment - net	6		897,580,000
Investment properties	7		7,570,970,000
Deferred tax asset - net	12		32,408,114
Total Non-current Assets			8,500,958,114
TOTAL ASSETS		**P**	**8,898,574,810**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	8	P	59,710,417
Due to related parties	13		64,627,723
Lease liabilities	9		230,280
Total Current Liabilities			124,568,420
NON-CURRENT LIABILITY			
Lease liabilities	9		6,471,760
Total Liabilities			131,040,180
EQUITY	14		
Capital stock			3,288,669,000
Additional paid-in-capital			5,328,952,851
Revaluation reserves - net	6, 12		12,683,703
Retained earnings			137,229,076
Total Equity			8,767,534,630
TOTAL LIABILITIES AND EQUITY		**P**	**8,898,574,810**

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	Notes		
RENTAL INCOME	10	P	355,161,394
COSTS OF RENTALS	11		40,701,197
GROSS PROFIT			314,460,197
OTHER OPERATING EXPENSES	11		11,502,749
OPERATING PROFIT			302,957,448
OTHER INCOME (CHARGES) - Net			
Fair value loss on investment properties	7	(	191,960,000)
Finance cost	9	(	269,912)
Finance income	4		1,202
		(	192,228,710)
PROFIT BEFORE TAX			110,728,738
TAX INCOME	12		28,500,338
NET PROFIT			139,229,076
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss			
Revaluation increase in property and equipment	6		16,911,604
Tax expense	12	(	4,227,901)
			12,683,703
TOTAL COMPREHENSIVE INCOME		**P**	**151,912,779**
BASIC AND DILUTED EARNINGS PER SHARE	15	**P**	**0.06**

* The REIT was incorporated on March 4, 2022 and started its commercial operations in June 2022.

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022*
(Amounts in Philippine Pesos)

	Capital Stock (See Note 14)	**Additional Paid-in Capital** (See Note 14)	**Revaluation Reserves** (See Note 6)	**Retained Earnings** (See Note 14)	**Total**
Balance at January 1, 2022	P -	P -	P -	P -	P -
Issuances during the period	3,288,669,000	5,328,952,851	-	-	8,617,621,851
Dividends declared	-	-	-	(2,000,000)	(2,000,000)
Total comprehensive income for the period	-	-	12,683,703	139,229,076	151,912,779
Balance at December 31, 2022	**P 3,288,669,000**	**P 5,328,952,851**	**P 12,683,703**	**P 137,229,076**	**P 8,767,534,630**

*The REIT was incorporated on March 4, 2022 and started its commercial operations in June 2022.

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
STATEMENT OF CASH FLOWS
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P	110,728,738
Adjustments for			
Fair value loss on investment properties	7		191,960,000
Depreciation	6		30,071,604
Finance cost - net	9		269,912
Operating profit before working capital changes			333,030,254
Increase in trade and other receivables		(	392,386,454)
Increase in prepayments and other current assets		(	587,178)
Increase in trade and other payables			51,305,068
Cash used in operations		(	8,638,310)
Interest received	4		961
Income tax paid	12	(	240)
Net Cash Used in Operating Activities		(	8,637,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from related parties	13		15,132,290
Dividends paid	14	(	2,000,000)
Payment of lease liability	9		125,588
Proceeds from issuance of shares	14		5,000
Net Cash From Financing Activities			13,262,878
NET INCREASE IN CASH			4,625,289
CASH AT BEGINNING OF PERIOD			-
CASH AT END OF PERIOD		**P**	**4,625,289**

Supplemental Information in Non-cash Financing and Investing Activities is disclosed in Note 23 to the Financial Statements.

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(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 on 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 infusion by the Sponsors of assets under the Property-for-share swap (see Note 14).

On June 24, 2022, the BOD approved the following amendments on the Articles of Incorporation and By-Laws: (a) changing the corporate name to Premiere Island Power REIT Corporation; (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; (c) increasing the number of the Board of Directors (BOD) from five to seven; (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (g) qualifications of directors; (h) corporate governance revisions for independent directors; (i) changes on compensation clause; (j) constitute board committees including Executive Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (k) appointment of stock transfer agent; (l) schedule of regular annual meetings; (m) amendments on dividends; (n) the Fund Manager; and (o) the Property Manager. The Securities and Exchange Commission 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 14). As of December 31, 2022, the REIT has 48.88% public ownership.

S.I. P0wer Corp. (SIPCOR or the Parent Company) holds 25.71% interest over the REIT while Camotes Island Power Generation Corporation (CAMPCOR) holds 25.39% ownership over the REIT. SIPCOR also holds 94.00% ownership interest over CAMPCOR. Accordingly, SIPCOR effectively holds 49.58% ownership of the REIT's total issued and outstanding capital stock, thereby making SIPCOR as the majority 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 themortgage, 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 REIT's registered office address and principal place of business is located at 4th Starmall IT Hub CV Starr Ave., Philamlife Pamplona Dos Las Piñas, Las Piñas City. On the other hand, SIPCOR and PAVI's registered office, which is also their principal place of business, is located at Worldwide Corporate Center, Shaw Blvd., Mandaluyong City.

1.2 Approval of the Financial Statements

The financial statements of the REIT as of and for the period March 4, 2022 to December 31, 2022 were authorized for issue by the REIT's BOD on April 27, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 First Time Adoption of Philippine Financial Reporting Standards

This is the first set of financial statements prepared by the REIT in accordance with Philippine Financial Reporting Standards (PFRS). The accounting policies set out below and in the succeeding page have been applied in preparing the REIT's financial statements for the period March 4, 2022 to December 31, 2022.

2.2 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). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of 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 has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These 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.

2.3 Adoption of Amended PFRS Subsequent to 2022

There are pronouncements effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the REIT's financial statements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.4 Current versus Non-current classification

The REIT presents assets and liabilities in the statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The REIT classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

2.5 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

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the relevant financial asset classification applicable to the REIT is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the REIT's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss.

The REIT's financial assets at amortized cost are presented as Cash and Trade and Other Receivables in the statement of financial position. For purpose of cash flows reporting and presentation, cash in bank pertains to demand deposits which are subject to insignificant risk of change in value.

Financial asset measured at amortized cost is included in current asset, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

(ii) Impairment of Financial Asset

The REIT assesses expected credit losses (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

For cash in bank, the REIT applies low credit risk simplification and measures the ECL on the financial assets based on a 12-month ECL basis unless there has been a significant increase in credit risk since origination, in which case, the loss allowance will be based on lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the REIT would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The REIT recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through an allowance for impairment account. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the REIT neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the REIT recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the REIT retains substantially all the risks and rewards of ownership of a transferred financial asset, the REIT continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which pertain to Trade and Other Payables and Due to Related Parties, are recognized initially at its fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

All interest-related charges, except any capitalized borrowing costs, are recognized as expense in profit or loss under Interest Expense in the statement of comprehensive income.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the REIT does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Financial liabilities are also derecognized when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the REIT currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.6 Prepayments and Other Assets

Prepayments and other current assets pertain to other resources controlled by the REIT as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the REIT and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the REIT beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

2.7 Property and Equipment

Property and equipment are initially recognized at cost. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Following initial recognition at cost, 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.

Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Reserves account in the statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Annually, an amount from the Revaluation Reserves account is transferred to Retained Earnings account for the depreciation relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in Revaluation Reserves account relating to them are transferred to Retained Earnings account.

Depreciation of property and equipment (comprising of generation assets) is computed on the straight-line basis over the estimated useful lives of 22 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.8 Investment Properties

Properties that are held for long-term rental or for capital appreciation or both, and that are not occupied by the REIT, which comprises of right-of-use asset, land and buildings, are classified as investment properties.

Investment properties are initially measured at cost, including related transactions costs and borrowing costs. After initial recognition, investment properties are carried at fair value at each reporting date and are revalued at every year. Fair value is based on the income approach and is determined annually by an independent appraiser with sufficient experience with respect to both the location and the nature of the investment properties (see Note 19.3).

Any gain or loss resulting from either a change in the fair value of an investment property is immediately recognized in profit or loss as Fair value gains (losses) on investment properties account under the Other Income (Charges) account in the statement of comprehensive income.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The right-of-use asset classified as investment property is derecognized when the REIT subleases the asset to another party and the lease is accounted for under finance lease (see Note 2.11). Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation and commencement of an operating lease to another party. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of a development with a view to sale.

2.9 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, probable inflows of economic benefits to the REIT that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements.

On the other hand, any reimbursement that the REIT can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.10 Expense Recognition

Expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred.

2.11 Leases

(a) REIT as Lessee

For any new contracts entered into, the REIT considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the REIT assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the REIT;
- the REIT has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the REIT has the right to direct the use of the identified asset throughout the period of use. The REIT assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the REIT recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the REIT, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the REIT's right-of-use asset is carried at fair value at each reporting date and are revalued at every year; and as such, no amortization of right-of-use asset is recognized in the statement of comprehensive income (see Note 2.8). Fair value is based on the income approach and is determined annually by an independent appraiser with sufficient experience with respect to both the location and the nature of the investment properties. The REIT also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.12).

On the other hand, the REIT measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the REIT's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

(b) REIT as Lessor

Leases wherein the REIT substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the REIT's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the REIT's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.12 Impairment of Non-financial Assets

The REIT's non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the REIT's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Deferred tax assets and deferred tax liabilities are offset if the REIT has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.14 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the REIT and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the REIT; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the REIT that gives them significant influence over the REIT and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material under SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-listed Companies*.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.15 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital (APIC) includes any premiums received on the issuance of capital. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Revaluation reserves relate to fair value adjustments of Property and Equipment, net of tax (see Note 2.7).

Retained earnings represent current period results of operations as reported in the statement of comprehensive income.

2.16 Earnings Per Share

Basic earnings per share is computed by dividing net profit by the weighted average number of shares issued and outstanding, adjusted retrospectively for any share dividend declared, share split and reverse share split during the current year, if any.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive common shares. Currently, the REIT does not have potential dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

2.17 Events After the End of the Reporting Period

Any event after the end of the reporting period that provides additional information about the REIT's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Events after the end of the reporting period that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the REIT's financial statements in accordance with PFRS 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 Judgment 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) 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.

(b) 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.

(c) 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 risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Management has determined that its current lease agreements as lessor are operating leases.

(d) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provision are discussed in Note 2.9 and disclosures on relevant provisions and contingencies are presented in Note 16.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding page are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

(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.

A significant change in these elements may affect prices and the value of the assets. The details of the fair values of relevant assets are disclosed in Notes 6, 7 and 19.

For investment properties, and property and equipment, with valuation conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(b) Estimation of Useful Lives of 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 6. Based on management's assessment as at December 31, 2022, there is no change in estimated useful lives of the property and equipment during those years. 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 17.2(b).

Based on management's assessment, the outstanding balances of receivables and contract asset as of December 31, 2022 are fully collectible (see Notes 5).

(d) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Also, the REIT's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.12.

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the REIT's non-financial assets required to be recognized for the period March 4, 2022 to December 31, 2022 based on management's assessment.

4. CASH

Cash in bank amounted to P4.6 million as of December 31, 2022. Cash in bank generally earns interest based on daily bank deposit rates.

Interest earned from cash in bank for the period March 4, 2022 to December 31, 2022 amounted to P1,202. Interest earned is presented as Finance income under Other Income (Charges) section in the statement of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account as of December 31, 2022 is composed of the following:

Trade receivables:	
Billed	P 346,914,909
Accrued	45,415,940
Advances to employees	55,605
	P 392,386,454

Accrued receivables pertain to receivables resulting from the straight-line method of recognizing rental income.

Billed receivables arise from the lease of land, building and generation assets by SIPCOR and CAMPCOR.

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized for the reporting periods presented as management believes that the remaining receivables are fully collectible (see Note 17.2).

6. PROPERTY AND EQUIPMENT

On May 31, 2022, the REIT received the property and equipment (consisting of generation assets) from SIPCOR by way of assignment as a result of the property-for-share swap (see Note 14). The fair value of the property and equipment as at such date amounting to P910.7 million was determined by independent and SEC-accredited property appraisers.

The property and equipment received by the REIT from SIPCOR is recognized under 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 statement of financial position.

The REIT recognized income arising from the lease of generation assets to SIPCOR amounting to P30.8 million is presented as part of Rental Income in the statement of comprehensive income (see Note 10). Related outstanding receivable is presented as part of Trade and Other Receivables in the statement of financial position (see Note 5).

The carrying amount of property and equipment as at December 31, 2022 is as follows:

Cost	P 910,740,000
Depreciation	(30,071,604)
Revaluation	16,911,604
	P 897,580,000

The depreciation expense is presented as part of Costs of Rentals in the statement of comprehensive income. In 2022, the REIT did not recognize any impairment loss on the property and equipment.

Under cost model, the carrying value of the property and equipment as of December 31, 2022 amounted to P880.7 million.

The REIT did not have any fully depreciated property and equipment as of December 31, 2022. The information on the fair value measurement and disclosures related to the property and equipment are presented in Note 19.3.

7. INVESTMENT PROPERTIES

On May 31, 2022, the REIT, SIPCOR and CAMPCOR executed a deed of assignment whereas SIPCOR and CAMPCOR cede, assign and transfer to the REIT, 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 (see Note 14). The parcels of land include the land owned by the National Power Corporation (NPC) to which the lease right was also assigned to the REIT as approved by the NPC (see Note 9).

The parcels of land, including the right-of-use asset on the lease right from the lease agreement with NPC, and the buildings are presented as Investment Properties in the statement of financial position. These parcels of land and buildings are recognized in reference to their fair values and the information on the fair value measurement and disclosures are presented in Note 19.3.

The breakdown of the REIT's investment properties as of December 31, 2022, which are held to earn rental, are as follows:

Land	P 4,085,360,000
Buildings	2,223,800,000
Right-of-use asset	1,261,810,000
	P 7,570,970,000

A reconciliation of the carrying amounts of investment properties as at December 31, 2022 is shown below.

	Land	Buildings	Right-of-use asset	Total
Initial measurement	P 4,166,270,000	P 2,270,810,000	P 1,325,850,000	P 7,762,930,000
Fair value loss	(80,910,000)	(47,010,000)	(64,040,000)	(191,960,000)
	P 4,085,360,000	**P 2,223,800,000**	**P 1,261,810,000**	**P 7,570,970,000**

The fair values of the investment properties were determined by independent and SEC-accredited property appraisers. The REIT's management engaged with an appraiser and the amounts stated above are the fair values as of December 31, 2022. The fair value loss on investment properties is presented under Other income (Charges) in the statement of comprehensive income.

As of December 31, 2022, the REIT has a total of seven assets presented below:

Located at Siquijor:
- One land leased at Candanay
- One land owned at Lazi
- One building and support facilities at Candanay

Located at Cebu:
- One land owned at Pilar
- One land owned at Poro
- One building and support facilities at Pilar
- One building and support facilities at Poro

The REIT recognized income amounting to P324.4 million from the lease of investment properties and is presented as part of Rental Income in the statement of comprehensive income (see Note 10). Related outstanding receivable is presented as part of Trade and Other Receivables in the statement 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 are presented as part of Costs of Rentals in the statement of comprehensive income (see Note 11).

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 16.1.

8. TRADE AND OTHER PAYABLES

This account is composed of the following as of December 31, 2022:

Deferred output VAT	P 37,169,455
Accrued expenses	13,485,379
Payables to government	9,055,583
	P 59,710,417

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 once collected.

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

9. 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 allows the REIT to sublet the asset to another party. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. The lease did not contain an option to purchase the underlying lease asset at the end of the lease.

On April 11, 2022, the REIT entered into a sublease agreement with SIPCOR for the same land situated in Candanay (Candanay Property) for a term of 8 years. Since the land is being subleased by the REIT to SIPCOR, the right-of-use asset is presented as part of Investment Properties in the statement of financial position (see Note 7).

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

Current	P 230,280
Non-current	6,471,760
	P 6,702,040

The movements in the lease liability recognized in the statement of financial position are as follows:

Initial recognition	P 6,557,716
Amortization	269,912
Repayments	(125,588)
Balance at end of the period	**P 6,702,040**

Interest expense related to lease liability is reported as Finance Cost in the statement of comprehensive income.

As at December 31, 2022, the REIT has no commitments to leases which had not commenced.

The maturity analysis of lease liabilities as at December 31, 2022 are as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2022							
Lease payments	P 678,000	P 813,600	P 813,600	P 813,600	P 813,600	P 5,965,109	P 9,897,509
Finance charge	(447,720)	(431,692)	(405,109)	(376,675)	(346,262)	(1,188,011)	(3,195,469)
Net present values	**P 230,280**	**P 381,908**	**P 408,491**	**P 436,925**	**P 467,338**	**P 4,777,098**	**P 6,702,040**

The cash outflow in respect of the lease for the period March 4, 2022 to December 31, 2022 amounted to P0.1 million.

10. RENTAL INCOME

The REIT derives its rental income from the lease of its investment properties and property and equipment (see Note 7).

On April 11, 2022, the REIT entered into various lease and sublease agreements with SIPCOR and CAMPCOR for the lease of properties for energy generation use (see Notes 9 and 13). The lease agreements commenced in June 2022.

The table below describes the lease agreements entered into by the REIT and their terms are as follows:

	Lease Term	Renewable years upon mutual agreement
Candanay property	8 years	10 years
Lazi property	9 years	10 years
SIPCOR building and generation assets	9 years	10 years
CAMPCOR land and building	10 years	10 years

The rental income derived from such leases amounted to P355.2 million. Breakdown of rental income reported in the statement of comprehensive income is shown below.

Rental income from SIPCOR:	
Right-of-use asset	P 105,400,099
Land	33,879,160
Generation assets (presented as property and equipment)	30,753,317
Building	3,451,042
	173,483,618
Rental income from CAMPCOR:	
Land	107,780,736
Building	73,897,040
	181,677,776
	P 355,161,394

The REIT's rental income are generated from the following investment properties and geographical regions:

	Land	Buildings	Right-of-use asset	Generation assets	Total
Siquijor	P 33,879,160	P 3,451,042	P 105,400,099	P 30,753,317	P 173,483,618
Cebu	107,780,736	73,897,040	-	-	181,677,776
	P 141,659,896	**P 77,348,082**	**P 105,400,099**	**P 30,753,317**	**P 355,161,394**

As of December 31, 2022, the rental receivable amounted to P392.4 million, which is reported as part of Trade and Other Receivables in the statement of financial position (see Note 5).

11. COSTS AND OPERATING EXPENSES

The details of this account are shown below.

	Notes	
Depreciation	6	P 30,071,604
Property and fund management fees	7	10,629,593
Taxes and licenses	7	4,932,869
Professional fees		3,171,103
General and administrative		2,446,711
Advertising		585,809
Miscellaneous		366,257
		P 52,203,946

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

Costs of rentals	P 40,701,197
Operating expenses	11,502,749
	P 52,203,946

12. INCOME TAXES

The components of tax expense as reported in the statement of comprehensive income are as follows:

Reported in profit or loss	
Current tax expense:	
Regular corporate income tax at 25%	P 8,135,437
Final tax at 20%	240
	8,135,677
Deferred tax income arising from origination of temporary differences	(36,636,015)
	(P 28,500,338)
Reported in other comprehensive income -	
Deferred tax expense arising from: recognition of revaluation surplus	**P 4,227,901**

A reconciliation of tax on pretax profit or loss computed at the applicable statutory rates to tax expense or income reported in the statement of comprehensive income for the period March 4, 2022 to December 31, 2022 is as follows:

Tax on pretax profit at 25%	P 27,682,185
Adjustment for income subjected to lower income tax rate	180
Tax effect of –	
Dividends from distributable income	(56,250,000)
Non-deductible expenses	67,297
	(P 28,500,338)

The REIT claimed dividends as tax deduction which were declared on April 27, 2023 and payable on May 26, 2023 (see Note 22).

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.

The details of the deferred tax assets - net as of December 31, 2022 is shown below.

Fair value loss on investment properties	P	47,990,000
Straight-lining of rental income	(	11,353,985)
Revaluation surplus of property and equipment	(	4,227,901)
	P	**32,408,114**

The REIT claimed itemized deductions in computing for its income tax due for the period March 4, 2022 to December 31, 2022.

13. RELATED PARTY TRANSACTIONS

The REIT's related parties include the ultimate parent company, parent company, stockholders, key management personnel and others as defined in Note 2.14. A summary of the REIT's transactions and outstanding balances, if any, with its related parties is presented below.

Related Party Category	Notes	December 31, 2022 Amount of Transaction		Outstanding Receivable (Payable)	
Parent Company					
Rental income	5, 10	P	173,483,618	P	191,870,442
Due to related party	13.2		64,086,279	(	64,086,279)
Lease liabilities	9		6,702,040	(	6,702,040)
Related party under common ownership					
Rental income	5, 10		181,677,776		200,460,406
Due to related party	13.2		541,444	(	541,444)

13.1 Lease Agreements

In 2022, the REIT entered into several operating lease agreements with SIPCOR and CAMPCOR covering real estate properties and generation assets located in Siquijor and Cebu for periods ranging from 8 to 10 years for fixed annual lease rate, subject to an escalation rate of 3%. The lease agreements are renewable upon mutual agreement of both parties (see Note 10).

The rentals earned from the Lease Agreements are presented as Rental Income in the statement of comprehensive income. The unsecured, noninterest-bearing outstanding balances related to such agreements are presented as part of Trade and Other Receivables in the statement of financial position.

13.2 Due to Related Parties

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

The outstanding due to related parties presented in the statement of financial position as at December 31 amounted to P64.6 million. Such balance 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.

The balance of Due to Related Parties includes payments to SEC and Bureau of Internal Revenue (BIR) registration and filing fees amounting to P16.6 million, documentary stamp tax (DST) on issuance of shares and DST on lease agreements amounting to P32.9 million and P4.9 million, respectively, and other expenses amounting to P9.7 million which were paid by the Parent company (SIPCOR) on behalf of the REIT. Also, in 2022, CAMPCOR paid certain regulatory fees to local government and advertising expenses on behalf of the REIT totalling to P0.5 million.

13.3 Key Management Personnel Compensation

There were no key management personnel compensation incurred as the REIT's management and administrative functions were handled by the ultimate parent company at no cost or consideration to the REIT.

14. EQUITY

14.1 Capital Stock

Capital stock consists of the following as of December 31, 2022:

	Shares	Amount
Common shares		
Authorized	7,500,000,000	P7,500,000,000
Issued and outstanding		
Balance at beginning of period	-	P -
Issuance during the period	3,288,669,000	3,288,669,000
Balance at end of period	**3,288,669,000**	**P3,288,669,000**

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.

Under the terms of the capital increase, the REIT will 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 properties (see Notes 6 and 7), free from liabilities and debts and free from all liens and encumbrances. The application was approved by the SEC on May 31, 2022.

Pursuant to the capital increase and the 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 over par value 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 the latter 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.

As of December 31, 2022, there are 2,700 holders of at least one board lot of the listed shares, which closed at P1.60 per share as of that date.

14.2 Dividends

On July 11, 2022, the BOD approved the declaration of cash dividends amounting to P2.0 million (less than P0.01 per share) from its unrestricted retained earnings payable to stockholders of record as of July 11, 2022. The dividends were paid on August 29, 2022.

14.3 Distributable Income

The computation of the distributable income of the REIT for the period March 4, 2022 to December 31, 2022 is shown below.

Net profit	P	139,229,076
Fair value adjustment of investment property resulting to loss		191,960,000
Effect of straight-lining of rental income	(	45,415,940)
Deferred tax income	(	36,636,015)
Accretion of interest relating to lease liability		144,324
Distributable income	**P**	**249,281,445**

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.

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 12).

15. EARNINGS PER SHARE

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

Net profit for the period	P	139,229,076
Divided by weighted number of outstanding common shares		2,302,069,800
Basic and diluted earnings per share	**P**	**0.06**

The REIT has no potential dilutive common shares as of December 31, 2022.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – REIT as a Lessor

On April 11, 2022, the REIT entered into several operating lease agreements with SIPCOR and CAMPCOR covering real estate properties for energy generation use located in Siquijor and Cebu for periods ranging from 8 to 10 years. Monthly rentals for the leases are 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 and 7). In 2022, rentals based on the guaranteed base lease are higher than the rentals calculated based on the variables rates except for the rental income from the Candanay Property (see Note 7). Rental income from such property amounted to P105.6 million in 2022, which is determined based on 26.59% of the revenue derived from such lease during the period March 4, 2022 to December 31, 2022.

On the same date, the REIT entered into an operating sublease agreement with SIPCOR covering lands owned by NPC located in Siquijor for a period of 8 years for a fixed annual lease rate, subject to an annual escalation rate of 3% (see Note 7).

The lease and the sublease agreements are renewable upon mutual agreement by both parties. The agreements took effect in June 2022.

The future minimum lease receivable under these agreements as of December 31, 2022 are shown below.

Within one year	P	608,848,418
After one year but not more than two years		608,848,418
After two years but not more than three years		608,848,418
After three years but not more than four years		608,848,418
After four years but not more than five years		608,848,418
More than five years		2,210,994,133
	P	**5,255,236,223**

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 however deemed that the risk of non-collection is insignificant given the Company and its tenants are related parties under common control and hence can direct payments and collections between these parties (see Note 13).

16.2 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, 2022, 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.

17. 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 18. 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.

17.1 Market Risk

As of December 31, 2022, 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.

17.2 Credit Risk

The REIT's credit risk is attributable to cash in bank. The REIT maintains defined credit policies and continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The REIT's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets as at December 31, 2022 is the carrying amount of the financial assets as shown in the statement of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

Cash	P 4,625,289
Trade and other receivables	392,386,454
	P 397,011,743

(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 (PDIC) up to a maximum of P0.5 million for every depositor per banking institution.

(b) *Trade and other receivables*

The REIT applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The REIT has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The REIT has just started its operation during the current period; hence, no historical information is available for the REIT. In addition, management considers the ECL on the REIT's trade and other receivables to be negligible taking into consideration the related parties' ability to repay at the reporting date.

There are no unimpaired past due receivables as of December 31, 2022.

17.3 Liquidity Risk

As of December 31, 2022, the REIT's maximum liquidity risk is the carrying amounts of trade and other payables, due to related parties and lease liabilities in the statement of financial position amounting to P50.7 million, P64.6 million and P6.7 million, respectively. The REIT's financial liability representing due to related parties is payable upon demand.

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

18. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

18.1 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 statement of financial position are shown below.

		December 31, 2022			
	Notes	Carrying Values		Fair Values	
Financial assets					
Cash	4	P	4,625,289	P	4,625,289
Trade and other receivables	5		392,386,454		392,386,454
		P	**397,011,743**	**P**	**397,011,743**
Financial liabilities					
Trade and other payables	8	P	50,654,834	P	50,654,834
Due to related parties	13		64,627,723		64,627,723
		P	**115,282,557**	**P**	**115,282,557**

See Note 2.5 for the description of the accounting policies for each category of financial instruments. A description of the REIT's risk management objectives and policies for financial instruments is provided in Note 17.

18.2 Offsetting of Financial Assets and Financial Liabilities

Except for the offsetting of certain due to and due from related parties arising from the expenses paid by SIPCOR and CAMPCOR on behalf of the REIT, the REIT has not set off financial instruments and do not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders.

19. FAIR VALUE MEASUREMENT AND DISCLOSURE

19.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly(i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

19.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The REIT has no financial instruments measured at fair value that are not carried at fair value but are required to be disclosed as at December 31, 2022. Accordingly, the REIT opted not to present its financial instruments in the fair value hierarchy anymore. Nevertheless, based on the management's review of its financial instruments measured at cost, except for cash, which is considered in Level 1, all the rest are determined to be Level 3.

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instruments where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

19.3 Fair Value Measurement of Non-financial Assets

As of December 31, 2022, the REIT's investment properties and property and equipment amounting to P7.6 billion and P897.6 million, respectively, are classified under Level 3 of the hierarchy of fair value measurements.

The fair values of the REIT's investment properties (see Note 7) and property and equipment (see Note 6) are determined on the basis of the appraisals performed by Asian Appraisal Company, Inc., an independent appraiser, with appropriate qualifications and recent experience in the valuation of similar properties.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the REIT's investment properties and property and equipment are their current use. The appraisers used a discount rate and growth rate of 8.4% and 3.5%, respectively, to value the REIT's investment properties.

Fair value as determined by independent appraisers are based on the income approach. Under income approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value. There has been no change in the valuation techniques used by the REIT during the period. Also, there were no transfers into or out of Level 3 fair value hierarchy.

20. 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 adjustment 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 as of December 31, 2022 are presented below.

Total liabilities	P	131,040,180
Total equity		8,767,534,630
Debt-to-equity ratio	**P**	**0.01:1.00**

The REIT sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The REIT manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Under 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 period presented.

21. 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 7 and 10).

The REIT derives its rental income exclusively from SIPCOR (49%) and CAMPCOR (51%), related parties under common control (see Notes 7, 10 and 13).

The disaggregation of rental income as to lessee and geographical area is also detailed in Note 10.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On April 27, 2023, the REIT declared dividends at P0.0682 per share, see Note 14.3.

The dividends are payable on May 26, 2023 and as such is allowed to be claimed as a deduction to net taxable income in accordance with the REIT Act (see Note 12).

23. SUPPLEMENTAL INFORMATION ON NON-CASH FINANCING AND INVESTING ACTIVITIES

The following are significant non-cash transactions of the Company:

- In 2022, the REIT entered into a property-for-share swap transaction with SIPCOR and CAMPCOR. Both SIPCOR and CAMPCOR transferred, assigned and conveyed absolutely in favor of the REIT certain parcels of land, buildings and generation assets (see Notes 6 and 7) in exchange for P3.3 billion of the REIT's common shares (see Note 14).

- For the period March 4, 2022 to May 31, 2022, the SEC and BIR registration and filing fees amounting to P16.6 million and DST on issuance of shares amounting to P32.9 million were paid by SIPCOR on behalf of the REIT (see Notes 13 and 14).

- On May 31, 2022, the REIT recognized lease liability amounting to P6.6 million as a result of the assignment of lease agreement to the REIT by SIPCOR as approved by the National Power Corporation (see Note 9). The related right-of-use asset was also recognized as part of Investment Properties under the property-for-share swap transaction (see Note 7).

- On December 15, 2022, the REIT listed its common shares in the Philippine Stock Exchange. The proceeds from secondary offering amounting to P2.3 billion, net of P94.7 million initial offering expenses, were received by SIPCOR and CAMPCOR (Sponsors and assigned Disbursing Entities), as indicated in the REIT's Reinvestment Plan.

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding page 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.

(a) Output Value Added Tax (VAT)

In 2022, the REIT did not have any output VAT as they are not engaged in any transaction which gives rise to recognition of such VAT. However, the REIT recognized a deferred output VAT amounting to P37.2 million from uncollected rental billings which formed part of Trade and Other Payables presented on the statement of financial position.

The tax bases for Rental Income are based on the REIT's uncollected billings for the year, hence, may not be the same as the amounts of revenues reported in the 2022 statement of comprehensive income.

(b) Input VAT

In 2022, the REIT declared a P0.5 million input VAT arising from the domestic purchases of goods other than capital. This is part of the Prepayments and Other Current Assets presented on the statement of financial position.

(c) Taxes on Importation

The REIT did not have any transactions which were subject to custom duties and tariff fees in 2022.

(d) Excise Tax

The REIT did not have any transaction in 2022 which is subject to excise tax.

(e) Documentary Stamp Tax

DST paid and accrued in 2022 is presented below.

DST for rentals:		
CAMPCOR	P	2,463,857
SIPCOR		2,430,454
	P	**4,894,311**

(f) *Taxes and Licenses*

The details of taxes and licenses are broken down as follows:

DST	P	4,894,311
Permits and licenses		36,722
Annual BIR registration		500
Others		1,336
	P	**4,932,869**

The REIT incurred a cost related to SEC registration and filing and DST on issuance of shares amounting to P49.5 million which is charged against APIC.

(g) *Withholding Taxes*

The REIT only accrued for an expanded withholding tax as of December 31, 2022 amounting to P0.2 million. This accrual is related to the professional services entered into by the REIT during the period.

(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 years.

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

The Board of Directors and Stockholders
Premiere Island Power REIT Corporation
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Premiere Island Power REIT Corporation (the REIT) for the period March 4, 2022 to December 31, 2022 and have issued our report thereon dated April 27, 2023. 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. 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: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 9566632, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 27, 2023

PREMIERE ISLAND POWER REIT CORPORATION
List of Supplementary Information
December 31, 2022

PREMIERE ISLAND POWER REIT CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2022
(Amounts in Philippine Pesos)

Name and designation of debtor	Balance at Beginning of year	Additions	Deductions: Amounts collected	Deductions: Amounts written off	Ending Balance: Current	Ending Balance: Not current	Balance at end of year
S.I. P0wer Corporation	P -	P 191,870,442	P -	P -	P 191,870,442	P -	P 191,870,442
Camotes Island Power Generation Corporation	-	200,460,406	-	-	200,460,406	-	200,460,406
Advances to employees	-	55,606	-	-	55,606	-	55,606
	P -	P 392,386,454	P -	P -	P 392,386,454	P -	P 392,386,454

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

PREMIERE ISLAND POWER REIT CORPORATION
Schedule E
Indebtedness to Related Parties
December 31, 2022
(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Parent Company -		
S.I. P0wer Corporation	P -	P 64,086,279
Related party under common ownership		
Camotes Island Power Generation Corporation	-	541,444
Total indebtedness to related parties	P -	P 64,627,723

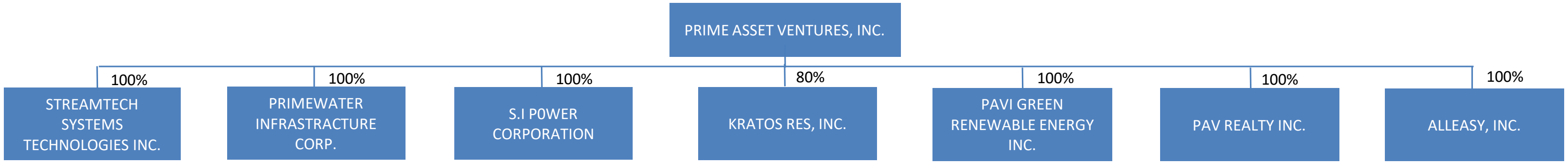
PREMIERE ISLAND POWER REIT CORPORATION
Schedule G
Capital Stock
December 31, 2022

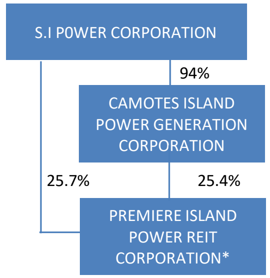
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common	7,500,000,000	3,288,669,000	-	1,680,428,993	809,007	1,607,431,000

PREMIERE ISLAND POWER REIT CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas, Las Piñas City
December 31, 2022
Reconciliation of Retained Earnings Available for Dividend Declaration

Retained Earnings at Beginning of Period	P -
Net profit per audited financial statements	139,229,076
Add: Non-actual/unrealized loss	
Fair value adjustment of investment property resulting to loss	191,960,000
Accretion of interest relating to lease liability	144,324
Less: Non-actual/unrealized income	
Effect of straight-lining of rental income	(45,415,940)
Deferred tax income related to deferred tax assets recognized in proft or loss during the period	(36,636,015)
Net profit actually earned	249,281,445
Less: Dividend declared	2,000,000
Retained Earnings Available for Dividend Declaration at End of the Period	**P 247,281,445**

PREMIERE ISLAND POWER REIT CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2022





*Premiere Island Power REIT Corporation was incorporated on March 4, 2022.

P&A Grant Thornton

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Report of Independent Auditors on Components of Financial Soundness Indicator

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The Board of Directors and Stockholders
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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 period March 4, 2022 to December 31, 2022 and have issued our report thereon dated April 27, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the REIT's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the REIT's financial statements as at December 31, 2022 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 9566632, January 3, 2023, Makati City
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April 27, 2023

PREMIERE ISLAND POWER REIT CORPORATION
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022

Ratio	Formula			2022
Current ratio	Total Current Assets divided by Total Current Liabilities			3.19
	Total Current Assets	P	397,616,696	
	Divide by: Total Current Liabilities		124,568,420	
	Current ratio		3.19	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities			2.82
	Total Current Assets	P	397,616,696	
	Less: Other Current Assets	(	46,020,892)	
	Quick Assets		351,595,804	
	Divide by: Total Current Liabilities		124,568,420	
	Acid test ratio		2.82	
Solvency ratio	Total Liabilities divided by Total Assets			0.01
	Total Liabilities	P	131,040,180	
	Divide by: Total Assets		8,898,574,810	
	Solvency ratio		0.01	
Debt-to-equity ratio	Total Liabilities divided by Total Equity			0.01
	Total Liabilities	P	131,040,180	
	Divide by: Total Equity		8,767,534,630	
	Debt-to-equity ratio		0.01	
Assets-to-equity ratio	Total Assets divided by Total Equity			1.01
	Total Assets	P	8,898,574,810	
	Divide by: Total Equity		8,767,534,630	
	Assets-to-equity ratio		1.01	
Return on equity	Net Profit divided by Total Equity			0.0159
	Net Profit	P	139,229,076	
	Divide by: Total Equity		8,767,534,630	
	Return on equity		0.0159	
Return on assets	Net Profit divided by Total Assets			0.0156
	Net Profit	P	139,229,076	
	Divide by: Total Assets		8,898,574,810	
	Return on assets		0.0156	
Book value per share	Total Equity divided by Outstanding Shares			2.67
	Total Equity	P	8,767,534,630	
	Divide by: Outstanding Shares		3,288,669,000	
	Book value per share		2.67	
Earnings per share	Net Profit divided by Weighted Average Outstanding Shares			0.06
	Net Profit	P	139,229,076	
	Divide by: Weighted Average Outstanding Shares		2,302,069,800	
	Earnings per share		0.06	