

2022030044636-59

SEC Registration Number

P R E M I E R E I S L A N D P O W E R R E I T
C O R P O R A T I O N

(Company's Full Name)

4 T H F L O O R S T A R M A L L I T H U B C V 4
S T A R R P H I L A M L I F E P A M P L O N A D O S
L A S P I N A S C I T Y 1 7 4 7

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

KAREN G. EMPAYNADO

(Contact Person)

(02)8734-5732/
(02)8775-8072

(Company Telephone Number)

1 2 3 1

Month Day
(Fiscal Year)

Definitive
S E C 20 IS

(Form Type)

3rd Monday of
June

Month Day
(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

SEC-MSRD

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section
Total Amount of Borrowings

3,069
(as of 31 March 2024)

Total No. of Stockholders

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO
SECTION 20 OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
[] Preliminary Information Statement
[X] Definitive Information Statement
2. Name of Registrant as specified in its charter
PREMIERE ISLAND POWER REIT CORPORATION
3. Province, country or other jurisdiction of incorporation or organization
PHILIPPINES
4. SEC Identification Number **2022030044636-59**
5. BIR Tax Identification Code **607-224-091-00000**
6. Address of Principal Office **4th Floor Starmall IT Hub, CV Starr, Philamlife,
Pamplona Dos, Las Piñas City**

Postal Code **1747**
7. Registrant's telephone number, including area code: **+63(2) 8734 5732 / +63(2) 8775 8072**
8. Date, time and place of the meeting of security holders:

Date: **17 June 2024**

Time: **10:00**

Place: **Streamed live from 9th Floor, Vista Place, Vista Hub Campus
Tower 1, Taguig City, accessible through the link available at
the Company's website at <http://preit.com.ph>**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **27 May 2024**
10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **N/A**
Address and Telephone No. **N/A**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Stock Outstanding as of 31 March 2024
Common	3,288,669,000 Shares

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes No

Name of Stock Exchange:

Philippine Stock Exchange

Class of Securities Listed:

Common Shares



**PREMIERE ISLAND POWER REIT CORPORATION
2024 ANNUAL STOCKHOLDERS' MEETING**

Notice is hereby given that the Annual Stockholders' Meeting of Premiere Island Power REIT Corporation (the **Company**) will be held on 17 June 2024, Monday at 10:00 am (Philippine time) (the **2024 Annual Meeting**). The meeting will be conducted virtually and will be streamed live from 9th Floor, Vista Place, Vista Hub Campus Tower 1, Taguig City. The 2024 Annual Meeting will be accessible through the hyperlink provided in the Company's website <http://preit.com.ph>, with the following agenda:

A G E N D A

1. Call to order
2. Certification of service of notice and presence of quorum
3. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2023
4. Approval of the Minutes of the Annual Meeting of the Stockholders held on 19 June 2023
5. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2023
6. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024
7. Appointment of External Auditors
8. Adjournment

The date 17 May 2024 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the 2024 Annual Meeting. The holders of record of shares of Common Stock as of the record date will be entitled to vote on the proposed corporate actions set out above.

In light of the current circumstances, and to ensure the safety and welfare of the Company's stockholder, the Company will dispense with physical attendance of stockholders at the meeting and will allow attendance only by remote communication and voting only *in absentia* or by appointing the Chairman of the meeting as their proxy.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote *in absentia* must notify the Corporate Secretary by registering at <http://preit.com.ph> on or before 7 June 2024. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint the Chairman of the meeting as their proxy should submit the duly accomplished proxy form, a sample of which is attached to the Information Statement on or before 7 June 2024 at the Office of the Corporate Secretary at 9th Floor, Vista Place, Vista Hub Campus Tower 1, Hon. Levi Mariano Avenue, Barangay Ususan, Taguig City and/or by email to karen.lee@pavi.com.ph.

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

Electronic Copies of the Company's Information Statement, Management Report and other pertinent documents are available at its website at <http://preit.com.ph> and uploaded at the PSE EDGE disclosure system.

A visual/audio recording of the meeting shall be made for future reference.

A handwritten signature in blue ink, appearing to read 'Karen G. Empaynado', is positioned above the printed name and title.

KAREN G. EMPAYNADO
Corporate Secretary

Annex A to the Notice of the Meeting

AGENDA DETAILS AND RATIONALE

1. CALL TO ORDER

The Chairman of the meeting will formally open the meeting at approximately 10:00 am.

2. CERTIFICATION OF SERVICE OF NOTICE AND PRESENCE OF QUORUM

The Corporate Secretary, Atty. Karen G. Empaynado, will certify that copies of the Notice of the Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

The following are the rules and procedures for the conduct of the meeting:

- (a) Stockholders may attend the meeting remotely through <http://preit.com.ph> (the **Website**). Stockholders may send their questions or comments prior to the meeting by e-mail at ir@preit.com.ph. The Website shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office within a reasonable period after the meeting.
- (b) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.
- (c) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.
- (d) Voting shall only be allowed for stockholders registered in the Company's Electronic Voting in Absentia System provided in the Company's website or through the Chairman of the meeting as proxy.
- (e) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the total issued and outstanding voting stock represented at the meeting.
- (f) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.
- (g) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

3. PRESENTATION OF THE PRESIDENT'S REPORT, MANAGEMENT REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2023

The audited financial statements of the Company as of and for the year ended 31 December 2023 (as audited by Punongbayan & Araullo) (the **AFS**), copies of which were incorporated in the Definitive Information Statement for this meeting, will be presented for approval by the stockholders.

The President of the Company, Atty. Timothy Joseph M. Mendoza, will deliver a report to the stockholders on the Company's performance for the year 2023 (which will include highlights from the AFS) and the outlook for 2024.

The Board and Management of the Company believe it in keeping with the Company's thrust to at all times observe best corporate governance practices that the results of operations and financial condition of the Company be presented and explained to the shareholders. Any comment from the shareholders, and their approval or disapproval of these reports, will provide guidance to the Board and Management in their running of the business and affairs of the Company.

4. APPROVAL OF THE MINUTES OF THE LAST ANNUAL STOCKHOLDERS' MEETING HELD ON 19 JUNE 2023

The minutes of the last Annual Meeting of Stockholders held on 19 June 2023 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

A copy of such minutes has been uploaded on the Company's website immediately after the Annual Meeting of Stockholders for the year 2023.

5. RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT FOR THE YEAR 2023

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and all the acts of Management taken or adopted from the date of the last annual stockholders' meeting until the date of this meeting. A brief summary of these resolutions and actions is set forth in the Definitive Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the offices of the Company during business hours.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices that ratification of their acts and resolutions be requested from the shareholders in this annual meeting. Such ratification will be a confirmation that the shareholders approve the manner that the Board and Management run the business and affairs of the Company.

6. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS, FOR THE YEAR 2024

The Corporate Secretary will present the names of the persons who have been duly nominated for election as directors of the Company in accordance with the Amended By-Laws and Revised Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Definitive Information Statement for this meeting.

7. APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee is endorsing to the stockholders the re-appointment of Punongbayan & Araullo as external auditor of the Company for the fiscal year 2024.



PROXY

[NOTE: Stockholders who would like to be represented by the Chairman of the Meeting as proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary (Atty. Karen G. Empaynado) at 9th Floor, Vista Place, Vista Hub Campus Tower 1, Hon. Levi B. Mariano Avenue, Barangay Ususan, Taguig City, on or before 7 June 2024. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to karen.lee@pavi.com.ph.

The undersigned stockholder of **PREMIERE ISLAND POWER REIT CORPORATION** (the **Company**) hereby appoints the Chairman of the meeting as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the 2024 Annual Stockholders’ Meeting of the Company on 17 June 2024 at 10:00 am and at any of the adjournments thereof for the purpose of acting on the following matters:

- | | |
|--|--|
| <p>1. Noting of the President’s Report and Approval of the Audited Financial Statements for the year 2023
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> | <p>4. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2023
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> |
| <p>2. Appointment of Punongbayan & Araullo external auditor of the Company
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> | <p>5. Election of the members of the Board of Directors, including the Independent Directors for the year 2024</p> |

3. Approval of the Minutes of the Annual Meeting of the Stockholders held on 19 June 2023
 Yes No Abstain

<u>Name</u>	<u>No. of Votes</u>
Timothy Joseph M. Mendoza	
Cynthia J. Javarez	
Manuel Paolo A. Villar	
Jose Rommel C. Orillaza	
Garth F. Castañeda	
Leonardo Singson	
Maria Isabel J. Rodriguez	

Printed name of Stockholder

Date

Signature of Stockholder /
Authorized representative

This proxy should be received by the Corporate Secretary on or before 7 June 2024, the deadline for submission of proxies.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

Notarization of this proxy is not required.

We are not asking you for a proxy. You are not being requested to send us a proxy.

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PART I. INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

Date of the Meeting: 17 June 2024
Time of the Meeting: 10:00 am
Place of the Meeting: Streamed live from 9th Floor, Vista Place, Vista Hub Campus Tower 1, Taguig City, accessible through the link available at the Company's website at <http://preit.com.ph>

Based on Article IV of the Amended By-Laws of the Company, its annual shareholders' meeting shall be held on the "3rd Monday of June every year." For 2024, said date falls on 17 June 2024.

Complete Mailing Address of the Registrant: 4th Floor Starmall IT Hub, CV Starr, Philamlife, Pamplona Dos, Las Piñas City

The approximate date on which the Information Statement, Management Report, Annual Report, Annual and Sustainability Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website and PSE Edge will be on 27 May 2024.

Proxy Solicitation: We are not soliciting for proxy.

Item 2. Dissenters' Right of Appraisal

Under Sections 41 and 80, Title X, of the Revised Corporation Code of the Philippines (the **Corporation Code**), any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Corporation Code:

- (a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- (c) In case of merger or consolidation; and
- (d) In case of investments in another corporation, business or purpose.

The appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; *provided*, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the stockholder, another by the corporation and the third by the two (2) thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; *provided*, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and *provided, further*, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

None of the matters that are proposed to be taken up during the meeting gives a dissenter a right of appraisal.

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

None of the officers or directors, or any nominee for election as director, or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

No director has informed the Company in writing that he intends to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of 31 March 2024

Nationality	Class of Voting Shares	Number of Shares	Percentage
Filipino	Common	3,287,165,000	99.95%
Non-Filipino	Common	1,504,000.00	0.05%
TOTAL No. of Shares Entitled to Vote		3,288,669,000.00	100.00%

(b) Record Date

All common stockholders of record as of 17 May 2024 are entitled to notice of and to vote at the Company's 2024 Annual Meeting.

(c) Election of Directors and Cumulative Rights

For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Each common share of stock of the Company is entitled to one (1) vote. Pursuant to Article X of the Company's Amended By-Laws, every stockholder may vote during all meetings, including the Annual Stockholders' Meeting, either in person or by proxy, executed in writing by the stockholder or his duly authorized attorney-in-fact.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Corporation Code provides, in part, that: *"...in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit..."*

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote in absentia.

(d) Security Ownership of Certain Beneficial Owners and Management

As of 31 March 2024, the Company does not know of anyone who beneficially owns in excess of 5% of the Company's stock except as set forth in the table below:

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%)

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	S.I. Power Corporation (SIPCOR) ¹ Worldwide Corporate Center Mandaluyong City Stockholder	Record Owner is also Beneficial Owner	Filipino	845,589,861 ⁴	25.71%
Common Shares	Camotes Island Power Generation Corporation (CAMPCOR) ² 8F VistaHub Campus 1 Levi B. Mariano Ave. Brgy. Ususan, Taguig City Stockholder	Record Owner is also Beneficial Owner	Filipino	834,839,132 ⁴	25.39%
Common Shares	PCD Nominee Corporation (PCD) (Filipino) ³ Makati Stock Exchange Bldg., Ayala Avenue, Makati City No relationship	Various parties	Filipino	1,606,735,000	48.86%

¹ SIPCOR, through a resolution passed by its Board of Directors, usually designates its President, Mr. Jose Rommel C. Orillaza, to be its authorized representative, with the power to vote its shares of stock in the Company.

² CAMPCOR through a resolution passed by its Board of Directors, usually designates its President, Mr. Jose Rommel C. Orillaza, to be its authorized representative, with the power to vote its shares of stock in the Company.

³ PCD, is the registered owner of shares held by participants in the Philippine Depository and Trust Co. ("PDTC"), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible issue will hold a stockholders' meeting, the PDTC will execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

⁴ 886,000 shares of SIPCOR and 879,000 shares of CAMPCOR are lodged with the PCD (Filipino).

(2) Security Ownership of Management as of 31 March 2024⁵

	Name of Beneficial Owner	Position	Shares	Nature of Ownership	Nationality	Percentage
1.	Cynthia J. Javarez	Chairman and Director	801,001	Direct	Filipino	0.02%
2.	Timothy Joseph M. Mendoza	President and Director	1	Direct	Filipino	0.00%
3.	Manuel Paolo A. Villar	Director	1,680,433,994 ⁴	Indirect	Filipino	51.15%
4.	Jose Rommel C. Orillaza	Chief Operating Officer and Director	1	Direct	Filipino	0.00%
5.	Cecille Marie H. Bernardo	Treasurer, Chief Finance Officer and Chief Risk Officer	68,000	Direct	Filipino	0.00%
6.	Garth F. Castaneda	Independent Director	1	Direct	Filipino	0.00%
7.	Leonardo Singson	Independent Director	1	Direct	Filipino	0.00%
8.	Maria Isabel J. Rodriguez	Independent Director	1	Direct	Filipino	0.00%
9.	Karen G. Empaynado	Corporate Secretary	1,000	Direct	Filipino	0.00%
10.	Robert Marlon T. Pereja	Business Development Head	1,000	Direct	Filipino	0.00%
11.	Vincent Kitto N. Jacinto	Investor Relations Officer	0	N/A	Filipino	0.00%
12.	Nielson G. Pangan	Compliance Officer	0	N/A	Filipino	0.00%
	Aggregate Shareholdings		1,681,238,000			51.12%

⁴ Mr. Manuel Paolo A. Villar directly and indirectly owns 100% shareholdings in (a) Prime Asset Ventures, Inc. (PAVI), the parent company of SIPCOR, (b) SIPCOR and (c) CAMPCOR. Mr. Villar indirectly owns (a) 5,000 shares (or 0.0002%) in the Company through PAVI, 845,589,861 shares (or 25.71%) in the Company through SIPCOR and 834,839,132 shares (or 25.39%) in the Company through CAMPCOR.

Except as indicated above, none of the above-listed officers and management indirectly own shares of the Company. Except as aforementioned, no other officers of the Company hold, directly or indirectly, shares in the Company.

(3) Voting Trust Holders of 5% or More

No person holds under a voting trust or similar agreement more than five percent (5%) of the Company's common equity.

(4) Change in Control

At the duly constituted meeting of the Board of Directors of the Company held on 9 March 2022, the increase in the authorized capital stock of the Company to P7,500,000,000.00, divided into 7,500,000,000 common shares, with a par value of One Peso (P1.00), was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

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

Out of the increase in the authorized capital stock of the Company, 3,288,664,000 common shares have been subscribed at an aggregate subscription price of P8,221,660,000.00, and the SIPCOR and CAMPCOR (the **Sponsors**), as subscribers, have paid their respective subscriptions in full by way of transfer of the Properties (consisting of real and personal properties and certain real rights) (the **Property-for-Share Swap**).

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

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

There are no other arrangements that may result in a change in control of the Company during the period covered by this report.

Item 5. Directors and Executive Officers

(a) Incumbent Directors and Officers

There are seven members of the Board, three of whom are independent directors.

The members of the Board are elected at the general meeting of stockholders, and shall hold office for a term of one (1) year or until their successors shall have been elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his/her predecessor. The officers of the Company, unless removed by the Board, shall serve as such until their successors are elected or appointed. The following are the incumbent directors and officers of the Company:

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

Name	Age	Citizenship	Position	Period Served
Cynthia J. Javarez	60	Filipino	Chairman and Director	2022 to present
Timothy Joseph M. Mendoza	42	Filipino	President, Chief Executive Officer and Director	2022 to present
Manuel Paolo A. Villar	47	Filipino	Director	2022 to present
Jose Rommel C. Orillaza	56	Filipino	Chief Operating Officer and Director	2022 to present
Garth F. Castañeda	43	Filipino	Independent Director	2022 to present

Name	Age	Citizenship	Position	Period Served
Leonardo Singson	45	Filipino	Independent Director	2022 to present
Maria Isabel J. Rodriguez	40	Filipino	Independent Director	2022 to present
Cecille Marie H. Bernardo*	54	Filipino	Treasurer, Chief Finance Officer and Chief Risk Officer	March 2024 to present
Robert Marlon T. Pereja	45	Filipino	Business Development Head	2022 to present
Vincent Kitto N. Jacinto	43	Filipino	Investor Relations Officer	2022 to present
Karen G. Empaynado	37	Filipino	Corporate Secretary	2022 to present
Nielson G. Pangan	37	Filipino	Compliance Officer	June 2023 to present

*Replaced Ms. Maryknoll B. Zamora as of March 2024

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

Timothy Joseph M. Mendoza, *Director, President and CEO*. Atty. Mendoza graduated from the Ateneo de Manila University with a degree in Bachelor of Arts Major in Political Science Minor in Hispanic Studies in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006, ranking 9th highest grade overall in the 2006 Bar Examinations. He joined the law firm of Picazo Buyco Tan Fider & Santos in 2006 as a Junior Associate and became a Partner from 2014 to 2017. From 2017 to 2020, he worked as Partner for Quisumbing Torres, a member firm of Baker McKenzie International as the head of the Banking and Finance Practice Group, Financial Institutions Group, FinTech Focus Group, and Restructuring and Insolvency Focus Group. For the years 2018, 2019 and 2020, Atty. Mendoza was ranked as a Leading Lawyer for Banking and Finance by the Chambers and Partners Asia-Pacific. In 2020, he was also ranked as a Leading Lawyer for Corporate and Finance by the Chambers and Partners Global and a Rising Star for Banking and Financial Services by the AsiaLaw Leading Lawyers. For the years 2018 and 2019, he was cited as one of the Philippines' Top 100 lawyers in the A-List Top 100 Lawyers in the Philippines by the Asian Business Law Journal. Atty. Mendoza concurrently serves as the General Counsel of Prime Asset Ventures, Inc. and Corporate Secretary of its various subsidiaries.

Cynthia J. Javarez, *Director and Chairman*. Ms. Javarez graduated from the University of the East with a degree in Bachelor of Science in Business Administration, major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She is the current President of Fine Properties, Inc. and Treasurer and Chief Risk Officer of Vista Land & Lifescapes, Inc. Ms. Javarez is also the Chairman of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, Inc. and Dusit Hospitality Education Philippines, Inc.

Manuel Paolo A. Villar, *Director*. Mr. Villar graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey & Co. in the United States from 1999 to 2001. He joined Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President and Chief Executive Officer of Vista Land and Lifescapes, Inc. in July 2011 and President of Vistamalls, Inc. in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and

President of TVI Resources Development Philippines, Inc., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc.

Jose Rommel C. Orillaza, *Director and Chief Operating Officer*. Mr. Orillaza graduated from Adamson University with a degree in Bachelor of Science in Civil Engineering in 1989. From 2004 to 2011, he was the Chief Technical Officer / Division Head of Casa Regalia, Inc. He previously worked as the Chief Technical Officer of Household Development Corp., Operations Head of Communities Philippines Inc., Technical Head of Crown Asia Properties, Inc. and Operations Head of Southwell Waterworks, Inc. Mr. Orillaza is currently the Operations Head of Kratos Res, Inc., and the Operations Head and President of Camotes Island Power Generation Corporation and S.I. Power Corporation.

Cecille Marie H. Bernardo, *Treasurer, Chief Finance Officer and Chief Risk Officer*. Ms. Bernardo graduated from University of the Philippines, ranking Top 6, with a degree in Bachelor of Science in Business Administration and Accountancy in 1991. From January 1992 to November 1996, she worked as an Audit and Business Advisory Executive of Sycip, Gorres, Velayo & Co. (SGV&Co.). She also worked as a Corporate Planning Officer of the MBVillar Group of Companies from November 1996 to February 2002. She received her Master of Applied Finance from the University of Melbourne, Australia, graduating top 10% of her class in 2002. From March 2003 to 2015, she worked as the Commercial Finance Director of The Coca-Cola Corporation / Coca-Cola Far East Limited. In 2016, she was appointed as the President of AllBank (A Thrift Bank, Inc.). From 2019 until February 2024, she served as the President of VFund Management, Inc.

Garth F. Castañeda, *Independent Director*. Atty. Castañeda graduated from the University of Sto. Tomas with a degree in Bachelor of Science in Accountancy in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006. He is a Certified Public Accountant. In 2014, he worked as a Consultant in the Privatization Management Office in the Department of Finance. He previously worked as an Associate in Puno and Puno Law Offices, an Associate in Sycip Salazar Hernandez Gatmaitan and a Senior Tax Associate in SGV & Co. Atty. Castañeda is currently a Partner in SYMECS Law and acts as counsel for various companies including Metro Pacific Investments Corporation, SN Aboitiz Power Corporation, North Luzon Renewable Energy Corporation, NorthWind Power Development Corporation, Collab Asia Philippines, Inc., among others. Atty. Castañeda also serves as Independent Director for Collab Asia Philippines, Inc. and sits on the Board of Metro Pacific Land Holdings, Inc. as President and Chairman. He also acts as co-liquidator for Prudentialife Plans, Inc.'s Trust Fund Assets, Neo Oracle Holdings, Inc. (formerly, Metro Pacific Corporation) and Metro Pacific Foundation, Inc.

Leonardo Singson, *Independent Director*. Atty. Singson graduated from the University of the Philippines – Diliman with a degree in Bachelor of Arts in Public Administration in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006. From 2020 to 2021, he worked as Legal Counsel for GNPowder Ltd. Co. He was previously a Partner in Villaraza & Angangco Law where he was connected from March 2008 to 2020. Prior to this, he was a Senior Associate in SGV & Co. Atty. Singson is currently Of Counsel for Betita Cabilao Casuela Sarmiento Law.

Maria Isabel J. Rodriguez, *Independent Director*. Ms. Rodriguez graduated from the De La Salle University - Manila with a degree in Bachelor of Science in Accountancy in 2003. She is a Certified Public Accountant. She earned her post graduate certificate in Leadership and Management from the Asian Institute of Management and obtained an Advanced Professional Certificate in Transfer Pricing at the International Bureau of Fiscal Documentation in 2022. She previously worked as the Asia Strategic Business Unit - Tax Director of AES Transpower Pte. Ltd. – ROHQ and as a Tax Director of Sycip Gorres Velayo & Co. Ms. Rodriguez is

currently a Credit Committee Member of the CRH USD Finance ZRT., Hong Kong Branch. She is also the current Treasurer of Republic Cement Land & Resources Inc. and a Tax Director at the Republic Cement Services Inc.

Robert Marlon T. Pereja, *Business Development Head*. Mr. Pereja graduated from the De La Salle University with a degree in Bachelor Science in Engineering Management in 2001. He obtained his Master of Business Administration degree from Ateneo de Manila University Graduate School of Business in 2013 and a Certificate of Recognition from the Regis University of Denver Colorado in 2013. He previously worked as an Assistant Vice President of Manila Electric Company from 2016 to 2022, the Chief Operating Officer of MSpectrum, Inc. from 2020 to 2022, and an Account Executive of Petron Corporation from 2003 to 2012. Mr. Pereja is currently the Chief Operating Officer of PAVI Green Renewable Energy, Inc.

Vincent Kitto N. Jacinto, *Investor Relations Officer*. Mr. Jacinto graduated from the Ateneo de Manila University with a degree in Bachelor Science in Management in 2002. He obtained his Master of Business Administration degree from Ateneo Graduate School of Business in 2006. He previously worked as a Product Development Officer and Senior Manager of Filinvest Land, Inc. from 2012 to 2015 and a Project Head / Business Development Assistant of Landco Pacific Corporation from 2002 to 2011. Mr. Jacinto is currently the Business Development Head of Prime Asset Ventures, Inc. and Vista Land & Landscapes, Inc.

Karen G. Empaynado, *Corporate Secretary*. Atty. Empaynado, graduated from the University of the Philippines - Diliman with a degree in Bachelor of Science in Business Economics in 2009. She received her Juris Doctor from the Ateneo de Manila Law School in 2015. She previously worked as an Associate for Picazo Buyco Tan Fider and Santos Law and as an Assistant Manager in Legal Corporate Banking Group of BDO Unibank, Inc. Atty. Empaynado is currently serving as an In-House Lawyer for Prime Asset Ventures, Inc.

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

All of the incumbent Directors named above have a one-year term of office and all have been nominated for re-election to the Board of Directors.

The Amended By-Laws of the Company conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Company. Article I (e) of the Company's Amended By-Laws provide as follows:

“e) *Independent Directors*

1. *The Corporation shall have such number of independent directors as may be required by law or regulation. For this purpose, an independent director shall mean a person who, apart from his fees and shareholdings, is independent of the management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as an independent director of the Corporation and includes, among others, a person who:*

- i. *is not a director or officer of the covered company or any of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;*
- ii. *does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;*
- iii. *is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the Corporation;*
- iv. *is not, and has not been in the three (3) years immediately preceding the election, a director, officer, employee of the Corporation, or the Corporation's subsidiaries, associates, affiliates or related companies, or a director, officer, employee of the Corporation's substantial stockholder or of its related companies or any of its substantial stockholders;*
- v. *has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his/her election;*
- vi. *is not a relative of any director, officer or substantial stockholder of the Corporation, any of its related companies or any of its substantial stockholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;*
- vii. *is not acting as a nominee or representative of any director of the Corporation, or any of its related companies;*
- viii. *is not a securities broker-dealer of listed companies and registered issuers of securities;*
- ix. *is not retained, either in his/her personal capacity or through a firm, as a professional adviser, auditor, agent or counsel of the Corporation, any of its related companies or substantial stockholder, or is otherwise independent of management and free from any business or other relationship within the three (3) years immediately preceding the date of his/her election;*
- x. *does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial stockholder, in any transaction with the Corporation or any of its related companies or substantial stockholder, other than such transaction that are conducted at arm's length and could not materially interfere with or influence the exercise of his/her independent judgment;*
- xi. *is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial stockholders; and*
- xii. *is not employed as an executive officer or another company where any of the Corporation's executives serves as directors.*

When used in relation to a company subject to the requirement above:

- i. *Related company means another company which is (a) its holding company, (b) its subsidiary, and (c) a subsidiary of its holding company.*
 - ii. *Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten (10)% or any class of its equity security.*
2. *Qualifications of an Independent Director - An independent director shall have the following qualifications:*
- i. *He must be a holder of at least one (1) share of stock of the Corporation registered under his name;*
 - ii. *He must be a college graduate or holds an equivalent academic degree;*

- iii. *He must have been engaged in or exposed to the business of the Corporation for at least five (5) years;*
 - iv. *He must be a person of proven integrity/probity.*
3. *Disqualifications of an Independent Director -No person enumerated under Recommendation 2.6 of the Code of Corporate Governance shall qualify as an independent director. He shall also be disqualified during his tenure under any of the following instances or causes:*
- i. *He becomes an officer or employee of the Corporation where he is such member of the Board of Directors or becomes any of the persons enumerated under Section 4(a), Article III of these By-Laws;*
 - ii. *His beneficial security ownership exceeds two percent (2%) of the outstanding capita] stock of the Corporation;*
 - iii. *Fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death or an immediate family; and*
 - iv. *Such other disqualifications which the Corporation's Manual on Corporate Governance provides.*
4. *Election of Independent Directors*
- i. *Except as those required under the Securities and Regulation Code and subject to pertinent existing laws, rules and regulations of the Securities and Exchange Commission, the conduct of the election of independent directors shall be made in accordance with the standard election procedures for regular directors as provided by these By-Laws. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s;*
 - ii. *Specific slot/s for independent directors shall not be filled-up by unqualified nominees;”*

(b) Attendance in Board Meetings

Attendance of each director of the Company in the Board meetings held during the year 2023 as follows:

Name	27 April 2023	05 May 2023	17 May 2023	19 June 2023	22 June 2023	08 September 2023	08 November 2023	15 December 2023
Timothy Joseph M. Mendoza	P	P	P	P	P	P	P	P
Cynthia J. Javarez	P	P	P	P	P	P	P	P
Manuel Paolo A. Villar	P	P	P	P	P	P	P	P
Jose Rommel C. Orillaza	P	P	P	P	P	P	P	P
Garth F. Castañeda	P	A	P	P	P	P	P	P
Leonardo Singson	P	A	P	P	P	P	P	P
Maria Isabel J. Rodriguez	P	A	P	P	P	P	P	P

Legend: P – Present, A - Absent

(c) Significant Employees

The Company has no other significant employees other than its Executive Officers.

(d) Family Relationships

None of the Company’s directors and executive officers are related to the others by consanguinity or affinity within 4th civil degree.

(e) Involvement in Certain Legal Proceedings

To the best of the Company’s knowledge and belief and after due inquiry, none of the Company, the Fund Manager, or the Property Manager is currently involved in any material litigation claims or arbitration, either as plaintiff or defendant, which could be expected to have a material and adverse effect on the Company’s financial position.

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

- (1) Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (2) Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (3) Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (4) Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(f) Certain Relationships and Related Transactions

The table below sets out the principal transactions of the Company with related parties as of 31 December 2023:

Related Parties	Business Purpose / Nature of the Transaction	Value of the Transaction (PHP)
S.I. Power Corporation	Income arising from leased properties	332,366,406 Under the leased agreement between the Company and SIPCOR, the rental payment shall be equivalent to the higher of (a) the Guaranteed Annual Based Lease or (b) variable lease %

Related Parties	Business Purpose / Nature of the Transaction	Value of the Transaction (PHP)
		multiplied to revenue from associated generation plant.
S.I. Power Corporation	Cash advances from parent company for accommodation of certain expenses and working capital requirements	54,977,600 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.
S.I. Power Corporation	Liability arising from lease agreement entered with Parent Company	500,189 At the commencement of the lease, the lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset represents the lessee's right to use the leased asset for the lease term, and the lease liability represents the obligation to make lease payments.
Camotes Island Power Generation Corporation	Income arising from leased properties	311,447,616 Under the leased agreement between the Company and CAMCOR, the rental payment shall be equivalent to the higher of (a) the Guaranteed Annual Based Lease or (b) variable lease % multiplied to revenue from associated generation plant
Camotes Island Power Generation Corporation	Cash advances from parent company for accommodation of certain expenses and working capital requirements	90,286,322 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
VFund Management, Inc.	Fund management fee	Under the Fund Management Agreement, the Fund Manager will receive equivalent 0.5% of the Company's Rental Income less straight-line adjustments, exclusive of value-added taxes.
VProperty Management, Inc.	Property management fee	Under the Property Management Agreement, the Property Manager will receive an annual management

Related Parties	Business Purpose / Nature of the Transaction	Value of the Transaction (PHP)
		fee equivalent to 1.5% of the Company's Annual Rental Income less straight-line adjustments, exclusive of value added taxes, provided that the total of such fee and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed.

Except as may be otherwise disclosed in the Company's 2023 Audited Financial Statements, the Company has not had any transaction during the last two (2) years in which any Director or Executive Officer or any of their immediate family members had a direct or indirect interest. None of the Company's directors have entered into self-dealing and related-party transactions with or involving the Company in 2023.

(g) Appraisals and performance reports for the Board and the criteria and procedure for assessment

As of date, there is no formal appraisal or assessment process in respect of Board performance, although attendance by directors in board meetings are strictly monitored.

(h) Nominees for Election as Members of the Board

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee composed of Atty. Garth F. Castañeda as Chairman, and Atty. Leonardo Singson and Ms. Maria Isabel J. Rodriguez as members, accepts nominees to the Board of Directors, including nominees for independent director. The Committee is responsible for screening and qualifying the list of nominees. The following have been nominated as Members of the Board of Directors for the ensuing year:

Name	Age	Citizenship
Cynthia J. Javarez	60	Filipino
Timothy Joseph M. Mendoza	42	Filipino
Manuel Paolo A. Villar	47	Filipino
Jose Rommel C. Orillaza	56	Filipino
Garth F. Castañeda*	43	Filipino
Leonardo Singson*	45	Filipino
Maria Isabel J. Rodriguez*	40	Filipino

*As Independent Director

This year's nominees for directors include three (3) persons who qualify as independent directors. Ms. Cynthia J. Javarez nominated Atty. Garth F. Castañeda as independent director, while Atty. Timothy Joseph M. Mendoza nominated Atty. Leonardo Singson and Ms. Maria Isabel J. Rodriguez as the two

other independent directors. The nominators are not related by consanguinity or affinity up to the fourth civil degree to the nominees.

(i) **Board Committees**

Committees	Committee Members
Executive Committee	<ol style="list-style-type: none"> 1. Cynthia J. Javarez 2. Timothy Joseph M. Mendoza 3. Cecille Marie H. Bernardo* <p><i>*Replaced Ms. Maryknoll B. Zamora as of March 2024</i></p>
Audit Committee	<ol style="list-style-type: none"> 1. Ms. Maria Isabel J. Rodriguez as Chairman 2. Atty. Garth F. Castañeda as member 3. Ms. Cynthia J. Javarez as member
Corporate Governance Committee	<ol style="list-style-type: none"> 1. Atty. Garth F. Castañeda as Chairman 2. Atty. Leonardo Singson as member 3. Ms. Maria Isabel J. Rodriguez as member
Board Risk Oversight Committee	<ol style="list-style-type: none"> 1. Atty. Leonardo Singson as Chairman 2. Ms. Maria Isabel J. Rodriguez as member 3. Ms. Cecille Marie H. Bernardo* as member <p><i>*Replaced Ms. Maryknoll B. Zamora as of March 2024</i></p>
Related Party Transaction Committee	<ol style="list-style-type: none"> 1. Atty. Garth F. Castañeda as Chairman 2. Ms. Maria Isabel J. Rodriguez as member 3. Ms. Jose Rommel C. Orillaza as member
Management Committee	<ol style="list-style-type: none"> 1. Mr. Jose Rommel C. Orillaza as Chairman 2. Ms. Cecille Marie H. Bernardo* as member 3. Mr. Robert Marlon T. Pereja as member 4. Atty. Karen G. Empaynado as member <p><i>*Replaced Ms. Maryknoll B. Zamora as of March 2024</i></p>

Item 6. Compensation of Directors and Executive Officers

(a) **Compensation paid to Executive Officers**

Name and Position	Year	Salary	Bonus	Other Annual Compensation
President and Top 4 Executive Officers, as group:				
1. Timothy Joseph M. Mendoza, <i>President and CEO</i>	2022 (Actual) 2023 (Actual)	None	None	None
2. Cecille Marie H. Bernardo,* <i>Treasurer and Chief Finance Officer</i>				
3. Karen G. Empaynado, <i>Corporate Secretary</i>				
4. Robert Marlon T. Pereja, <i>Business Development Head</i>				
5. Vincent Kitto N. Jacinto, <i>Investor Relations Officer</i>				
All Other Officers and Directors, as a group	2022 (Actual)	None	None	None

unnamed	2023 (Actual)			
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**Replaced Ms. Maryknoll B. Zamora as of March 2024*

Our key officers, namely: Atty. Timothy Joseph M. Mendoza, Ms. Cecille Marie H. Bernardo, Atty. Karen G. Empaynado, Mr. Robert Marlon T. Pereja, Mr. Vincent Kitto N. Jacinto and Atty. Kristoffer N. Buenaventura are also serving as officers of PAVI or PAVI Group Company. They do not receive any compensation from the Company. The compensation of these officers is paid by PAVI or the relevant PAVI Group company.

There are no other executive officers other than aforementioned individuals.

(b) Compensation paid to Board Members:

The Company’s By-Laws provides Directors shall not receive any compensation, as such directors, except for reasonable per diem. Any compensation may be granted to Directors by vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. In no case shall the total yearly compensation of Directors, as such directors, exceed 10% of the net income before income tax of the Company during the preceding year.

Other than payment of reasonable per diem for the Company’s independent directors, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company, for any services provided as a director for 2023.

Independent directors of the Company were entitled to per diem for meetings attended for the year 2023. Details of the compensation for independent directors were as follows:

Independent Directors	2022 (PHP)	2023 (PHP)
Independent Director 1	158,333.33	137,500.00
Independent Director 2 and 3	Aggregate of PHP300,000.00	Aggregate of PHP410,000.00

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

(c) Other arrangements

There have not been, nor will be, any standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, for the last completed fiscal year and the ensuing year.

(d) Employment contract between the Company and Executive Officers

There are no special employment contracts between the Company and Senior Management.

(e) Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by Senior Management, and all officers and directors as a group.

(f) Director Compensation Report

The director compensation report of the Company is included in this Information Statement and will form part of the Company's SEC Form 17-A for 2023.

Item 7. Independent Public Accountants

(a) Independent Auditor

The auditing firm of Punongbayan & Araullo (P&A) is being recommended for election as external auditor of the Company for the year 2024.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions

(b) Audit and Audit Related Fees

The Company paid its external auditors the following fees for the year ended 31 December 2023 for professional services rendered:

Item	Amount (PHP)
Year-end Audit	400,000
Quarterly agreed-upon procedures on use of proceeds	340,000
Total	740,000

Except as provided above, the Company did not pay any tax fees and other fees to its external auditors.

(c) Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

There was no instance where the Company's public accountants resigned or indicated that they decline to stand for reelection or were dismissed nor was there any instance where the Company had any disagreement with its public accountants on any accounting or financial disclosure issue.

The 2023 audit of the Company is in compliance with paragraph (3)(b)(iv) of SRC Rule 68, as Amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

(d) Audit Committee's Approval of Policies and Procedures

In relation to the audit of the Company's Annual Financial Statements, the Company's Manual of Corporate Governance and Audit Committee Charter provides that the Audit Committee shall, among other activities, (i) assess the integrity and independence of External Auditors and exercise effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process; (ii) evaluate and determine the non-audit work, in any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses; (iii) ensure that other non-audit work shall not conflict with the functions of the External Auditor, (iv) review the reports submitted by the External Auditors.

Item 8. Compensation Plans

There is no action that will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Otherwise for Exchange

No action is to be taken with respect to the authorization or issuance of any class of securities of the Company.

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

The Audited Financial Statements as of 31 December 2023 approved by the Board of Directors on 14 April 2024 will be attached as Annex “B” to the Definitive Information Statement for alternative mode of distribution to the stockholders on 27 May 2024, and to be presented during the Annual Stockholders’ Meeting on 17 June 2024.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with the Company; (ii) acquisition by the Company or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of the Company; or (v) liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to acquisition or disposition of any property of the Company.

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- (a) President's Report
- (b) Approval of the 2023 Audited Financial Statements

Other Proposed Actions

- (c) Appointment of the Company's External Auditors for 2024
- (d) Approval of the minutes of the 2023 Annual Stockholders' Meeting of the Company and Ratification of all acts and resolutions of the Board of Directors and Management for the year 2023. These minutes cover various resolutions of the Board, including declaration of cash dividends, approval of 2023 Audited Financial Statements, appointment of officers and creation of board committees, opening of bank accounts, and appointment of authorized signatories for various transactions in the normal course of business of the Company.

Item 16. Matters not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 17. Amendment of Charter, Bylaws or Other Documents

No action is to be taken during the 2024 Annual Meeting with respect to the amendment of the Company's Charter, By-Laws or other documents.

Item 18. Other Proposed Actions

There are no other actions to be taken up other than those mentioned above.

Item 19. Voting Procedures

- (a) **Manner of Voting; Participation and Voting of Shareholders In Absentia or By Remote Communication**

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit.

For this year's meeting, the Board of Directors had adopted a resolution to allow stockholders entitled to notice of, and to attend the meeting, to exercise their right to vote in absentia.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validated by the

Company shall be provided with unique log-in credentials to securely access the voting portal. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

Stockholders and proxy holders can cast their votes on specific matters for approval, including the election of directors.

(b) Voting requirements

- (i) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.
- (ii) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2023, as well as the approval or ratification of the other actions set forth under the heading “Other Proposed Actions” above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

(c) Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are participating in the meeting by remote communication and are voting in absentia or represented by proxies.

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the results of voting during the meeting.

The detailed instructions for participation through remote communication are set forth in Annex “A” to the Notice of Meeting (Agenda Details and Rationale) hereof.

The Company shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to:

**PREMIERE ISLAND POWER REIT CORPORATION
Attention: The Corporate Secretary,
9th Floor, Vista Place, Vista Hub Campus Tower 1, Taguig City**

PART II. MANAGEMENT REPORT

A. FINANCIAL STATEMENTS

The Audited Financial Statements as of and for the year ended 31 December 2023 are incorporated herein.

B. INFORMATION ON THE INDEPENDENT PUBLIC ACCOUNTANTS

Punongbayan & Araullo, independent auditors, audited financial statements of the Company as of 31 December 2023 and for the period 4 March to 31 December 2022, included in this Management Report (presented separately as statement of financial performance and accompanying the unaudited statement of financial position as of quarter ended 31 March 2024 prepared by the Company). Renan A. Piamonte is the current audit partner of the Company. The Company has not had any material disagreements on accounting and financial disclosures with Punongbayan & Araullo.

The following table sets out the aggregate fees paid for professional services rendered by the auditor in 2023:

Item	Amount (PHP)
Audit and Audit Related Fees	P400,000
Quarterly agreed-upon procedures on use of proceeds	340,000
Total	P740,000

C. AUDIT COMMITTEE'S APPROVAL AND PROCEDURES FOR THE SERVICES OF THE EXTERNAL AUDITOR

The scope, extent and nature of the services to be referred to, and/or rendered by the appointed external auditor of the Company has been unanimously approved by the audit committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred.

In relation to the audit of the Company's Annual Financial Statements, the Company's Manual of Corporate Governance and Audit Committee Charter provides that the Audit Committee shall, among other activities, (i) assess the integrity and independence of External Auditors and exercise effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process; (ii) evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses; (iii) ensure that other non-audit work shall not conflict with the functions of the External Auditor, (iv) review the reports submitted by the External Auditors.

D. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion

Review of results of operations for the year ended 31 December 2023 and for the period of 4 March 2022 to 31 December 2022. PREIT was incorporated on 4 March 2022 and started its commercial operations in June 2022.

Review of results of operations

For the year ended 31 December 2023 and for the period 4 March 2022 to 31 December 2022

Financial Performance	Year ended 31 December	
	2023 Audited (One Year)	2022 Audited (Ten Months)
RENTAL INCOME	P 643,814,022	P 355,161,394
COSTS OF RENTALS	70,763,428	40,701,197
GROSS PROFIT	P 573,050,594	P 314,460,197
LESS: OTHER OPERATING EXPENSES	4,660,730	11,502,749
OPERATING PROFIT	P 568,389,864	P 302,957,448
OTHER INCOME (CHARGES) - Net		
Fair value gain (loss) on investment properties	P 213,520,000	P (191,960,000)
Finance cost	(434,898)	(269,912)
Finance income	6,051	-
	P 213,091,153	P (192,229,912)
PROFIT BEFORE TAX	P 781,481,017	P 110,727,536
TAX INCOME (EXPENSE)	(77,471,471)	28,500,338
NET PROFIT	P 704,009,546	P 139,227,874
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss		
Revaluation increase in property and equipment	89,441,268	16,911,604
Tax expense	(22,360,317)	(4,227,901)
	67,080,951	12,683,703
TOTAL COMPREHENSIVE INCOME	P 771,090,497	P 151,911,577
BASIC AND DILUTED EARNINGS PER SHARE	P 0.21	P 0.06

Revenue increased from P355.2 million to P643.8 million

Revenue during the period solely pertains to income from the lease of properties to the lessees who operate power plants on such leased properties. The amount of revenue recognized was in accordance with the relevant Philippine Financial Reporting Standards (PFRS). Under PFRS 16, the rental income includes the effect of the straight-line basis of accounting over the lease term. The increase is primarily due to revenue recognized from the full year of operations as compared to seven (7) months of operation in the prior year. In addition, a variable lease income amounting to P35.0 million was recognized for the year ended 31 December 2023.

Cost of rentals increased from P40.7 million to P70.8 million

Cost of rentals amounted to P70.8 million or equivalent to 11.0% of rental income was mainly attributable to the depreciation of generation assets which amounted to P52.5 million. Other components of the cost of rentals are costs incurred with related parties including property management fees which amounted to P8.0 million and fund management fees which amounted to P2.7 million. Local taxes on rental revenue and cost of insurance on generation assets which amounted to P5.3 million and P2.3 million, respectively, account for the remaining cost of rentals.

Operating Expenses decreased from P11.5 million to P4.7 million

Operating expenses amounted to P4.7 million for the period equivalent to 0.7% of rental income. These mainly pertain to professional fees and administrative fees incurred during the period. Due to the initial public offering, expenses incurred were higher for the period of 4 March 2022 to 31 December 2022.

Net Other Income (Charges) amounted to P213.5 million and (P192.2) million in 2023 and 2022, respectively

Based on the appraisal of properties, the value of the investment properties resulted in a P213.5 million fair value gain for the year ended December 31, 2023, as compared to a fair value loss of P192.0 million for the period of 4 March 2022 to 31 December 2022. The fair values of the investment properties were determined by independent and SEC-accredited property appraisers. Finance cost on lease liability during the period amounted to P0.4 million while interest on bank deposits increased to P6,051. As a result, PREIT registered a net profit for the period amounting to P704.0 million, after tax expense which amounted to P77.5 million.

Other Comprehensive Income increased from P12.7 million to P67.1 million

Items reported in Other Comprehensive Income pertain to the revaluation increase of property and equipment which amounted to P67.1 million for the year ended 31 December 2023 and P12.7 million for the period ended 4 March 2022 to 31 December 2022. Total comprehensive income amounted to P771.1 million for the year ended 31 December 2023 and P151.9 million for the period ended 4 March 2022 to 31 December 2022.

For the quarter ended 31 March 2024 and 2023

Financial Performance	Quarter Ended 31 March	
	2024 Unaudited (Three months)	2023 Unaudited (Three months)
RENTAL INCOME	P 152,212,026	P 152,212,026
COSTS OF RENTALS	20,878,535	17,443,370
GROSS PROFIT	P 131,333,491	P 134,768,656
LESS: OTHER OPERATING EXPENSES	857,640	333,118
OPERATING PROFIT	P 130,475,851	P 134,435,538
OTHER INCOME (CHARGES) - Net		
Finance cost	(102,888)	(115,677)
Finance income	1,740	542
	(101,148)	(115,135)
PROFIT BEFORE TAX	P 130,374,703	P 134,320,399
TAX EXPENSE	(6,642,707)	(13,499,971)
NET PROFIT	P 123,731,996	P 120,820,430
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss		
Revaluation increase in property and equipment	P —	P —
Piecemeal realization of revaluation surplus	(1,390,279)	—
Tax income	347,570	—
	P (1,042,709)	P —
TOTAL COMPREHENSIVE INCOME	P 122,689,287	P 120,820,431
BASIC AND DILUTED EARNINGS PER SHARE	P 0.04	P 0.04

Revenue remained the same.

Revenue during the period which amounted to P152.2 million solely pertains to income from the lease of properties to the lessees who operate power plants on such leased properties. The amount of revenue recognized was in accordance with the relevant Philippine Financial Reporting Standards (PFRS). Under PFRS 16, the rental income includes the effect of straight-line basis of accounting over the lease term. Effect of straight-line basis of accounting amounted to P11.4 million during the period. No additional lease agreements has been entered into during the period.

Cost of Rentals increase from P17.4 million to P20.9 million.

Cost of rentals which amounted to P19.1 million was mainly attributable to depreciation of generation assets which amounted to P14.5 million and real property taxes amounting to P1.8 million. Increase in depreciation is due to the increase in the valuation of properties for the year 2023. Local taxes and fees for property and fund management account for the remaining cost of rentals which amounted to P4.6 million.

Operating expenses increased from P0.3 million to P0.9 million.

Operating expenses mainly pertain to professional fees and administrative fees incurred during the period.

Other Income (Charges) – Net decreased from P0.12 million to P0.10 million

Finance cost on lease liability during the period amounted to P0.10 million while interest earned on bank deposits amounted to P1,740 which led to net non-operating charges of P0.10 million.

Other Comprehensive Income decreased from nil to P1.0million

Other Comprehensive Income pertains to the after tax piecemeal realization of the revaluation surplus recognized from the appraisal of generator set for the year ended 31 December 2023. The Company has assessed that there are no significant changes in the fair value of the asset as of 31 March 2023 from the date of appraisal for the year ended 31 December 2023, and hence no revaluation gain or loss were recognized for the quarter ended 31 March 2024.

Total Comprehensive Income

The result of operating and non-operating activities resulted to total comprehensive income of P122.7 million.

Review of Financial Condition

Financial Position as of 31 December 2023 as compared with financial position as of 31 December 2022

	As of 31 December	
	2023	2022
	Audited	Audited
	(One Year)	(Ten Months)
ASSETS		
CURRENT ASSETS		
Cash	P 51,889,838	P 4,625,289
Trade and other receivables	1,051,325,057	392,386,454
Prepayments and other current assets	42,959,052	604,953
Total Current Assets	P 1,146,173,947	P 397,616,696
NON-CURRENT ASSETS		
Property and equipment - net	934,480,000	897,580,000
Investment properties	7,784,490,000	7,570,970,000
Deferred tax asset - net	-	32,408,114
Total Non-current Assets	P 8,718,970,000	P 8,500,958,114
TOTAL ASSETS	P 9,865,143,947	P 8,898,574,810
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 192,401,958	P 59,710,417
Lease liabilities	381,908	230,280
Due to related parties	509,891,645	64,627,723
Total Current Liabilities	P 702,675,511	P 124,568,420
NON-CURRENT LIABILITY		
Lease liabilities	5,819,943	6,471,760
Deferred tax liabilities - net	58,705,012	-
Total Liabilities	P 767,200,466	P 131,040,180
EQUITY		
Capital stock	3,288,669,000	3,288,669,000
Additional paid-in-capital	5,328,952,851	5,328,952,851
Revaluation reserves – net	79,018,554	12,683,703
Retained earnings	401,303,076	137,229,076
Total Equity	P 9,097,943,481	P 8,767,534,630
TOTAL LIABILITIES AND EQUITY	P 9,865,143,947	P 8,898,574,810

Assets

Cash increased from P 4.6 million to P 51.9 million

The increase in cash balance is due to the collection of receivables from customers and advances from the related parties. In addition to the payment of expenses, the Company also distributed dividends during the second and third quarters out of the distributable income for the period 4 March to 31 December 2022, for the quarter ended 31 March 2023, and for the quarter ended 30 June 2023 which amounted to P 224.3 million, P 98.3 million, and P 188.0 million respectively.

Trade and other receivables increased from P 392.4 million to P 1.1 billion

The increase in trade and other receivables is directly attributable to the increase in revenue recognized during the year. The revenue recognized during the year led to additional receivables amounting to P643.1 million. Collections from tenants amounted to P 50.5 million.

Prepayments and other current assets increased from P 0.6 million to P 43.0 million

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

Net property and equipment increased from P 897.6 million to P 950.4 million

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

Investment properties increased from P 7.6 billion to P 7.8 billion

The Company's investment properties, which comprise of lands (including land subject to right-of-use of asset) and buildings leased out to power plant operators, increased in value by P213.5 million due to the appraisal of properties. There were no acquisitions and disposals made during the year.

Liabilities

Trade and other payables increased from P 59.7 million to P 192.4 million

The increase mainly pertains to deferred output VAT recognized on rental income, accrual of administrative expenses, and VAT payable to the government as of 31 December 2023.

Due to related parties increased from P 64.6 million to P 509.9 million

Due to related parties composed of cash advances from its parent company and a related party under common ownership for accommodation of certain expenses, working capital requirements, and other purposes.

Lease liability (including the non-current portion) decreased from P 6.7 million to P 6.2 million

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

Equity

Equity increased from P 8.77 billion to P 9.10 billion

Despite the declaration of dividends during the year amounting to P440.7 million, the increase in the Total Comprehensive income amounting to P771.1 million resulted to the net increase of the Total Equity. On 27 April 2023, the Company declared dividends in relation to the distributable income for the period 4 March to 31 December 2022 at P 0.0682 per share or P 224.3 million of total dividends. Additionally, on 22 June 2023, the Company declared dividends in relation to the distributable income for the first quarter of 2023 at P 0.0299 per share or P 98.4 million of total dividends. Furthermore, on September 8, 2023, the Company declared dividends in relation to the distributable income for the second quarter of 2023 at P0.0359 per share or P 118.1 million of total dividends.

Financial Position as of 31 March 2024 as compared with financial position as of 31 December 2023

	31 March 2024 Unaudited	31 December 2023 Audited
ASSETS		
CURRENT ASSETS		
Cash	P 411,435	P 51,889,838
Trade and other receivables	922,698,970	1,051,325,057
Prepayments and other current assets	48,850,884	42,959,052
Total Current Assets	P 971,961,289	P 1,146,173,947
NON-CURRENT ASSETS		
Property and equipment - net	919,954,404	934,480,000
Investment properties	7,784,490,000	7,784,490,000
Total Non-current Assets	P 8,704,444,404	P 8,718,970,000
TOTAL ASSETS	P 9,676,405,693	P 9,865,143,947
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 147,120,260	P 192,401,958
Lease liabilities	367,642,092	381,908
Due to related parties	408,491	509,891,645
Total Current Liabilities	P 515,170,842	P 702,675,511
NON-CURRENT LIABILITY		
Lease liabilities	5,609,817	5,819,943
Deferred tax liabilities - net	61,549,917	58,705,012
Total Liabilities	P 582,330,576	P 767,200,466
EQUITY		
Capital stock	3,288,669,000	3,288,669,000
Additional paid-in-capital	5,328,952,851	5,328,952,851
Revaluation reserves – net	77,975,845	79,018,554
Retained earnings	398,477,421	401,303,076
Total Equity	P 9,094,075,117	P 9,097,943,481
TOTAL LIABILITIES AND EQUITY	P 9,676,405,693	P 9,865,143,947

Assets

Cash decreased from P 51.9 million to P 0.4 million

Despite the collection of rentals amounting to P293.8 million, the net decrease in cash balance is due to the settlement of payables and the distribution of cash dividends on 12 March 2024 amounting to P127.6 million. Dividends were paid out of the distributable income for the period 1 July to 30 September 2023. Cash dividends were declared on 5 February 2024 for shareholders on record on 23 February 2024.

Trade and other receivables decreased from P 1.1 billion to P0.9 billion

The decrease in trade and other receivables is directly attributable to the collections of rentals amounting to P296.5 million despite the increase in revenue recognized during the quarter. The revenue recognized during the year led to additional receivables amounting to P156.5 million.

Prepayments and other current assets increased from P 43.0 million to P48.9 million

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

Net property and equipment decreased from P 934.5 million to P920.0 million

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

Investment properties remained the same.

The Company's investment properties, which comprise of lands (including land subject to right-of-use of asset) and buildings leased out to power plant operators. There were no movement during the quarter as there were no acquisitions and disposals and the appraisal of property is conducted at year-end.

Liabilities

Trade and other payables decreased from P 192.4 million to P147.1 million

The decrease in trade and other payables is due to the settlement to vendors despite the increase in the deferred output VAT and VAT payable to the government.

Due to related parties decreased from P 509.9 million to P367.4 million

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

Lease liability (including the non-current portion) increased from P 6.2 million to P6.3 million

Movements to the account were due to the interest accrued from the outstanding lease liability as of the quarter.

Equity

Equity decreased from P 9,098.2 million to P 9,094.3 million

Equity decreased primarily due to the declaration of dividends during the quarter amounting to P127.6 million despite the increase in the Total Comprehensive income amounting to P122.7 million resulted to the net decrease of the Total Equity. On 5 February 2024, the Company declared dividends in relation to the distributable income for the period 1 July to 30 September 2023 at P 0.0388 per share or P 127.6 million of total dividends.

Material Events and Uncertainties

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations, except for the recovery as a result of the opening up of the economy.

The Company is not aware of events that will cause a material change in the relationship between costs and revenues.

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

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

There are no material commitments for capital expenditures. PREIT has no indebtedness with any bank.

Key Financial Ratios

PREIT's key financial ratios as of and for the year ended 31 December 2023 and 2022, as well as for the quarter ended 31 March 2024 and 2023 are as follows:

	31 December 2023	31 December 2022
Earnings per share*	0.21	0.06
Current ratio	1.63	3.19
Debt to Equity	0.08	0.01
Return on Asset	0.0714	0.0156
Return on Equity	0.0774	0.0159

**Based on 3,288,669,000 and 1,879,241,000 weighted average shares outstanding throughout the year ended 31 December 2023 and the period 4 March to 31 December 2022, respectively.*

	31 March 2024	31 March 2023
Earnings per share*	0.04	0.04
Current ratio	1.89	1.63
Debt to Equity	0.06	0.08
Return on Asset	0.01279	0.01225
Return on Equity	0.01361	0.01328

**Based on 3,288,669,000 weighted average shares outstanding throughout the quarter ended 31 March 2024 and 2023.*

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

E. NATURE AND SCOPE OF BUSINESS

The Company

The Company or PREIT was registered with the Securities and Exchange Commission (SEC) on 4 March 2022, originally under the name Premier Island Holding Corporation, primarily to engage in investment activities as an investment holding company. On 9 November 2022, the SEC approved the change of name of the Company to its current name and the change in its primary purpose to that of a real investment trust company. The Company is a real estate investment trust (REIT) incorporated under the Philippine Real Estate Investment Trust Law (Republic Act No. 9856) listed with the Philippine Stock Exchange (PSE) on 15 December 2022. As of 31 December 2023, gross leasable area (GLA) of the property portfolio totaled to 30,666 sq. m.

The Company has an authorized capital stock of P7,500,000,000.00 divided into 7,500,000,000 common shares with a par value of P1.00 per share. As of 31 March 2024, 3,288,669,000 common shares of the Company are issued and outstanding.

The Company is envisioned to be the power and infrastructure REIT platform of the PAVI Group, consisting of Prime Asset Ventures, Inc. (PAVI) and its subsidiaries, including S.I P0wer Corporation and Camotes Island Power Generation Corporation (the Sponsors), and aims to be among the leading power and infrastructure REITs in the Philippines in terms of portfolio, profitability, growth, sustainability, and dividend yield.

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

The Company's principal place of business is at 4th Floor Starmall IT Hub, CV Starr, Philamlife, Pamplona Dos, Las Piñas City.

Sponsors

S.I P0wer Corporation (SIPCOR) and Camotes Island Power Generation Corporation (CAMPCOR), sponsors of the REIT, are corporations organized under the laws of the Philippines.

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

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

The Sponsors of the Company are constantly monitoring opportunities for the acquisition via purchase or long-term lease of lands and other areas that may further be utilized for the development, construction, operation, and maintenance of power generation facilities and which will eventually form part of the income generating real estate portfolio of the Company. The Company believes that its

shareholders and affiliates' land bank and their array of expansion projects currently in the development pipeline provide meaningful and realizable opportunities for strategic growth and expansion, and give strong investors strong indications of further revenue growth in the near future.

Fund Manager

PREIT's fund manager is VFund Management, Inc. (formerly Communities Palawan, Inc.) (**VFund** or the **Fund Manager**). It was incorporated on 8 November 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. The Fund Manager has an 11-year track record in the development of real estate industry. The Fund Manager is a wholly-owned subsidiary of Communities Philippines, Inc. which in turn is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc.

The Fund Manager's main responsibility is to manage the Company's assets and liabilities for the benefit of our Shareholders, with a focus on investment yields and profitability margins. Currently, the Fund Manager has the President, CFO and its Chief Audit Executive as its full time employees, each of whom have track records and experience in financial management and real estate industry of at least 10 years prior to joining the Fund Manager.

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

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

Property Manager

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

As of 31 March 2024, the directors and executive officers of the Property Manager have over 18 years of accumulated experience in commercial real estate operations, leasing, and property management.

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

F. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

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

The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE on the listing date and the last day of trading for 2022:

Year		Q1	Q2	Q3	Q4
2022	<u>High</u>				1.60
	<u>Low</u>				1.53
2023	<u>High</u>	1.5	1.56	1.54	1.54
	<u>Low</u>	1.48	1.55	1.52	1.53
2024	<u>High</u>	1.61			
	<u>Low</u>	1.57			

Market price of the shares as of 26 March 2024 was P1.61 per share. Based on the closing price, market capitalization was approximately P5.3 billion.

Price Information as of the last practicable date

Trading Date	High	Low	Close
30 April 2024	1.72	1.69	1.71

Stockholders

As of 31 March 2024, the Company's total common shares issued and outstanding is 3,288,669,000 held by 12 shareholders of record. The following table sets forth the shareholders of the Company as of 31 March 2024.

Rank	Name	Holdings	Class of Share	Percentage of Ownership
1	PCD Nominee Corporation (PDC) Filipino	1,606,735,000*	Common	48.86%
2	S.I. Power Corporation (SIPCOR)	845,589,861*	Common	25.71%
3	Camotes Island Power Generation Corporation (CAMPCOR)	834,839,132*	Common	25.39%
4	PCD Nominee Corporation (PDC) Foreign	1,504,000	Common	0.05%
5	Jennifer T. Ramos	1,000	Common	00.00%
6	Cynthia J. Javarez	1**	Common	00.00%
7	Timothy Joseph M. Mendoza	1	Common	00.00%
8	Garth F. Castaneda	1	Common	00.00%

Rank	Name	Holdings	Class of Share	Percentage of Ownership
9	Manuel Paolo A. Villar	1	Common	00.00%
10	Jose Rommel C. Orillaza	1	Common	00.00%
11	Leonardo Singson	1	Common	00.00%
12	Maria Isabel J. Rodriguez	1	Common	00.00%
	Total	3,288,669,000	Common	100.00%
	Shares Owned by Foreigners	1,504,000.00	Common	00.05%

**886,000 shares of SIPCOR and 879,000 shares of CAMPCOR are lodged with the PCD (Filipino).*

**801,000 shares of Ms. Javarez are lodged with the PCD (Filipino)*

Dividends and Dividend Policies

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law which requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the Company's assets that are reinvested in the Company within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution.

The Company may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least majority of the entire membership of the Company's Board, including the unanimous vote of all its independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Securities and Exchange Commission (SEC) within five working days from receipt of the request for approval. If the SEC does not act on said request within such a period, the declaration shall be deemed approved.

The Company intends to declare and pay out dividends on a quarterly basis each year. From 2022 to date, PREIT has declared and paid out cash dividends as follows:

Date of Declaration	Record Date	Payment Date	Cash Dividend per Share (in PhP)
July 11, 2022	July 11, 2022	August 29, 2022	0.0100
April 28, 2023	May 12, 2023	May 26, 2023	0.0682
June 22, 2023	July 7, 2023	July 17, 2023	0.0299
September 8, 2023	September 23, 2023	September 29, 2023	0.0359
February 5, 2024	February 20, 2024	March 12, 2024	0.0388
April 14, 2024	April 26, 2024	May 13, 2024	0.0388

Recent Sale of Unregistered Securities

There have been no recent sale of unregistered securities.

Stock Options

None

G. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Compliance

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

Green Initiatives and Corporate Social Responsibility

The Company adheres to and intends to implement the Environmental, Social and Corporate Governance ("ESG") policies established by the PAVI Group through its ultimate parent company, PAVI. The current ESG policy requires each member of the PAVI Group, including each of the Sponsors and the Company, to undertake initiatives aimed at growing local communities – through education, job creation, as well as stimulus/sustainable environment and livelihood programs.

In the course of its operations, the Company will also implement one or more, or a combination of these various initiatives in furtherance of the PAVI Group's ESG policy.

Deviations from Manual and Sanctions Imposed

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

Updates on Corporate Governance

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

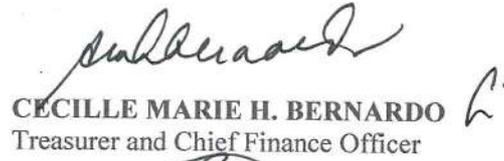
Part III.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, we certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on 24 May 2024.



TIMOTHY JOSEPH M. MENDOZA
President and Chief Executive Officer



CECILLE MARIE H. BERNARDO
Treasurer and Chief Finance Officer



KAREN G. EMPAYNADO
Corporate Secretary



NIELSON G. PANGAN
Compliance Officer

ANNEXES TO THE INFORMATION STATEMENT

Annex “A” – 2023 Annual Report

Annex “B” – 2023 Audited Financial Statements

Annex “C” – Certifications of Qualification for the Independent Directors

Annex “D” – Certification on Directors

Annex “E” – Unaudited Financial Statements as of 31 March 2024

PSE Number: _____
SEC Number: 2022030044636-59
File Number: _____

Premiere Island Power REIT Corporation

(Company's Full Name)

4th Floor Starmall IT Hub, CV Starr, Philamlife, Pamplona Dos, Las Piñas City 1747

(Company Address)

+63(2) 8734 5732 / +63(2) 8775 8072

(Telephone Number)

December 31, 2023

(Year Ending)

Annual Report- SEC Form 17-A

(Form Type)

N/A

(Amendments – if applicable)

14. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:
2023 Audited Financial Statements (incorporated as reference for Items 6, 7 and 12 of SEC Form 17-A)

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PART I – GENERAL INFORMATION

Item 1. Business

Background of Business

Premiere Island Power REIT Corporation (the **Company** or **PREIT**) was registered with the Securities and Exchange Commission (**SEC**) on 4 March 2022, originally under the name Premier Island Holding Corporation, primarily to engage in investment activities as an investment holding company. On 9 November 2022, the SEC approved in the change of name of the Company to its current name and the change in its primary purpose to that of a real investment trust company. PREIT is a real estate investment trust (**REIT**) incorporated under the Philippine Real Estate Investment Trust Law (Republic Act No. 9856) listed with the Philippine Stock Exchange (**PSE**) on 15 December 2022. As of 31 December 2023, gross leasable area (**GLA**) of the property portfolio totaled to 30,666 sq. m.

PREIT has an authorized capital stock of P7,500,000,000.00 divided into 7,500,000,000 common shares with a par value of P1.00 per share. As of 31 December 2023, 3,288,669,000 common shares of the Company are issued and outstanding.

PREIT is envisioned to be the power and infrastructure REIT platform of the PAVI Group, consisting of Prime Asset Ventures, Inc. (**PAVI**) and its subsidiaries, including S.I Power Corporation and Camotes Island Power Generation Corporation (the **Sponsors**), and aims to be among the leading power and infrastructure REITs in the Philippines in terms of portfolio, profitability, growth, sustainability, and dividend yield.

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

Sponsors

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

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

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

The Sponsors of the Company are constantly monitoring opportunities for the acquisition via purchase or long-term lease of lands and other areas that may further be utilized for the development, construction, operation, and maintenance of power generation facilities and which will eventually form part of the income generating real estate portfolio of the Company. The Company believes that its shareholders and affiliates' land bank and their array of expansion projects currently in the development pipeline provide meaningful and realizable opportunities for strategic growth and expansion and give strong investors strong indications of further revenue growth in the near future.

Fund Manager

PREIT's fund manager is VFund Management, Inc. (formerly Communities Palawan, Inc.) (**VFund** or the **Fund Manager**). It was incorporated on 8 November 2011 with the primary purpose of engaging in the business of a real estate dealer and all alike undertakings. The Fund Manager has an 11-year track record in the development of real estate industry. The Fund Manager is a wholly-owned subsidiary of Communities Philippines, Inc. which in turn is a wholly-owned subsidiary of Vista Land & Lifescapes, Inc.

The Fund Manager's main responsibility is to manage the Company's assets and liabilities for the benefit of our Shareholders, with a focus on investment yields and profitability margins. Currently, the Fund Manager has the President, CFO and its Chief Audit Executive as its full-time employees, each of whom have track records and experience in financial management and the real estate industry of at least 10 years prior to joining the Fund Manager.

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

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

Property Manager

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

As of 31 December 2023, the directors and executive officers of the Property Manager have over 19 years of accumulated experience in commercial real estate operations, leasing, and property management.

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

Competition

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

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

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

Transactions With and/or Dependence on Related Parties

In the ordinary course of the Company's business, it engages in a variety of transactions with related parties. Pursuant to the REIT Law, the Company's related parties include the Sponsors, the Fund Manager, and the Property Manager.

The Company's related party transaction policy ensures that these transactions are entered into on terms, which are not more favorable to the related party than those generally available to third parties dealing on an arm's length basis, and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving body, as determined by the Board, to ensure that the Company's resources are not misappropriated or misapplied. (For more information, see Audited Financial Statements, Note 15).

Risks Associated with the Company's Business

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

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

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

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

The Company believes this risk can be managed through the Company's strengths and strategies to ensure competitiveness in the market. However, there is no assurance that the Company can provide an effective mitigation to such risk.

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

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

There can be no assurance that the Philippine energy market will stabilize or continue to expand. Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker

performance of or slowdown in industrial activities may adversely affect the demand for, and price of, energy generated by the Company's and its lessees' power plants. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may continue to affect the outlook on the Philippine energy market, which could materially and adversely affect our results of operations. Moreover, the Company cannot foresee when the disruptions to industrial or business activities caused by the outbreak of COVID-19 will cease.

The Company's lessees, as power plant operators, are subject to risks inherent in the power generation industry, and there is no assurance the lessees will continue to be able to support such guaranteed payments in the future. The Company believes it can manage these risks through its land lease rental rates for its Properties that are largely composed of guaranteed base lease which are independent of the operating performance of the relevant lessee's power plants. In addition, in line with its principal investment mandate and strategy, the Company aims to be one of the key players in the renewable energy industry. As such, the Company believes that the "first or must" dispatch of renewable energy over conventional energy sources such as coal or diesel, and other Government initiatives to promote and encourage the growth of the renewable energy industry in the Philippines help manage the risk of a downturn in demand for energy in the Philippines. Furthermore, the Company and the Fund Manager take a prudent approach to financial management, which includes closely monitoring the Company's capital and cash positions and maintaining discipline in the Company's capital commitments.

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

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

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

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

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

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

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

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

The Company believes this risk can be managed through the Company's strengths and strategies to ensure competitiveness in the market. However, there is no assurance that the Company can provide an effective mitigation to such risk.

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

Certain portions of the land underlying the SIPCOR Properties are leased by the Company from NPC. This arrangement exposes the Company to risks over the ownership of these lands and rights derived from such ownership. If the Company's operations are affected by any issues regarding such lands, the Company could be in breach of its lease agreements with its lessees and may have to settle reparations with the affected parties. The Company's entitlement to rental payments may also be materially and adversely affected. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition, and results of operations.

If the land lease agreements of the Company are amended, terminated, or canceled, including as a result of any of the market-standard events of default included in such agreements, the Company and its lessees could face a substantial disruption to their operations and such circumstances would have a material adverse effect on the Company's business, financial condition and results of operations, including on the Company's ability to make distributions. Similarly, the non-renewal of the lease agreements upon expiration thereof may have a material adverse effect on the Company's business, financial condition, and results of operations.

To manage these risks, the Company intends to register its leases with the relevant land registries in the Philippines to protect its rights against third parties. The Company believes it is also able to manage this risk through contractual remedies and safeguards in its contracts, which generally includes a prohibition on the NPC (as lessor) from assigning the lease without the consent of the Company (as lessee), and includes the explicit consent of NPC to the registration of the lease. The Company has complied with its obligations under the land lease agreements and has not caused any event of default. The Company and the Property Manager shall also continue to actively monitor the Company's compliance with its obligations under the Company's land lease agreements to ensure that the Company does not trigger an event of default which could lead to the termination of such land lease agreements.

The Company shall likewise ensure that the term of the lease agreements shall coincide with the term of the PSAs of SIPCOR. At this time, SIPCOR has two PSAs (SIPCOR PSA 1, and SIPCOR PSA 2) and two lease agreements with NPC. Both lease agreements will expire in 2034, while one of the PSAs (SIPCOR PSA 2) has an end-term of 2040. To ensure that the terms of the lease with NPC shall cover until the end of the term of both SIPCOR PSAs, the Company has submitted a letter to NPC requesting for extension of the lease agreements to have an end-term of 2040, which is the same validity period of SIPCOR PSA 2. The Company intends to pursue further discussions with NPC regarding such proposed extension of the term of lease agreements.

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

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

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

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

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

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

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

To manage these risks, the Lessees, who are responsible for securing the relevant insurance policies and undertaking any repair or maintenance works on the Properties leased from the Company, maintain comprehensive insurance policies that cover business interruption. However, there can be no assurance that the Lessees’ insurance policies will cover repair and replacement costs, whether partially or fully, which could materially affect the Company’s or its Lessees’ business, prospects, financial condition, results of operations, and cash flows.

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

The operations of the power plants located on the Company’s Leased Properties are subject to a number of risks generally associated with the generation of electricity. These risks could include typhoons, fires, earthquakes and other natural disasters and calamities, breakdowns, failures or substandard performance of

equipment, improper installation or operation of equipment, accidents, acts of terrorism, operational and logistical issues, and labor disturbances.

These events may cause personal injury and loss of life and damage to, or the destruction of, property and equipment of the power plants located on the Company's Leased Properties and may result in the limitation or interruption of the Company's and its lessees' business operations and the imposition of civil or criminal liabilities.

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

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

However, there can be no assurance that the Company's or its Lessees' insurance policies will cover repair and replacement costs, whether partially or fully, which could materially affect the Company's or its Lessees' business, prospects, financial condition, results of operations and cash flows.

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

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

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

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

Significant Transactions During 2022

Increase in Authorized Capital Stock

At the duly constituted meeting of the Board of Directors of the Company held on March 9, 2022, the increase in the authorized capital stock of the Company to P7,500,000,000.00, divided into 7,500,000,000 common shares, with a par value of P1.00, was approved by the affirmative vote of at least a majority of the members of the Board of Directors.

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

Execution of Deed of Assignment and Subscription

Out of the increase in the authorized capital stock of the Company, 3,288,664,000 common shares have been subscribed at an aggregate subscription price of P8,221,660,000.00, and the Sponsors, as subscribers, have paid their respective subscriptions in full by way of transfer of the Properties (consisting of real and personal properties and certain real rights). On 31 May 2022, the Company and Sponsors executed a deed of assignment whereas the Sponsors cede, assign and transfer to the Company, in a manner absolute and irrevocable, the parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, to the REIT, in consideration for the issuance of REIT's shares. The property-for share swap transaction, forming part of the capital increase of the REIT, was also approved by the SEC on May 31, 2022. The requisite Certificates Authorizing Registration (**CARs**) authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on September 2, 2022. The parcels of land include the land owned by the NPC to which the lease right was also assigned to the REIT as approved by the NPC. The lease has an original term of 20 years with renewal option, subject to mutual agreement of both parties, and an escalation rate of 20% every five years. By virtue of the Property-for-Share Swap, the Sponsors acquired further control of the Company, through an aggregate ownership interest of 100% of the total issued and outstanding capital stock of the Company.

Cash Dividend Declaration

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

Initial Public Offering Through Secondary Offer of Shares

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

Significant Transactions During 2023

Cash Dividend Declaration

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

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

Item 2. Properties

The Company's principal investment strategy is to invest in income-generating real estate. A core tenet of the Company's investment policy is to invest in properties that meet a select set of criteria designed to provide a competitive investment return to investors once said properties are in operation.

To meet the Company's investment criteria, a potential property should:

- be capable of being efficiently utilized for renewable energy, including whether that property meets specific technical considerations such as proximity to existing connection assets or other related infrastructure;
- may be utilized for hybrid power generation facilities consisting of (i) renewable energy, and (ii) either (a) energy storage systems, (b) baseload power generation facilities, or (c) both;
- to the extent the property may best be utilized for social or missionary electrification, may be located in underdeveloped or missionary areas where the Company, the Sponsors, and/or the companies under the PAVI Group have completed and validated the availability and reliability of renewable energy resources, and such areas have the potential to drive long-term sustainable growth; and
- serve as an effective site for potential power generation lessees who are or will be well-placed to secure long-term offtake agreements with local electric cooperatives or distribution utilities in the absence of national-level electricity procurement programs such as the Feed-in Tariff (FIT), the Green Energy Auction Program (GEAP), or such successor programs headed or managed by the Department of Energy.

As of 31 December 2023, the property portfolio of the Company consists of land and power plant assets utilized in the power generation projects of the Sponsors.

The properties used in the operation of the 12.8 Megawatt (MW) heavy fuel oil (HFO)-fired power plants of SIPCOR located in Candanay Sur and Lazi, Siquijor (**SIPCOR Power Plants**) consist of (a) power plants assets such as HFO diesel generator sets and perimeter fence; (b) building that houses physical structures such as an administrative office, control room, warehouse, guard house, staff house, material recovery facility, workshop, firefighting shed, fuel tank farm, and fuel pump station; and (c) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located (collectively, the **SIPCOR Properties**). GLA of each property are summarized in the following table.

SIPCOR Properties	GLA
Land – Candanay, Siquijor	9,478 sq.m.
Land – Lazi, Siquijor	3,000 sq.m.
Building - Candanay, Siquijor	353.2 sq.m.
Powerplant Assets – Candanay Siquijor	607 sq.m.

The properties used in the operation of the 8.4 Mw power plants of CAMPCOR located in Poro and Pilar, Camotes Island, Cebu (**CAMPCOR Power Plants**), consist of (a) buildings or powerhouse stations that house physical structures such as water treatment unit, staff house, radiator unit, fire pump house, guard house, oil-water separator, material recovery facility, reverse osmosis house, transformer house, warehouse, and administrative office; and (b) 16,406.5 sq.m. parcels of land owned by the Company where such buildings are located (collectively, the **CAMPCOR Properties**, and together with the SIPCOR Properties, the **Properties**). GLA of each property are summarized in the following table.

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

All the Properties are leased to the Sponsors and are being used by the latter to operate the SIPCOR Power Plants and the CAMPCOR Power Plants, with a total combined installed capacity of 21.2 MW.

As of 31 December 2023, all of the Properties registered occupancy rate is 100%.

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

Item 3. Legal Proceedings

As of the date of this Annual Report, there is no pending or threatened litigation involving the Company or any of its Properties which would have a material adverse effect on the business or financial position of the Company or any of its subsidiaries, or any of its or their properties.

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

No matter was submitted during the year 2023 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market Information

PREIT's common shares are traded on PSE under the symbol PREIT. The shares were listed on 15 December 2023.

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

2023	High	Low
First Quarter (January to March)	1.64	1.52
Second Quarter (April to June)	1.67	1.45
Third Quarter (July to September)	1.57	1.49
Fourth Quarter (October to December)	1.58	1.49

Market price of the shares as of 31 December 2023 was P1.54 per share. Based on the closing price, market capitalization was approximately P5.1 billion.

Holders

As of 31 December 2023, the Company's total common shares issued and outstanding is 3,288,669,000 held by 12 shareholders of record. The following table sets forth the shareholders of the Company as of 31 December 2023.

Rank	Name	Holdings	Percentage of Ownership
1	PCD Nominee Corporation – Filipino	1,606,826,000	48.86%
2	S.I. Power Corporation	845,589,861	25.71%
3	Camotes Island Power Generation Corporation	834,839,132	25.39%
4	PCD Nominee Corporation - Non Filipino	1,413,000	00.04%
5	Jennifer T. Ramos	1,000	00.00%
6	Cynthia J. Javarez	1	00.00%
7	Garth F. Castaneda	1	00.00%
8	Jose Rommel C. Orillaza	1	00.00%
9	Leonardo A. Singson	1	00.00%
10	Manuel Paolo A. Villar	1	00.00%
11	Maria Isabel J. Rodriguez	1	00.00%
12	Timothy Joseph M. Mendoza	1	00.00%
	Total	3,288,669,000	100.00%
	Shares Owned by Foreigners	1,413,000	00.04%

Dividend Policy

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law which requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the Company's assets that are reinvested in the Company within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution.

The Company may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all its independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Securities and Exchange Commission (SEC) within five working days from receipt of the request for approval. If the SEC does not act on the said request within such a period, the declaration shall be deemed approved.

The Company intends to declare and pay out dividends on a quarterly basis each year. In 2022 and 2023, PREIT has declared and paid out cash dividends as follows:

Date of Declaration	Record Date	Payment Date	Cash Dividend per Share (in PhP)
July 11, 2022	July 11, 2022	August 29, 2022	0.0100
April 28, 2023	May 12, 2023	May 26, 2023	0.0682
June 22, 2023	July 7, 2023	July 17, 2023	0.0299
September 8, 2023	September 23, 2023	September 29, 2023	0.0359

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

Results of Operations (Financial Performance)

Review of results of operations for the year ended 31 December 2023 and for the period of 4 March 2022 to 31 December 2022. PREIT was incorporated on 4 March 2022 and started its commercial operations in June 2022.

Revenue increased from P355.2 million to P643.8 million

Revenue during the period solely pertains to income from the lease of properties to the lessees who operate power plants on such leased properties. The amount of revenue recognized was in accordance with the relevant Philippine Financial Reporting Standards (PFRS). Under PFRS 16, the rental income includes the effect of the straight-line basis of accounting over the lease term. The increase is primarily due to revenue recognized from the full year of operations as compared to seven (7) months of operation in the prior year. In addition, a variable lease income amounting to P35.0 million was recognized for the year ended 31 December 2023.

Cost of rentals increased from P40.7 million to P70.8 million

Cost of rentals amounted to P70.8 million or equivalent to 11.0% of rental income was mainly attributable to the depreciation of generation assets which amounted to P52.5 million. Other components of the cost of rentals are costs incurred with related parties including property management fees which amounted to P8.0 million and fund management fees which amounted to P2.7 million. Local taxes on rental revenue and cost of insurance on generation assets which amounted to P5.3 million and P2.3 million, respectively, account for the remaining cost of rentals.

Operating Expenses decreased from P11.5 million to P4.7 million

Operating expenses amounted to P4.7 million for the period equivalent to 0.7% of rental income. These mainly pertain to professional fees and administrative fees incurred during the period. Due to the initial public offering, expenses incurred were higher for the period of 4 March 2022 to 31 December 2022.

Net Other Income (Charges) amounted to P213.5 million and (P192.2) million in 2023 and 2022, respectively

Based on the appraisal of properties, the value of the investment properties resulted in a P213.5 million fair value gain for the year ended December 31, 2023, as compared to a fair value loss of P192.0 million for the period of 4 March 2022 to 31 December 2022. The fair values of the investment properties were determined by independent and SEC-accredited property appraisers. Finance cost on lease liability during the period

amounted to P0.4 million while interest on bank deposits increased to P6,051. As a result, PREIT registered a net profit for the period amounting to P704.0 million, after tax expense which amounted to P77.5 million.

Other Comprehensive Income increased from P12.7 million to P67.1 million

Items reported in Other Comprehensive Income pertain to the revaluation increase of property and equipment which amounted to P67.1 million for the year ended 31 December 2023 and P12.7 million for the period ended 4 March 2022 to 31 December 2022. Total comprehensive income amounted to P771.1 million for the year ended 31 December 2023 and P151.9 million for the period ended 4 March 2022 to 31 December 2022

Financial Position as of 31 December 2023

Assets

Cash increased from P 4.6 million to P 51.9 million

The increase in cash balance is due to the collection of receivables from customers and advances from the related parties. In addition to the payment of expenses, the Company also distributed dividends during the second and third quarters out of the distributable income for the period 4 March to 31 December 2022, for the quarter ended 31 March 2023, and for the quarter ended 30 June 2023 which amounted to P 224.3 million, P 98.3 million, and P 188.0 million respectively.

Trade and other receivables increased from P 392.4 million to P 1.1 billion

The increase in trade and other receivables is directly attributable to the increase in revenue recognized during the year. The revenue recognized during the year led to additional receivables amounting to P643.1 million. Collections from tenants amounted to P 50.5 million.

Prepayments and other current assets increased from P 0.6 million to P 43.0 million

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

Net property and equipment increased from P 897.6 million to P 950.4 million

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

Investment properties increased from P 7.6 billion to P 7.8 billion

The Company's investment properties, which comprise of lands (including land subject to right-of-use of asset) and buildings leased out to power plant operators, increased in value by P213.5 million due to the appraisal of properties. There were no acquisitions and disposals made during the year.

Liabilities

Trade and other payables increased from P 59.7 million to P 192.4 million

The increase mainly pertains to deferred output VAT recognized on rental income, accrual of administrative expenses, and VAT payable to the government as of 31 December 2023.

Due to related parties increased from P 64.6 million to P 509.9 million

Due to related parties composed of cash advances from its parent company and a related party under common ownership for accommodation of certain expenses, working capital requirements, and other purposes.

Lease liability (including the non-current portion) decreased from P 6.7 million to P 6.2 million

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

Equity

Equity increased from P 8.77 billion to P 9.10 billion

Despite the declaration of dividends during the year amounting to P440.7 million, the increase in the Total Comprehensive income amounting to P771.1 million resulted to the net increase of the Total Equity. On 27 April 2023, the Company declared dividends in relation to the distributable income for the period 4 March to 31 December 2022 at P 0.0682 per share or P 224.3 million of total dividends. Additionally, on 22 June 2023, the Company declared dividends in relation to the distributable income for the first quarter of 2023 at P 0.0299 per share or P 98.4 million of total dividends. Furthermore, on September 8, 2023, the Company declared dividends in relation to the distributable income for the second quarter of 2023 at P 0.0359 per share or P 118.1 million of total dividends.

Material Events and Uncertainties

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations, except for the recovery as a result of the opening up of the economy.

The Company is not aware of events that will cause a material change in the relationship between costs and revenues.

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

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

There are no material commitments for capital expenditures. PREIT has no indebtedness with any bank.

Key Financial Ratios

PREIT's key financial ratio as of 31 December 2022 and 2023 are as follows:

Key Ratio	2023	2022
Earnings per share*	0.21	0.06
Current ratio	1.63	3.19
Debt to Equity	0.08	0.01
Return on Asset	0.0714	0.0156
Return on Equity	0.0774	0.0159

**Based on 3,288,669,000 and 1,879,241,000 weighted average shares outstanding throughout the year ended 31 December 2023 and the period 4 March to 31 December 2022, respectively.*

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

External Audit Fees and Services

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

Nature of Engagement	2023	2022
Year-end audit	P400,000	P350,000
Interim audit in preparation for the initial public offering	-	P690,000
Quarterly agreed-upon procedures on use of proceeds	P340,000	P85,000

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

Item 7. Financial Statements

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

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Board of Directors and Executive Officers

As of 31 December 2023, there are seven members of the Company’s Board of Directors, three of whom are independent directors. As provided by Revised SRC Rule 38, an independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director.

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

Name	Age	Citizenship	Position
Timothy Joseph M. Mendoza	42	Filipino	President, Chief Executive Officer and Director
Cynthia J. Javarez	60	Filipino	Chairman and Director
Manuel Paolo A. Villar	47	Filipino	Director
Jose Rommel C. Orillaza	56	Filipino	Chief Operating Officer and Director
Garth F. Castañeda	43	Filipino	Independent Director
Leonardo Singson	45	Filipino	Independent Director
Maria Isabel J. Rodriguez	40	Filipino	Independent Director
Maryknoll B. Zamora	52	Filipino	Treasurer and Chief Finance Officer
Robert Marlon T. Pereja	45	Filipino	Business Development Head
Vincent Kitto N. Jacinto	43	Filipino	Investor Relations Officer
Karen G. Empaynado	37	Filipino	Corporate Secretary
Nielson G. Pangan	37	Filipino	Compliance Officer

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

Timothy Joseph M. Mendoza, *Director, President and CEO*. Atty. Mendoza, graduated from the Ateneo de Manila University with a degree in Bachelor of Arts Major in Political Science Minor in Hispanic Studies in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006, ranking 9th highest grade overall in the 2006 Bar Examinations. He joined the law firm of Picazo Buyco Tan Fider & Santos in 2006 as a Junior Associate and became a Partner from 2014 to 2017. From 2017 to 2020, he worked as Partner for Quisumbing Torres, a member firm of Baker McKenzie International as the head of the Banking and Finance Practice Group, Financial Institutions Group, FinTech Focus Group, and Restructuring and Insolvency Focus Group. For the years 2018, 2019 and 2020, Atty. Mendoza was ranked as a Leading Lawyer for Banking and Finance by the Chambers and Partners Asia-Pacific. In 2020, he was also ranked as a Leading Lawyer for Corporate and Finance by the Chambers and Partners Global and a Rising Star for Banking and Financial Services by the AsiaLaw Leading Lawyers. For the years 2018 and 2019, he was cited as one of the Philippines’ Top 100 lawyers in the A-List Top 100 Lawyers in the Philippines by the Asian Business Law Journal. Atty. Mendoza concurrently serves as the General Counsel of Prime Asset Ventures, Inc. and Corporate Secretary of its various subsidiaries. He is also a Professional Lecturer at the De La Salle University Tañada-Diokno College of Law and a member of the advisory committee at the Manila Central University.

Cynthia J. Javarez, *Chairman and Director*. Ms. Javarez, graduated from the University of the East with a degree in Bachelor of Science in Business Administration, major in Accounting. She is a Certified Public Accountant. She completed a Management Development Program at the Asian Institute of Management in 2006. Ms. Javarez was previously the Chief Financial Officer of Polar Property Holdings Corp. until 2011 and the Tax & Audit Head in the MB Villar Group of Companies until 2007. She is the current President of Fine Properties, Inc. and Treasurer and Chief Risk Officer of Vista Land & Lifescapes, Inc. Ms. Javarez

is also the Chairman of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, Inc. and Dusit Hospitality Education Philippines, Inc.

Manuel Paolo A. Villar, *Director*. Mr. Villar, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey & Co. in the United States from 1999 to 2001. He joined Vista Land in 2001 as Head of Corporate Planning then became its Chief Financial Officer in 2008. He was elected President and Chief Executive Officer of Vista Land and Lifescapes, Inc. in July 2011 and President of Vistamalls, Inc in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Powersource Phils Development Corp. and the Chairman of Vista Land subsidiaries Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. Mr. Villar also is the majority shareholder of Prime Asset Ventures, Inc.

Jose Rommel C. Orillaza, *Director and Chief Operating Officer*. Mr. Orillaza, graduated from the Adamson University with a degree in Bachelor of Science in Civil Engineering in 1989. From 2004 to 2011, he was the Chief Technical Officer / Division Head of Casa Regalia, Inc. He previously worked as the Chief Technical Officer of Household Development Corp., Operations Head of Communities Philippines Inc., Technical Head of Crown Asia Properties, Inc. and Operations Head of Southwell Waterworks, Inc. Mr. Orillaza is currently the Operations Head of Kratos Res, Inc., and the Operations Head and President of Camotes Island Power Generation Corporation and S.I. Power Corporation.

Garth F. Castañeda, *Independent Director*. Atty. Castañeda, graduated from the University of Sto. Tomas with a degree in Bachelor of Science in Accountancy in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006. He is a Certified Public Accountant. In 2014, he worked as a Consultant in the Privatization Management Office in the Department of Finance. He previously worked as an Associate in Puno and Puno Law Offices, an Associate in Sycip Salazar Hernandez Gatmaitan and a Senior Tax Associate in SGV & Co. Atty. Castañeda is currently a Partner in SYMECS Law and acts as counsel for various companies including Metro Pacific Investments Corporation, SN Aboitiz Power Corporation, North Luzon Renewable Energy Corporation, NorthWind Power Development Corporation, Collab Asia Philippines, Inc., among others.

Leonardo Singson, *Independent Director*. Atty. Singson, graduated from the University of the Philippines – Diliman with a degree in Bachelor of Arts in Public Administration in 2002. He received his Bachelor of Laws from the University of the Philippines in 2006. From 2020 to 2021, he worked as Legal Counsel for GNPowder Ltd. Co. He was previously a Partner in Villaraza & Angangco Law where he was connected from March 2008 to 2020. Prior to this, he was a Senior Associate in SGV & Co. Atty. Singson is currently Of Counsel for Betita Cabilao Casuela Sarmiento Law

Maria Isabel J. Rodriguez, *Independent Director*. Ms. Rodriguez, graduated from the De La Salle University - Manila with a degree in Bachelor of Science in Accountancy in 2003. She is a Certified Public Accountant. She earned her post graduate certificate in Leadership and Management from the Asian Institute of Management and obtained an Advanced Professional Certificate in Transfer Pricing at the International Bureau of Fiscal Documentation in 2023. She previously worked as the Asia Strategic Business Unit - Tax Director of AES Transpower Pte. Ltd. – ROHQ and as a Tax Director of Sycip Gorres Velayo & Co. Ms. Rodriguez is currently a Credit Committee Member of the CRH USD Finance ZRT., Hong Kong Branch. She is also the current Treasurer of Republic Cement Land & Resources Inc. and a Tax Director at the Republic Cement Services Inc.

Maryknoll B. Zamora, *Treasurer and Chief Finance Officer*. Ms. Zamora, graduated from the Polytechnic University of the Philippines with a degree in Bachelor of Accountancy in 1993. She obtained her Master of Business Administration degree from De La Salle University Graduate School of Business in 2001 and her Bachelor of Laws degree from Adamson University – College of Law in 2014. She is a Certified Public Accountant. From 2014 to 2018, she was the Head of Finance of Prime Asset Ventures, Inc. She previously worked as the Controller / Treasury and Investment Head, Corporate Information Officer and Investor Relationship Officer and Accounting and Admin Manager from 1997 to 2006 of Alcorn Gold Resources

Corp. (formerly Alcorn Petroleum & Minerals Corp. And Now Cosco Corp.) She was also an Audit Supervisor in Pricewaterhouse Coopers Auditing Firm. Ms. Zamora is currently the Chief Finance Officer and Treasurer of Prime Asset Ventures, Inc., Primewater Infrastructure Corp., Planet Cable, Inc., Streamtech System Technologies, Kratos Res, Inc., Camotes Island Power Generation Corporation and S.I. Power Corporation.

Robert Marlon T. Pereja, *Business Development Head*. Mr. Pereja, graduated from the De La Salle University with a degree in Bachelor Science in Engineering Management in 2001. He obtained his Master of Business Administration degree from De La Salle University Graduate School of Business in 2001 and a Certificate of Recognition from the Regis University of Denver Colorado in 2013. He previously worked as an Assistant Vice President of Manila Electric Company from 2016 to 2023, the Chief Operating Officer of MSpectrum, Inc. from 2020 to 2023, and an Account Executive of Petron Corporation from 2003 to 2012. Mr. Pereja is currently the Chief Operating Officer of PAVI Green Renewable Energy, Inc.

Vincent Kitto N. Jacinto, *Investor Relations Officer*. Mr. Jacinto, graduated from the Ateneo de Manila University with a degree in Bachelor Science in Management in 2002. He obtained his Master of Business Administration degree from Ateneo Graduate School of Business in 2006. He previously worked as a Product Development Officer and Senior Manager of Filinvest Land, Inc. from 2012 to 2015 and a Project Head / Business Development Assistant of Landco Pacific Corporation from 2002 to 2011. Mr. Jacinto is currently the Business Development Head of Prime Asset Ventures, Inc. and Vista Land & Landscapes, Inc.

Karen G. Empaynado, *Corporate Secretary*. Atty. Empaynado, graduated from the University of the Philippines - Diliman with a degree in Bachelor of Science in Business Economics in 2009. She received her Juris Doctor from the Ateneo de Manila Law School in 2016. She previously worked as an Associate for Picazo Buyco Tan Fider and Santos Law and as an Assistant Manager in Legal Corporate Banking Group of BDO Unibank, Inc. Atty. Empaynado is currently as an In-House Lawyer for Prime Asset Ventures, Inc.

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

Employees

The Company has no significant employees other the senior management.

Family Relationship

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

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

Involvement in Certain Legal Proceedings

As of date of this Annual Report, the Company has no knowledge and/or information that any of the Company's directors, officers or nominees for election as Directors is, presently or during the last five (5)

years, involved in any material legal proceeding which will have any material effect on the Company, its operations, reputation, or financial condition.

Item 10. Executive Compensation

The Company’s By-Laws provides directors shall not receive any compensation, as such directors, except for reasonable per diem. Any compensation may be granted to Directors by vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. In no case shall the total yearly compensation of Directors, as such directors, exceed 10% of the net income before income tax of the Company during the preceding year.

The Company’s key officers, namely: Timothy Joseph M. Mendoza, Maryknoll B. Zamora, Karen G. Empaynado, and Robert Marlon T. Pereja, are also serving as officers of PAVI. They do not receive any compensation from the Company. The compensation of these officers is paid by PAVI or the relevant PAVI Group company. There are no executive officers other than the aforementioned individuals.

Independent directors of the Company were entitled to per diem for meetings attended for the year 2023. Details of the compensation for independent directors were as follows:

Independent Directors	2022	2023
Independent Director 1	P158,333.33	P137,500.00
Independent Director 2 and 3	Aggregate of P300,000.00	Aggregate of P410,000.00

There was no other compensation paid to the directors other than as indicated above. The Company does not pay PAVI or the relevant PAVI group any service fees.

Standard Arrangements

There have not been, nor will be, any standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, for the last completed fiscal year and the ensuing year.

Employment Contract between the Company and Senior Management Officers

There are no special employment contracts between the Company and Senior Management.

Outstanding Options

As of 31 December 2023, there are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Owners of record of more than five percent (5%) of PREIT’s shares of stock as of 31 December 2023 are as follows:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
Common	PCD Nominee Corp. (Filipino)	PCD participants acting for	Filipino	1,606,826,000	48.86%

	G/F MSE Bldg. Ayala Ave., Makati City Stockholder	themselves or for their customers			
Common	S.I. Power Corporation Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City Stockholder	S.I. Power Corporation	Filipino	845,589,861	25.71%
Common	Camotes Island Power Generation Corporation 8F VistaHub Campus Tower 1 Levi B. Mariano Ave. Brgy Ususan, Taguig NCR Stockholder	Camotes Island Power Generation Corporation	Filipino	834,839,132	25.39%

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

Security Ownership of Directors as of 31 December 2023

Title of Class	Name of Beneficial Owner	Shares Owned and Nature of Beneficial Ownership	% of Total Outstanding Shares
Common	Garth F. Castañeda	1 (Direct)	0.00%
Common	Timothy Joseph M. Mendoza	1 (Direct)	0.00%
Common	Cynthia J. Javarez	801,001 (Direct & Indirect)	0.02%
Common	Manuel Paolo A. Villar	1 (Direct)	0.00%
Common	Jose Rommel C. Orillaza	1 (Direct)	0.00%
Common	Leonardo A. Singson	1 (Direct)	0.00%
Common	Maria Isabel J. Rodriguez	1 (Direct)	0.00%

Security Ownership of Management as of 31 December 2023

Title of Class	Name of Beneficial Owner	Shares Owned and Nature of Beneficial Ownership	% of Total Outstanding Shares
Common	Timothy Joseph M. Mendoza	Same as above	
Common	Jose Rommel C. Orillaza	Same as above	
Common	Cynthia J. Javarez	Same as above	
Common	Maryknoll B. Zamora	1,000 (Indirect)	0.00%
Common	Karen G. Empaynado	1,000 (Indirect)	0.00%
Common	Robert Marlon T. Pereja	1,000 (Indirect)	0.00%
Common	Vincent Kitto N. Jacinto	0	0.00%
Common	Nielson G. Pangan	0	0.00%

Foreign Ownership

As of 31 December 2023, 1,413,000 common shares, or 0.04% of the Company's outstanding capital stock, are owned by foreigners. The Company's foreign ownership limit is 40%.

Item 12. Certain Relationships and Related Party Transactions

Related Parties	Nature of the Transaction	Value of the Transaction
S.I. Power Corporation	Income arising from leased properties	P332,366,406
S.I. Power Corporation	Cash advances from parent company for accommodation of certain expenses and working capital requirements	P54,977,600
S.I. Power Corporation	Liability arising from lease agreement entered with Parent Company	P500,189

Camotes Island Power Generation Corporation	Income arising from leased properties	P311,447,616
Camotes Island Power Generation Corporation	Cash advances from parent company for accommodation of certain expenses and working capital requirements	P390,286,322
VFund Management, Inc.	Fund management fee	Under the Fund Management Agreement, the Fund Manager will receive equivalent 0.5% of the Company's Rental Income less straight-line adjustments, exclusive of value-added taxes.
VProperty Management, Inc.	Property management fee	Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Annual Rental Income less straight-line adjustments, exclusive of value-added taxes, provided that the total of such fee and the Fund Management Fee shall not exceed 1.0% of the Net Asset Value of the properties being managed.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Compliance

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

Green Initiatives and Corporate Social Responsibility

The Company adheres to and intends to implement the Environmental, Social and Corporate Governance (“ESG”) policies established by the PAVI Group through its parent company, PAVI. The current ESG policy requires each member of the PAVI Group, including each of the Sponsors and the Company, to undertake initiatives aimed at growing local communities – through education, job creation, as well as stimulus/sustainable environment and livelihood programs.

In the course of its operations, the Company will also implement one or more, or a combination of these various initiatives in furtherance of the PAVI Group’s ESG policy.

Deviations from Manual and Sanctions Imposed

There is no material deviation to the provision of the Manual on Corporate Governance in 2023. PREIT has substantially complied, and no sanctions were imposed on any director or officer on account of non-compliance with its Manual on Corporate Governance.

Updates on Corporate Governance

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

PART V – EXHIBIT AND SCHEDULES

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

Exhibits (incorporated by reference in this report)

Exhibit “1” : Audited Financial Statements and Schedules

Exhibit “2” : Sustainability Report

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

The Company filed the following reports on SEC Form 17-C during the year ended 31 December 2023.

DATE	REPORTS
January 3, 2023	Price Stabilization Activity
January 5, 2023	Three-Year Investment Strategy
January 9, 2023	Price Stabilization Activity
January 16, 2023	Price Stabilization Activity
January 16, 2023	Quarterly Progress Report on the Application of Proceeds for the quarter ended 31 December 2022
January 17, 2023	Annual Progress Report on the Application of Proceeds for the year ended 31 December 2022
February 10, 2023	Price Stabilization Activity
March 17, 2023	VFund Management, Inc. 4Q 2022 Quarterly Report
April 17, 2023	Quarterly Progress Report on the Application of Proceeds for the quarter ended 31 March 2023
April 27, 2023	Declaration of Cash Dividends - 27 April 2023
May 2, 2023	P-REIT Press Release for Dividend Declaration for the period ended 31 December 2023
May 5, 2023	Calling of the Annual Stockholders' Meeting
May 15, 2023	VFund Management, Inc. 1Q 2023 Quarterly Report
May 17, 2023	Appointment of Compliance Officer and Chief Risk Officer
June 19, 2023	Results of Annual Stockholders' Meeting dated 19 June 2023
June 19, 2023	Results of Organizational Meeting held on 19 June 2023
June 22, 2023	Declaration of Cash Dividends - 22 June 2023
July 14, 2023	Quarterly Progress Report on the Application of Proceeds for the quarter ended 30 June 2023
July 18, 2023	Resignation of Francis T. Salazar as Chief Audit Executive
August 14, 2023	VFund Management, Inc. 2Q 2023 Quarterly Report
September 8, 2023	Declaration of Cash Dividends - 8 September 2023
October 13, 2023	Quarterly Progress Report on the Application of Proceeds for the quarter ended 30 September 2023
November 20, 2023	VFund Management, Inc. 3Q 2023 Quarterly Report
December 20, 2023	Amended Reinvestment Plan
December 29, 2023	Three-Year Investment Strategy

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

Summary of Real Estate Transaction for the year ended 31 December 2023

On 31 May 2022, the Company and Sponsors executed a deed of assignment whereas the Sponsors cede, assign and transfer to the Company, in a manner absolute and irrevocable, the parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, to the REIT, in consideration for the issuance of REIT's shares. The property-for share swap transaction, forming part of the capital increase of the REIT, was also approved by the SEC on May 31, 2022. The requisite Certificates Authorizing Registration (**CARs**) authorizing the transfer of legal title to the Properties from the Sponsors to the Company were issued on September 2, 2022. The parcels of land include the land owned by the NPC to which the lease right was also assigned to the REIT as approved by the NPC. The lease has an original term of 20 years with a renewal option, subject to mutual agreement of both parties, and an escalation rate of 20% every five years. By virtue of the Property-for-Share Swap, the Sponsors acquired further control of the Company, through an aggregate ownership interest of 100% of the total issued and outstanding capital stock of the Company.

The REIT did not enter any real estate transactions, such as acquisitions and disposals, during the year ended 31 December 2023.

Summary of Real Estate Assets of the Company as of 31 December 2023

PROPERTIES	APPRAISAL AS OF 31 DECEMBER, 2023	GROSS LEASABLE AREA (GLA)	WALE	LEASED AREA	OCCUPANCY RATE
SIPCOR Properties					
Land – Candanay, Siquijor	P1,214,390,000	9,478 sq.m.	7 years	9,478 sq.m.	100%
Land – Lazi, Siquijor	P1,029,460,000	3,000 sq.m	8 years	3,000 sq.m	100%
Building – Candanay, Siquijor	P104,870,000	353.2 sq.m.	8 years	353.2 sq.m.	100%
Powerplant Assets – Candanay Siquijor	P934,480,000	607 sq.m	8 years	607 sq.m	100%
CAMPCOR Properties					
Land – Poro, Cebu	P1,664,430,000	8,468 sq.m.	9 years	8,468 sq.m.	100%
Land – Pilar, Cebu	P1,560,350,000	7,938.5 sq.m.	9 years	7,938.5 sq.m.	100%
Building – Poro, Cebu	P1,288,400,000	577.3 sq.m.	9 years	577.3 sq.m.	100%
Building – Pilar, Cebu	P914,890,000	244 sq.m	9 years	244 sq.m	100%

Status of Implementation of the Reinvestment Plan as of 31 December 2023

As of 31 December 2023, the Sponsors already disbursed the total net proceeds shares amounting to P2,320,278,610.00 from the 15 December 2022 Initial Public Offering (IPO) through a secondary offer, based on the agreed-upon procedures performed by Punongbayan & Araullo. Please see attached Annual Reinvestment Plan Progress Report for the year ended 31 December 2023.

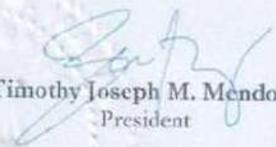
SIGNATURES

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

PREMIERE ISLAND POWER REIT
CORPORATION
Issuer

14 April 2024

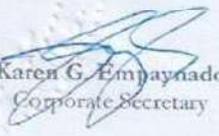
Date



Timothy Joseph M. Mendoza
President



Cecille Marie H. Bernardo
Treasurer and Chief Finance Officer



Karen G. Emjaynado
Corporate Secretary

14 APR 2024

SUBSCRIBED AND SWORN to before me this _____, in QUEZON CITY
affiant exhibiting to me his/her valid ID, as follows

Name	Competent Evidence of Identity	Date & Place of Issue
Timothy Joseph M. Mendoza	IBP ID with Roll No. 54620	Philippines
Cecille Marie H. Bernardo	Passport ID with No. P5033097A	OFA Manila
Karen G. Empaynado	IBP ID with No. 15033	Philippines

Doc No. 259
Page No. 52
Book No. 6
Series 2024.

Ann.
ATTY. FELIZARDO M. IBARRA
NOTARY PUBLIC FOR QUEZON CITY
Valid until December 31, 2024
Adm Matter No. NP-223 / Roll No. 80835
PTR No. 5452394 / 01-02-2024 / Q.C.
IBP No. 233592 / 5-23-22
MCLE No. VIII-0000973
TIN: 203-053-968-000

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. 19 January 2024
Date of Report (Date of earliest event reported)
2. SEC Identification Number 2022030044636-59
3. BIR Tax Identification No. 607-224-091-00000
4. PREMIERE ISLAND POWER REIT CORPORATION
Exact name of issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. 4th Floor Starmall IT Hub, CV Starr, Philamlife,
Pamplona Dos, Las Piñas City
Address of principal office
8. +63(2) 8734 5732 / +63(2) 8775 8072
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON STOCK</u>	<u>3,288,669,000</u>

11. Indicate the item numbers reported herein:
Item 9 - Other Events
PREIT hereby submits its Annual Progress Report for the year ended 31 December 2023 on the Application of Proceeds duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange, in relation to the Reinvestment Plan submitted in connection with the IPO of PREIT.
-

SIGNATURES

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

PREMIERE ISLAND POWER REIT CORPORATION

19 January 2024

Issuer

Date



Karen G. Empaynado
Corporate Secretary

January 15, 2024

THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City
Taguig City

Attention: **MS. ALEXANDRA D. TOM-WONG**
Officer-In-Charge, Disclosure Department

Dear Ma'am:

In connection with the Offering Proceeds of **Premiere Island Power REIT Corporation** (the "REIT") on December 15, 2022, we submit herewith our report on the application of the offering proceeds. The details of the disbursements as of and for the period January 1 to December 15, 2023 are as follows:

Offering Proceeds (1,610,000,000 shares at Php1.5 per share)	P	2,415,000,000
Less: IPO-related expenses		
Underwriting and selling fees for the Offer Shares being sold by the Selling Shareholders		59,310,173
Fees paid to the PSE Trading Participants		1,020,405
Taxes paid by the Selling Shareholders		14,490,000
Crossing expenses		6,213,900
SEC registration filing and legal research fee		1,805,039
PSE filing fee (inclusive of value-added tax)		7,366,619
Professional Fees		
Accounting Fees		2,875,000
Stock transfer and receiving		883,743
Securities depository fee		75,105
Other expenses		681,406
Total IPO-related expenses		<u>94,721,390</u>
Net Offering Proceeds		<u>2,320,278,610</u>
Less: Disbursement for Reinvestment Plan		
Costs incurred for the quarter ended March 31, 2023		238,795,139
Costs incurred for the quarter ended June 30, 2023		126,931,238
Costs incurred for the quarter ended September 30, 2023		235,060,516
Costs incurred for the period October 1 to December 15, 2023		1,719,491,717
Total Disbursement for Reinvestment Plan		<u>2,320,278,610</u>
Net Balance of Offering Proceeds for the period January 1 to December 15, 2023	P	<u>-</u>

h'



In compliance with the conditions of the Philippine Stock Exchange's Notice of Approval for the IPO, the undersigned hereby certifies the foregoing as true and correct based on available records.

Likewise enclosed is the certification from PREIT's external auditor, Punongbayan & Araullo, in connection with the Report.

We trust that you find everything in order.

Sincerely yours,

Maryknoll B. Zamora
Maryknoll B. Zamora
Chief Financial Officer

Report of Independent Auditors on Factual Findings

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

T +63 2 8988 2288

The Board of Directors and Stockholders
Premiere Island Power REIT Corporation
(A Subsidiary of S.I. Power Corp.)
4th Floor Starmall IT Hub
CV Starr Avenue, Philamlife Village
Pampuna Dos, Las Piñas City

We have performed the procedures agreed with you and enumerated in the succeeding page with respect to the attached Annual Progress Report (the Report) as of and for the period January 1 to December 15, 2023 on the application of proceeds from the public offering (Offering Proceeds) of Premiere Island Power REIT Corporation (the REIT) on December 15, 2022. The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report relating to the application of the Offering Proceeds accompanied by an external auditor's report. Our engagement was undertaken, and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements*, applicable to agreed-upon procedures engagements.

Consistent with the Reinvestment Plan, S.I. Power Corp. (SIPCOR) received the proceeds from the sale of the offer shares and therefore becomes the assigned disbursing entity in the fulfillment of the REIT's Reinvestment Plan. As of December 15, 2023, SIPCOR, the parent company, holds 25.71% interest over the REIT.

On November 8, 2023, the Board of Directors of the REIT approved the reallocation of the use of proceeds prioritizing projects which are already existing and to include a new ongoing project in Palawan.

We present below the summary of the breakdown and intended application of the Offering Proceeds based on the Company's Reinvestment Plan, as amended.

	Initial Allocation of Offering Proceeds	Revised Allocation of Offering Proceeds as of December 15, 2023	Application of Offering Proceeds as of December 31, 2022	Application of Offering Proceeds For the period January 1 to December 15, 2023	Balance of Offering Proceeds as of December 15, 2023	Disbursing Entity
Bataan Solar Farm 1	P 151,677,337	P 230,280,867	P -	P 230,280,867	P -	SIPCOR
Camarines Norte Solar Farm 1	308,375,000	201,868,903	-	201,868,903	-	SIPCOR
Camarines Sur Solar Farm 1	370,000,000	1,078,436,513	-	1,078,436,513	-	SIPCOR
Palawan Main Grid	-	809,692,327	-	809,692,327	-	SIPCOR
Camarines Sur Solar Farm 2	90,000,000	-	-	-	-	SIPCOR
Pangasinan Solar Farm 1	102,302,220	-	-	-	-	SIPCOR
Pangasinan Solar Farm 2	220,000,000	-	-	-	-	SIPCOR
Nueva Ecija Solar Farm	632,000,000	-	-	-	-	SIPCOR
Bulacan Solar Farm	315,000,000	-	-	-	-	SIPCOR
Isabela Solar Farm 1	130,624,053	-	-	-	-	SIPCOR
	P 2,320,278,610	P 2,320,278,610	P -	P 2,320,278,610	P -	

Certified Public Accountants

Punongbayan & Araullo [P&A] is the Philippine member firm of Grant Thornton International Ltd.

granthornton.com.ph

Offices in Cavite, Cebu, Davao
BCA/PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

As confirmed by management, there were total disbursements of P2,320.28 million for the period January 1 to December 15, 2023 related to the properties located at Bataan, Camarines Norte, Camarines Sur and Palawan.

Agreed-upon Procedures

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
 - a.) The Report;
 - b.) Schedule of planned use of proceeds from the Offering Prospectus; and,
 - c.) Detailed schedule of disbursements of proceeds for the period January 1 to December 15, 2023.
2. Agreed total amount of disbursements of the Offering Proceeds shown in the Report to the detailed schedule of disbursements of proceeds for the period January 1 to December 15, 2023.
3. Compared the schedule of planned application of the Offering proceeds to the Reinvestment Plan as included in the Offering Prospectus and as amended on December 15, 2023.
4. Traced to and examined supporting documents of the disbursements in the schedule and agreed the total amount of disbursements per category in the Report.

Results of the Performance of Agreed-Upon Procedures

- With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.
- In relation to items 2 and 3, disbursements amounting to P2,320.28 million were incurred by the REIT for the period January 1 to December 15, 2023. These disbursements were related to the following:
 - Funding for the purchase of generator set, acquisition of parcels of land and development costs for the Palawan project site costing P672.62 million, P58.74 million and P78.33 million respectively; and,
 - Funding for costs amounting to P1,510.59 million in relation to the construction work on power plant sites in Bataan, Camarines Norte, Camarines Sur and Palawan.

We inspected the related invoice, deed of sales, land titles, approved payment vouchers, official receipts, statement of accounts and progress billings issued by the contractors. No exceptions were found.

As of December 15, 2023, the Offering Proceeds allotted for the projects listed on the Reinvestment Plan, as amended, were fully disbursed pursuant to the REIT law and its implementing rules and regulations.

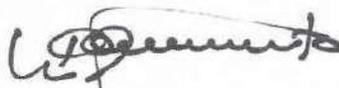
- We found no exceptions with respect to item 4.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of Offering Proceeds based on the said standards. Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the REIT, taken as a whole.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 9566641, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

January 15, 2024

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF TAGUIG) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this JAN 19 2024, personally came and appeared the following:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date and Place of Issue / Date of Expiry</u>
MARYKNOLL B. ZAMORA	N01-91-234497	LTO valid until 12/20/2031
RENAN A. PIAMONTE	PRC ID Reg no. 0107805	PRC valid until 09/16/2025

known to me to be the same persons who executed the foregoing and who acknowledged to me that the same is their free and voluntary act and deed, as well as the corporations represented herein.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above written.

Doc No. 40 :
Page No. 8 :
Book No. XXXV :
Series of 2024.

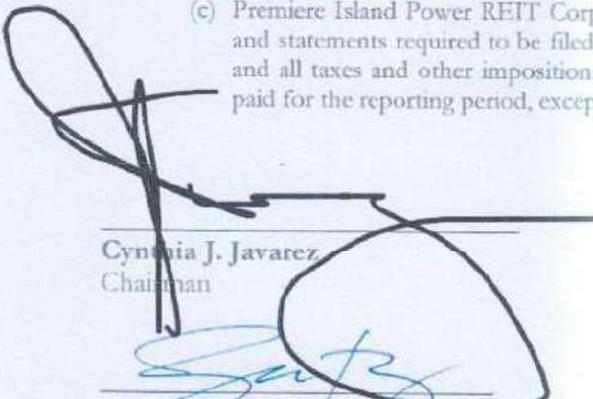
ATTY. IRISH S. PRECION
Notary Public for Taguig City
Appointment No. 23 (2023-2024)
Roll No. 59281/05.21.17 / BR No. 257478/12.29.23
PTR No. A-612361901-02.24/Taguig City
MCLE Compliance No. VW-0020815 valid until 04-14-25
Ground Floor FTI Old Admin. Bldg. FTI Complex, Taguig City
precionirish@gmail.com / 09988534549

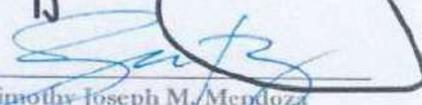
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

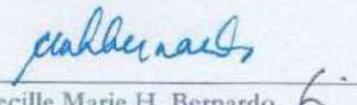
The Management of Premiere Island Power REIT Corporation is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements 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, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of Premiere Island Power REIT Corporation are complete and correct in all material respects. Management likewise affirms that:

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


Cynthia J. Javarez
Chairman


Timothy Joseph M. Mendoza
President


Cecille Marie H. Bernardo
Treasurer

Signed this 14th day of April 2024

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

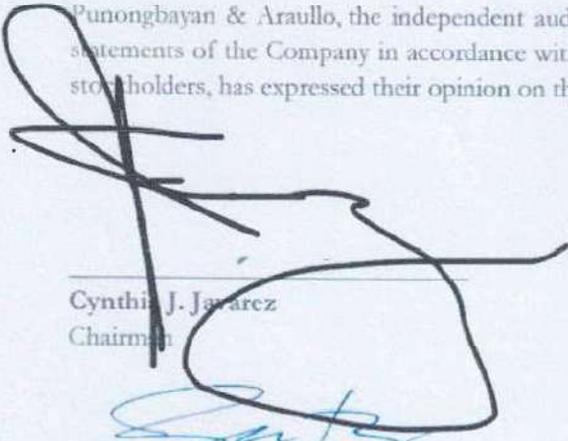
The management of Premiere Island Power REIT Corporation is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

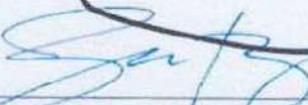
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

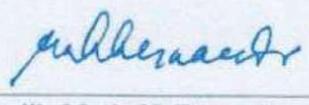
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.


Cynthia J. Javarez
Chairman


Timothy Joseph M. Mendoza
President

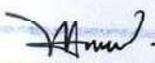

Cecille Marie H. Bernardo
Treasurer

Signed this 14th day of April 2024

SUBSCRIBED AND SWORN to before me this 14 APR 2024, in QUEZON CITY, affiant exhibiting to me his/her valid ID, as follows

Name	Competent Evidence of Identity	Date & Place of Issue
Cynthia J. Javarez	P3138029B	DFA MANILA 09/09/2029
Timothy Joseph M. Mendoza	N26-98-018797	LTO 06/10/2024
Cecille Marie H. Bernardo	P5633097A	DFA MANILA 01/15/2028

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Book No. 6
Series 2024.


ATTY. FELIZARDO M. IBARRA
NOTARY PUBLIC FOR QUEZON CITY
Valid until December 31, 2024
Adm Matter No. NP-223 / Roll No. 80835
PTR No. 5452394 / 01-02-2024 / Q.C.
IBP No. 233592 / 5-23-22
MCLE No. VIII-0000973
TIN: 203-053-968-000



FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Premiere Island Power REIT Corporation

For the Year Ended December 31, 2023 and for
the Period March 4, 2022 to December 31, 2022

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. Power Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Premiere Island Power REIT Corporation (the REIT), formerly Premiere Island Philippines Holding Corporation, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2023 and 2022, and its financial performance and its cash flows for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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, which measures the fair value of an asset 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, 2023 is P7.8 billion, representing 79% of the total assets of the REIT. The valuation of investment properties is a key audit matter because of the significance of the amount involved and because the measurement involves the application of significant judgments and estimates.

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, and 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 2023, the REIT recognized revenue from rental of investment properties amounting to P643.8 million. Rental income on long-term leases is recognized on a straight-line basis over the term of the lease.

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, 10 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, *Leases*. 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 lease 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, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

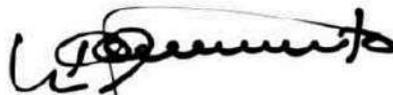
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation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

Report on Other Legal and Regulatory Requirements

The supplementary information for the year ended December 31, 2023 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 Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 14, 2024

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash	4	P 51,889,838	P 4,625,289
Trade and other receivables	5	1,051,325,057	392,386,454
Prepayments and other current assets		<u>42,959,052</u>	<u>604,953</u>
Total Current Assets		<u>1,146,173,947</u>	<u>397,616,696</u>
NON-CURRENT ASSETS			
Property and equipment - net	6	934,480,000	897,580,000
Investment properties	7	7,784,490,000	7,570,970,000
Deferred tax assets - net	12	<u>-</u>	<u>32,408,114</u>
Total Non-current Assets		<u>8,718,970,000</u>	<u>8,500,958,114</u>
TOTAL ASSETS		<u>P 9,865,143,947</u>	<u>P 8,898,574,810</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	8	P 192,401,958	P 59,710,417
Due to related parties	13	509,891,645	64,627,723
Lease liabilities	9	<u>381,908</u>	<u>230,280</u>
Total Current Liabilities		<u>702,675,511</u>	<u>124,568,420</u>
NON-CURRENT LIABILITIES			
Lease liabilities	9	5,819,943	6,471,760
Deferred tax liabilities - net	12	<u>58,705,012</u>	<u>-</u>
Total Non-current Liabilities		<u>64,524,955</u>	<u>6,471,760</u>
Total Liabilities		<u>767,200,466</u>	<u>131,040,180</u>
EQUITY			
Capital stock	14	3,288,669,000	3,288,669,000
Additional paid-in-capital	14	5,328,952,851	5,328,952,851
Revaluation reserves - net	6	79,018,554	12,683,703
Retained earnings	14	<u>401,303,076</u>	<u>137,229,076</u>
Total Equity		<u>9,097,943,481</u>	<u>8,767,534,630</u>
TOTAL LIABILITIES AND EQUITY		<u>P 9,865,143,947</u>	<u>P 8,898,574,810</u>

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	Notes	2023 (One Year)	2022 (Ten Months)
RENTAL INCOME	10	P 643,814,022	P 355,161,394
COSTS OF RENTALS	11	<u>70,763,428</u>	<u>40,701,197</u>
GROSS PROFIT		573,050,594	314,460,197
OTHER OPERATING EXPENSES	11	<u>4,660,730</u>	<u>11,502,749</u>
OPERATING PROFIT		<u>568,389,864</u>	<u>302,957,448</u>
OTHER INCOME (CHARGES) - Net			
Fair value gain (loss) on investment properties	7	213,520,000	(191,960,000)
Finance cost	9	(434,898)	(269,912)
Finance income	4	<u>6,051</u>	<u>1,202</u>
		<u>213,091,153</u>	(<u>192,228,710</u>)
PROFIT BEFORE TAX		781,481,017	110,728,738
TAX INCOME (EXPENSE)	12	(<u>77,471,471</u>)	<u>28,500,338</u>
NET PROFIT		<u>704,009,546</u>	<u>139,229,076</u>
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss			
Revaluation increase in property and equipment - net	6	89,441,268	16,911,604
Tax expense	12	(<u>22,360,317</u>)	(<u>4,227,901</u>)
		<u>67,080,951</u>	<u>12,683,703</u>
TOTAL COMPREHENSIVE INCOME		P <u>771,090,497</u>	P <u>151,912,779</u>
BASIC AND DILUTED EARNINGS PER SHARE	15	P <u>0.21</u>	P <u>0.06</u>

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	<u>Capital Stock</u> <small>(See Note 14)</small>	<u>Additional Paid-in Capital</u> <small>(See Note 14)</small>	<u>Revaluation Reserves</u> <small>(See Note 6)</small>	<u>Retained Earnings</u> <small>(See Note 14)</small>	<u>Total</u>
Balance at January 1, 2023	P 3,288,669,000	P 5,328,952,851	P 12,683,703	P 137,229,076	P 8,767,534,630
Dividends declared	-	-	-	(440,681,646)	(440,681,646)
Transfer depreciation to retained earnings	-	-	(746,100)	746,100	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>67,080,951</u>	<u>704,009,546</u>	<u>771,090,497</u>
Balance at December 31, 2023	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 79,018,554</u>	<u>P 401,303,076</u>	<u>P 9,097,943,481</u>
Balance at January 1, 2022	P -	P -	P -	P -	P -
Issuances of shares of stock	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	<u>-</u>	<u>-</u>	<u>12,683,703</u>	<u>139,229,076</u>	<u>151,912,779</u>
Balance at December 31, 2022	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 12,683,703</u>	<u>P 137,229,076</u>	<u>P 8,767,534,630</u>

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	Notes	2023 (One Year)		2022 (Ten Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 781,481,017		P 110,728,738
Adjustments for				
Fair value (gain) loss on investment properties	7	(213,520,000)		191,960,000
Depreciation	6	52,541,268		30,071,604
Finance cost	9	434,898		269,912
Finance income	4	(6,051)		(1,201)
Operating profit before working capital changes		620,931,132		333,029,053
Increase in trade and other receivables		(658,938,603)		(392,386,454)
Increase in prepayments and other current assets		(42,354,099)		(585,977)
Increase in trade and other payables		72,427,503		51,556,244
Cash generated from (used in) operations		(7,934,067)		(8,387,134)
Income tax paid		(8,718,662)		(240)
Interest received	4	6,051		961
Net Cash From (Used in) Operating Activities		(16,646,678)		(8,386,413)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances received from related parties	13	445,263,922		15,132,290
Dividends paid	14	(380,417,608)		(2,000,000)
Payment of lease liability	9	(500,189)		-
Interest paid	9	(434,898)		(125,588)
Proceeds from issuance of shares	14	-		5,000
Net Cash From Financing Activities		63,911,227		13,011,702
NET INCREASE IN CASH		47,264,549		4,625,289
CASH AT BEGINNING OF PERIOD		4,625,289		-
CASH AT END OF PERIOD		P 51,889,838		P 4,625,289

Supplemental Information in Non-cash Investing and Financing 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. Power Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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 property-for-share swap transaction with Camotes Island Power Generation Corporation and S.I. Power Corp. (CAMPCOR and SIPCOR, respectively; the Sponsors, collectively) (see Note 14).

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

SIPCOR (the Parent Company) holds 25.71% interest over the REIT while 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 the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, its related parties or any third party, without engaging in the business of a financing company or lending investor.

The 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 PAVT's registered office, which is also their principal place of business, is located at 3rd Floor Starmall IT Hub, CV Starr Ave., Philamlife Village, Las Piñas City.

1.2 Approval of the Financial Statements

The financial statements of the REIT as of and for the year ended December 31, 2023 (including the comparative financial statements as of and for the period March 4, 2022 to December 31, 2022) were authorized for issue by the REIT's BOD on April 14, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the REIT have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) 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.

2.2 Adoption of Amended PFRS

(a) *Effective in 2023 that are Relevant to the REIT*

The REIT adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):	Presentation of Financial Statements Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the REIT's financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the REIT's financial statements.

- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the REIT's financial statements.

(b) *Effective in 2023 that are not Relevant to REIT*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the REIT's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the REIT's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Financial Instruments

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

(a) Financial Assets

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

Classification and Measurement of Financial Assets

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

Impairment of Financial Assets

The REIT applies a general approach in relation to its trade and other receivables, which relate to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables, the contractual period is the very short period needed to transfer the cash once demanded or when the receivables fall due. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the REIT's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the REIT cannot immediately collect the receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized which may prove to be negligible.

(b) Financial Liabilities

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

2.4 Property and Equipment

Property and equipment, are carried at revalued amount which is the fair value at the date of the revaluation, as determined by independent appraiser, less subsequent accumulated depreciation and any accumulated impairment losses.

Revalued amount is the fair market value determined based on appraisal by external professional appraiser once every two years or more frequently if market factors indicate a material change in fair value.

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

2.5 Investment Properties

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

Investment properties are accounted for under the fair value model. They are revalued annually and are reported in the statement of financial position at its fair value. 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.

2.6 Leases

(a) REIT as Lessee

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

The REIT has elected to account for short-term leases and leases of low-value assets using the practical expedients, when applicable. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) REIT as Lessor

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

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*

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

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

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Fair Value Measurement of Investment Properties, and Property and Equipment*

The REIT's investment properties, composed of right-of-use asset, land and buildings, are measured using the fair value model while the REIT's property and equipment, composed of generation assets, are measured using revaluation model. In determining the fair value of these assets, the REIT engages the services of professional and independent appraisers applying the income approach.

In determining the fair value under the income approach, significant estimates are made such as revenues generated, costs and expenses related to the operations and discount rate.

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, 2023 and 2022, there is no change in estimated useful lives of the property and equipment during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers/counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 17.2(b).

Based on management's assessment, the outstanding balances of receivables as of December 31, 2023 and 2022 are fully collectible (see Note 5).

(d) *Impairment of Non-financial Assets*

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

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate.

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

There were no impairment losses on the REIT's non-financial assets required to be recognized for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 based on management's assessment.

4. CASH

Cash in bank amounted to P51.9 million and P4.6 million as of December 31, 2023 and 2022, respectively.

Cash in banks generally earn interest based on daily bank deposit rates. Interest income earned from cash in banks amounted to P6,051 in 2023 and P1,202 in 2022. Interest earned is presented as Finance income under Other Income (Charges) section in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Trade receivables:	13.1		
Billed		P 943,982,983	P 346,914,909
Accrued		107,342,074	45,415,940
Advances to employees		<u>-</u>	<u>55,605</u>
		<u>P 1,051,325,057</u>	<u>P 392,386,454</u>

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

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

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

The property and equipment of the REIT pertains to generation assets (see Note 14).

The carrying amount of property and equipment as at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cost	P 897,580,000	P 910,740,000
Depreciation	(52,541,268)	(30,071,604)
Revaluation	<u>89,441,268</u>	<u>16,911,604</u>
	<u>P 934,480,000</u>	<u>P 897,580,000</u>

The property and equipment is recognized under the revaluation model. The revaluation surplus, net of applicable deferred income taxes, is presented as part of the Revaluation Reserves account in the equity section of the statements of financial position.

The movements of the revaluation surplus are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of period	P 12,683,703	P -
Revaluation	67,080,951	12,683,703
Depreciation	(746,100)	-
Balance at end of period	<u>P 79,018,554</u>	<u>P 12,683,703</u>

The REIT recognized income arising from the lease of generation assets to SIPCOR amounting to P52.7 million and P30.8 million as of December 31, 2023 and 2022, respectively are presented as part of Rental Income in the statements of comprehensive income (see Note 10). The related outstanding receivable is presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

The depreciation expense is presented as part of Costs of Rentals in the statements of comprehensive income.

In 2023, the REIT transferred to Retained Earnings the depreciation of the revaluation surplus from prior year amounting to P0.7 million.

Under cost model, the carrying value of the property and equipment amounted to P828.1 million and P880.7 million as of December 31, 2023 and 2022, respectively.

The REIT did not have any fully depreciated property and equipment as of December 31, 2023 and 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

The REIT's investment properties pertain to parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, (see Note 14), and the right-of-use asset on the lease right from the lease agreement with NPC (see Note 9).

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.

A reconciliation of the carrying amounts of investment properties as at December 31, 2023 and 2022 is shown below.

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Total</u>
Balance as of				
December 31,2022	P 4,085,360,000	P 2,223,800,000	P 1,261,810,000	P 7,570,970,000
Fair value gain (loss)	<u>168,880,000</u>	<u>92,060,000</u>	<u>(47,420,000)</u>	<u>213,520,000</u>
Balance as of				
December 31,2023	<u>P 4,254,240,000</u>	<u>P 2,315,860,000</u>	<u>P 1,214,390,000</u>	<u>P 7,784,490,000</u>
Balance as of				
May 31, 2022	P 4,166,270,000	P 2,270,810,000	P 1,325,850,000	P 7,762,930,000
Fair value loss	<u>(80,910,000)</u>	<u>(47,010,000)</u>	<u>(64,040,000)</u>	<u>(191,960,000)</u>
Balance as of				
December 31,2022	<u>P 4,085,360,000</u>	<u>P 2,223,800,000</u>	<u>P 1,261,810,000</u>	<u>P 7,570,970,000</u>

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, 2023 and 2022. The fair value gain and loss on investment properties is presented under Other income (Charges) in the statements of comprehensive income.

The REIT recognized income amounting to P591.1 million in 2023 and P324.4 million in 2022 from the lease of investment properties and are presented as part of Rental Income in the statements of comprehensive income (see Note 10). Related outstanding receivables are presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

Expenses such as taxes and licenses and property management fees incurred in relation to the rental services are recognized as incurred and are presented as part of Costs of Rentals in the statements 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred output VAT	P 97,394,687	P 37,169,455
Dividends payable	60,264,038	-
Accrued expenses	30,608,415	13,485,379
Others	<u>4,134,818</u>	<u>9,055,583</u>
	<u>P 192,401,958</u>	<u>P 59,710,417</u>

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

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 eight 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 statements of financial position (see Note 7).

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

	<u>2023</u>	<u>2022</u>
Current	P 381,908	P 230,280
Non-current	<u>5,819,943</u>	<u>6,471,760</u>
	<u>P 6,201,851</u>	<u>P 6,702,040</u>

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of period	P 6,702,040	P -
Initial recognition	-	6,557,716
Repayments	(935,087)	(125,588)
Amortization	<u>434,898</u>	<u>269,912</u>
Balance at end of the period	<u>P 6,201,851</u>	<u>P 6,702,040</u>

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

As at December 31, 2023 and 2022, the REIT has no commitments to leases which had not commenced.

The maturity analysis of lease liabilities as at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Within 1 year	P 813,600	P 678,000
1 to 2 years	813,600	813,600
2 to 3 years	813,600	813,600
3 to 4 years	813,600	813,600
4 to 5 years	813,600	813,600
More than 5 years	<u>4,881,600</u>	<u>5,965,109</u>
	<u>P 8,949,600</u>	<u>P 9,897,509</u>

The cash outflow in respect of the lease for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 amounted to P0.9 million and P0.1 million, respectively.

10. RENTAL INCOME

The REIT derives its rental income from the lease of its investment properties and property and equipment (see Notes 6 and 7), which commenced in June 2022.

Rentals from these properties are based on agreed guaranteed annual base or the calculated variable rental based on the lessees' revenues, whichever is higher. In 2023 and 2022, the agreed guaranteed annual base is higher than the variable base for all properties, except for the Candanay property (see Note 16).

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

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

The rental income derived from such leases amounted to P643.8 million and P355.2 million in 2023 and 2022, respectively. Breakdown of rental income reported in the statements of comprehensive income is shown in the succeeding page.

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Rental income from SIPCOR:		
Right-of-use asset	P 207,956,866	P 105,400,099
Land	65,773,495	33,879,160
Generation assets (presented as property and equipment)	52,719,971	30,753,317
Building	<u>5,916,074</u>	<u>3,451,042</u>
	<u>332,366,406</u>	<u>173,483,618</u>
Rental income from CAMPCOR:		
Land	184,766,973	107,780,736
Building	<u>126,680,643</u>	<u>73,897,040</u>
	<u>311,447,616</u>	<u>181,677,776</u>
	<u>P 643,814,022</u>	<u>P 355,161,394</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Generation assets</u>	<u>Total</u>
2023 (One Year):					
Siquijor	P 65,773,495	P 5,916,074	P 207,956,866	P 52,719,971	P 332,366,406
Cebu	<u>184,766,973</u>	<u>126,680,643</u>	<u>-</u>	<u>-</u>	<u>311,447,616</u>
	<u>P 250,540,468</u>	<u>P 132,596,717</u>	<u>P 207,956,866</u>	<u>P 52,719,971</u>	<u>P 643,814,022</u>
2022 (Ten Months):					
Siquijor	P 33,879,160	P 3,451,042	P 105,400,099	P 30,753,317	P 173,483,618
Cebu	<u>107,780,736</u>	<u>73,897,040</u>	<u>-</u>	<u>-</u>	<u>181,677,776</u>
	<u>P 141,659,896</u>	<u>P 77,348,082</u>	<u>P 105,400,099</u>	<u>P 30,753,317</u>	<u>P 355,161,394</u>

As of December 31, 2023 and 2022, the rental receivable amounted to P1,051.3 million and P392.4 million, respectively, which is reported as Trade and Other Receivables in the statements of financial position (see Note 5).

11. COSTS AND OPERATING EXPENSES

The details of this account are shown below.

	<u>Notes</u>	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Depreciation	6	P 52,541,268	P 30,071,604
Property and fund management fees	7	18,222,160	10,629,593
Professional fees		1,572,897	3,171,103
General and administrative		1,099,680	2,446,711
Taxes and licenses	7	238,877	4,932,869
Advertising		107,221	585,809
Miscellaneous		<u>1,642,055</u>	<u>366,257</u>
		<u>P 75,424,158</u>	<u>P 52,203,946</u>

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

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Costs of rentals	P 70,763,428	P 40,701,197
Operating expenses	<u>4,660,730</u>	<u>11,502,749</u>
	<u>P 75,424,158</u>	<u>P 52,203,946</u>

12. INCOME TAXES

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

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
<i>Reported in profit or loss</i>		
Current tax expense:		
Regular corporate income tax at 25%	P 8,717,221	P 8,135,437
Final tax at 20%	<u>1,441</u>	<u>240</u>
	8,718,662	8,135,677
Deferred tax arising from origination of temporary differences	<u>68,752,809</u>	<u>(36,636,015)</u>
	<u>P 77,471,471</u>	<u>(P 28,500,338)</u>
<i>Reported in other comprehensive income –</i>		
Deferred tax expense arising from recognition of revaluation surplus	<u>P 22,360,317</u>	<u>P 4,227,901</u>

A reconciliation of tax on pretax profit or loss computed at the applicable statutory rates to tax expense or income reported in the statements of comprehensive income for the period ended December 31, 2023 and 2022 is as follows:

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Tax on pretax profit at 25%	P 195,370,254	P 27,682,185
Tax effect of:		
Dividends from distributable income	(117,898,784)	(56,250,000)
Non-deductible expenses	-	67,297
Adjustment for income subjected to lower income tax rate	-	180
	<u>P 77,471,471</u>	<u>(P 28,500,338)</u>

The REIT claimed the dividends as tax deduction in 2023 and 2022 (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 (liabilities) as of December 31, 2023 and 2022 is shown below.

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Straight-lining of rental income	(P 26,835,519)	(P 11,353,985)
Revaluation surplus of property and equipment	(26,588,218)	(4,227,901)
Fair value loss (gain) on investment properties	(5,390,000)	47,990,000
Interest expense on lease liability	<u>108,725</u>	<u>-</u>
	<u>(P 58,705,012)</u>	<u>P 32,408,114</u>

The REIT claimed itemized deductions in computing for its income tax due in 2023 and 2022.

13. RELATED PARTY TRANSACTIONS

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

Related Party Category	Notes	Amount of Transactions		Outstanding Receivable (Payable)	
		2023 (One Year)	2022 (Ten Months)	2023	2022
Parent Company					
Rental income	5, 10, 13.1	P 332,366,406	P 173,483,618	P 539,885,748	P 191,870,443
Due to related party	13.2	54,977,600	64,086,279	(119,063,879)	(64,086,279)
Lease liabilities	9	500,189	6,702,040	(6,201,851)	(6,702,040)
Related party under Common ownership					
Rental income	5, 10, 13.1	311,447,616	181,677,776	456,104,600	200,460,406
Due to related party	13.2	390,286,322	541,444	(390,827,766)	(541,444)
Key management personnel –					
Compensation	13.3	547,500	-	547,500	-

13.1 Lease Agreements

In 2022, the REIT entered into several operating lease agreements with SIPCOR and CAMPCOR (see Note 9).

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

13.2 Due to Related Parties

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

In 2023 and 2022, the REIT obtained advances from its parent company amounting to P55.0 million and P14.6 million, respectively. Also in 2022, the Parent Company paid certain expenses amounting to P49.5 million on behalf of the REIT (see Note 23).

The REIT also obtained advances from a related party under common ownership amounting to P390.3 million in 2023 and P0.5 million in 2022.

The outstanding due to related parties presented in the statements of financial position as at December 31, 2023 and 2022 amounted to P509.9 million and P64.6 million, respectively. 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.

13.3 Key Management Function

Key management personnel compensation incurred as the REIT's management and administrative functions amounted to P0.5 million were handled by the parent company.

14. EQUITY

14.1 Capital Stock

Capital stock consists of the following as of December 31, 2023 and 2022:

	<u>Shares</u>	<u>Amount</u>
Common shares		
Authorized	<u>7,500,000,000</u>	<u>P7,500,000,000</u>
Issued and outstanding	<u>3,288,669,000</u>	<u>P3,288,669,000</u>

The REIT is authorized to issue 7,500,000,000 common shares with a par value of P1.0 per share. As of December 31, 2023 and 2022, a total number of 3,288,669,000 shares were fully issued and outstanding which amounted to P3.3 billion.

Under the terms of the capital increase, the REIT shall issue a total of 3,288,664,000 common shares to SIPCOR and CAMPCOR in exchange for the transfer, assignment and conveyance by SIPCOR and CAMPCOR of all their rights, title and interests in certain generation assets (see Note 6) and parcels of land and buildings situated thereat (see Note 7).

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

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

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

As of December 31, 2023 and 2022, there are 2,904 holders and 2,700 holders, respectively, of at least one board lot of the listed shares, which closed at P1.54 per share for 2023 and P1.60 per share for 2022.

14.2 Dividends

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

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

2022

July 11, 2022	August 29, 2022	0.01	<u>P 2,000,000</u>
---------------	-----------------	------	--------------------

Unpaid dividends amounting to P60.3 million is presented as part of Trade and Other Payables in the 2023 statement of financial position (see Note 8). There are no unpaid dividends in 2022.

14.3 Distributable Income

The computation of the distributable income of the REIT for the period December 31, 2023 and 2022 is shown below.

	<u>2023 (One Year)</u>	<u>2022 (Ten Months)</u>
Net profit	P 704,009,546	P 139,229,076
Fair value adjustment of investment property resulting to loss (gain)	(213,520,000)	191,960,000
Deferred tax expense (income)	68,752,809	(36,636,015)
Effect of straight-lining of rental income	(61,926,134)	(45,415,940)
Accretion of interest relating to lease liability	<u>434,898</u>	<u>144,324</u>
Distributable income	<u>P 497,751,119</u>	<u>P 249,281,445</u>

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

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:

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Net profit for the period	P 704,009,546	P 139,229,076
Divided by weighted number of outstanding common shares	<u>3,288,669,000</u>	<u>2,302,069,800</u>
Basic and diluted earnings per share	<u>P 0.21</u>	<u>P 0.06</u>

The REIT has no potential dilutive common shares as of December 31, 2023 and 2022.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – REIT as a Lessor

The lease agreements of the REIT with SIPCOR and CAMPCOR requires monthly rentals equivalent to the higher of a guaranteed base lease or a percentage ranging from 0.50% to 26.90% of the lessee’s annual revenue (see Notes 6 and 7). In 2023 and 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). In 2023 and 2022, rental income from such property amounted to P105.6 million and P180.7 million, respectively, determined based on 26.59% of the revenue derived from such lease in each year.

The future minimum lease receivable under the REIT’s lease agreements (see Notes 7 and 9) as of December 31, 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Within 1 year	P 608,848,418	P 608,848,418
1 to 2 years	608,848,418	608,848,418
2 to 3 years	608,848,418	608,848,418
3 to 4 years	608,848,418	608,848,418
4 to 5 years	608,848,418	608,848,418
More than 5 years	<u>1,602,145,715</u>	<u>2,210,994,133</u>
	<u>P 4,646,387,805</u>	<u>P 5,255,236,223</u>

The REIT is subject to risk incidental to the operation of its investment properties and property and equipment, which include, among others, changes in market rental rates and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. All of the REIT’s lease agreements are from related parties. If the expected growth does not meet management’s expectations, the REIT may not be able to collect rent or collect at profitable rates. Management however deemed that the risk of non-collection is insignificant given the REIT 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, 2023 and 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 and in the succeeding page.

17.1 Market Risk

As of December 31, 2023 and 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, 2023 and 2022 is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash	4	P 51,889,838	P 4,625,289
Trade and other receivables	5	<u>1,051,325,057</u>	<u>392,386,454</u>
		<u>P1,103,214,895</u>	<u>P 397,011,743</u>

(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*

Management determines possible impairment based on the related parties' ability to repay the receivables upon demand at the reporting date taking into consideration historical defaults of the related parties. Management assessed that the outstanding balances from related parties as of December 31, 2023 and 2022 is recoverable since the related parties have the capacity to pay the balances upon demand and there were no historical defaults. Hence, the losses are deemed negligible.

17.3 Liquidity Risk

As of December 31, 2023, the REIT's maximum liquidity risk is the carrying amounts of trade and other payables, due to related parties and lease liabilities (see Note 9).

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

		Within 6 Months	
	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Trade and other payables	8	P 95,007,271	P 22,385,121
Due to related parties	13	<u>509,891,645</u>	<u>64,627,723</u>
		<u>P 604,898,916</u>	<u>P 87,012,844</u>

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

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 statements of financial position are shown below.

	Notes	2023		2022	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Cash	4	P 51,889,838	P 51,889,838	P 4,625,289	P 4,625,289
Trade and other receivables	5	<u>1,051,325,057</u>	<u>1,051,325,057</u>	<u>392,386,454</u>	<u>392,386,454</u>
		<u>P 1,103,214,895</u>	<u>P 1,103,214,895</u>	<u>P 397,011,743</u>	<u>P 397,011,743</u>
Financial liabilities					
Trade and other payables	8	P 95,007,271	P 95,007,271	P 22,385,121	P 22,385,121
Due to related parties	13	<u>509,891,645</u>	<u>509,891,645</u>	<u>64,627,723</u>	<u>64,627,723</u>
		<u>P 604,898,916</u>	<u>P 604,898,916</u>	<u>P 87,012,844</u>	<u>P 87,012,844</u>

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

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

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

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

19.3 Fair Value Measurement of Non-financial Assets

The REIT's investment properties and property and equipment amounting to P7.8 billion and P0.9 billion as of December 31, 2023, respectively and P7.6 billion and P0.9 billion as of December 31, 2022, 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 of 8.42% in 2023 and 8.44% in 2022, and growth rate of 3.00% to 3.50% in both 2023 and 2022 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 during the reporting periods are presented below.

	<u>2023</u>	<u>2022</u>
Total liabilities	P 767,200,466	P 131,040,180
Total equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>
Debt-to-equity ratio	<u>P 0.08:1.00</u>	<u>P 0.01:1.00</u>

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 periods 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 during the reporting periods December 31, 2023 and 2022 (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 February 5, 2024, the REIT declared dividends at P0.0388 per share amounting to P127.6 million. The dividends were paid on March 12, 2024.

On April 14, 2024, additional dividends at P0.0388 per share or totalling P127.6 million were declared by the REIT. This is payable on May 13, 2024.

These dividends are 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

Presented below and in the succeeding page are the significant non-cash transactions of the REIT in 2022. There are no non-cash investing and financing activities in 2023 except for the dividends amounting to P60.3 million, which were declared in 2023 but remained unpaid as of December 31, 2023 and is recorded as part of Trade and Other Payables in the 2023 statement of financial position.

- In 2022, the REIT entered into a property-for-share swap transaction with SIPCOR and CAMPCOR. Certain parcels of land, buildings and generation assets were recognized by the REIT (see Notes 6 and 7) in exchange for P3.3 billion of its 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 (see Note 9). The related right-of-use asset was also recognized as part of Investment Properties (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 in the succeeding pages is the supplementary information on taxes, duties and license fees paid during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) *Output Value Added Tax (VAT)*

In 2023, the REIT recognized output VAT amounting to P5,405,405 from collected rentals, which was partially applied against unutilized input VAT [see Note 24(b)]. The net output VAT payable as of December 31, 2023 amounting to P3,057,534 is presented as part of Other payables under Trade and Other Payables in the 2023 statement of financial position.

The tax base for taxable revenues is based on the REIT's gross receipts for the year; hence, such may not be the same as the revenues reported in the 2023 statement of comprehensive income.

The REIT recognized a deferred output VAT amounting to P97,394,687 from uncollected rental billings which formed part of Trade and Other Payables presented in the 2023 statement of financial position.

(b) *Input VAT*

The movements of input VAT during the year are summarized below.

Balance at beginning of year	P	541,800
Purchase of services and goods		1,806,071
Applied against output VAT	(	<u>2,347,871</u>)
	P	<u>-</u>

(c) *Taxes on Importation*

The REIT did not have any transactions which were subject to custom duties and tariff fees in 2023.

(d) *Excise Tax*

The REIT did not have any transaction in 2023 which is subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The REIT did not have any transaction in 2023 which has been subjected to DST.

(f) *Taxes and Licenses*

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

Permits and licenses	P	238,680
Others		<u>197</u>
	P	<u>238,877</u>

(g) *Withholding Taxes*

The REIT paid expanded withholding tax during the year amounting to P124,973. No expenses were incurred in 2023 which are subject to final withholding tax and withholding tax on compensation.

(h) *Deficiency Tax Assessment and Tax Cases*

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

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

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

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Premiere Island Power REIT Corporation (the REIT) for the year ended December 31, 2023 and have issued our report thereon dated April 14, 2024. 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: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 10076150, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002511-037-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 14, 2024

PREMIERE ISLAND POWER REIT CORPORATION
List of Supplementary Information
December 31, 2023

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

PREMIERE ISLAND POWER REIT CORPORATION
Schedule B
**Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Stockholders (Other than Related Parties)**
December 31, 2023
(Amounts in Philippine Pesos)

Name and designation of debtor	Balance at Beginning of year	Additions	Deductions		Ending Balance		Balance at end of year
			Amounts collected	Amounts written off	Current	Not current	
S.I. P0wer Corporation	P 191,870,442	P 403,350,015	P -	P -	P 403,350,015	P -	P 595,220,457
Camotes Island Power Generation Corporation	200,460,406	255,644,194	-	-	255,644,194	-	456,104,600
Advances to employees	55,606	-	55,606	-	-	-	-
	P 392,386,454	P 658,994,209	P 55,606	P -	P 658,994,209	P -	P 1,051,325,057

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, 2023

(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
<i>Parent Company –</i>		
S.I. Power Corporation	P 64,086,279	P 119,063,879
<i>Related party under common ownership –</i>		
Camotes Island Power Generation Corporation	<u>541,444</u>	<u>390,827,766</u>
Total indebtedness to related parties	<u>P 64,627,723</u>	<u>P 509,891,645</u>

PREMIERE ISLAND POWER REIT CORPORATION
Schedule G
Capital Stock
December 31, 2023

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

PREMIERE ISLAND POWER REIT CORPORATION

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

4th Starmall IT Hub CV Starr Ave.

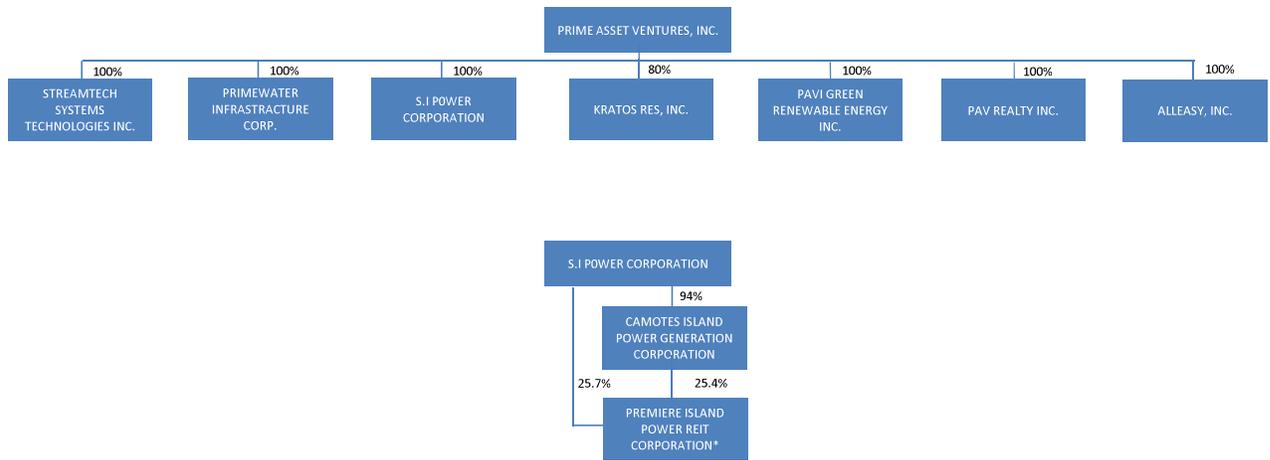
Philamlife Pamplona Dos Las Piñas, Las Piñas City

December 31, 2023

Reconciliation of Retained Earnings Available for Dividend Declaration

Unappropriated Retained Earnings at Beginning of Year	P	247,281,445
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the year	(	440,681,646)
Transfer depreciation to retained earnings	(	<u>746,100</u>)
Unappropriated Retained Earnings, as adjusted	(	194,146,301)
Add: Net Income for the Current Year		704,009,546
Less: Unrealized income recognized in the profit or loss during the year (net of tax)		
Unrealized fair value gain of investment property	(	160,140,000)
Unrealized income from straight-lining of rentals	(	46,444,600)
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment		746,100
Accretion of interest on lease liability		326,174
Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(	<u>48,098,725</u>)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year	P	<u>256,252,194</u>

PREMIERE ISLAND POWER REIT CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2023



Report of Independent Auditors on Components of Financial Soundness Indicator

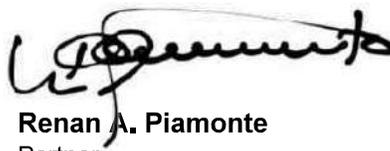
The Board of Directors and Stockholders
Premiere Island Power REIT Corporation
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

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

T +63 2 8988 2288

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Premiere Island Power REIT Corporation (the REIT) for the years ended December 31, 2023 and 2022, on which we have issued our report thereon dated April 14, 2024. 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, 2023 and 2022 and for the years then ended, and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 10076150, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002511-037-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 14, 2024

PREMIERE ISLAND POWER REIT CORPORATION
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023

Ratio	Formula	2023	2022	
Current ratio	Total Current Assets divided by Total Current Liabilities	1.63		3.19
	Total Current Assets	P 1,146,173,947	P 397,616,696	
	Divide by: Total Current Liabilities	<u>702,675,511</u>	<u>124,568,420</u>	
	Current ratio	1.63	3.19	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	1.57		3.19
	Total Current Assets	P 1,146,173,947	P 397,616,696	
	Less: Other Current Assets	<u>42,959,052</u>	<u>604,953</u>	
	Quick Assets	1,103,214,895	397,011,743	
	Divide by: Total Current Liabilities	<u>702,675,511</u>	<u>124,568,420</u>	
	Acid test ratio	1.57	3.19	
Solvency ratio	Total Liabilities divided by Total Assets	0.08		0.01
	Total Liabilities	P 767,200,466	P 131,040,180	
	Divide by: Total Assets	<u>9,865,143,947</u>	<u>8,898,574,810</u>	
	Solvency ratio	0.08	0.01	
Debt-to-equity ratio	Total Liabilities divided by Total Equity	0.08		0.01
	Total Liabilities	P 767,200,466	P 131,040,180	
	Divide by: Total Equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>	
	Debt-to-equity ratio	0.08	0.01	
Assets-to-equity ratio	Total Assets divided by Total Equity	1.08		1.01
	Total Assets	P 9,865,143,947	P 8,898,574,810	
	Divide by: Total Equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>	
	Assets-to-equity ratio	1.08	1.01	
Return on equity	Net Profit divided by Total Equity	0.08		0.02
	Net Profit	P 704,009,546	P 139,229,076	
	Divide by: Total Equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>	
	Return on equity	0.08	0.02	
Return on assets	Net Profit divided by Total Assets	0.07		0.02
	Net Profit	P 704,009,546	P 139,229,076	
	Divide by: Total Assets	<u>9,865,143,947</u>	<u>8,898,574,810</u>	
	Return on assets	0.07	0.02	
Book value per share	Total Equity divided by Outstanding Shares	2.77		2.67
	Total Equity	P 9,097,943,481	P 8,767,534,630	
	Divide by: Outstanding Shares	<u>3,288,669,000</u>	<u>3,288,669,000</u>	
	Book value per share	2.77	2.67	
Earnings per share	Net Profit divided by Weighted Average Outstanding Shares	0.21		0.06
	Net Profit	P 704,009,546	P 139,229,076	
	Divide by: Weighted Average Outstanding Shares	<u>3,288,669,000</u>	<u>2,302,069,800</u>	
	Earnings per share	0.21	0.06	

Sustainability Report

Contextual Information

Company Details	
Name of Organization	PREMIERE ISLAND POWER REIT CORPORATION
Location of Headquarters	4 TH STARMALL IT HUB CV STARR AVE PHILAMLIFE PAMPLONA DOS
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	PREIT and its Lessees
Business Model, including Primary Activities, Brands, Products, and Services	Engaged in the long-term investment in income-generating real estate and infrastructure assets, including sustainable power generation facilities, as a real estate investment trust under the provisions of Republic Act No. 9856, otherwise known as "The Real Estate Investment Trust (REIT) Act of 2009" and its Implementing Rules and Regulations.
Reporting Period	December 31, 2023
Highest Ranking Person responsible for this report	Cecile Bernardo Chief Finance Officer

Materiality Process

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

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

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,970,458,988	PhP
Direct economic value distributed:		
a. Operating costs	1,042,291,478	PhP
b. Employee wages and benefits	15,457,735	PhP
c. Payments to suppliers, other operating costs	34,639,856	PhP
d. Dividends given to stockholders and interest payments to loan providers	471,595,135	PhP
e. Taxes given to government	30,571,633	PhP
f. Investments to community (e.g. donations, CSR)	870,013	PhP

PREIT and its Lessees Strategic Management Approach on Economic Performance

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

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

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

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

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

Climate-related risks and opportunities

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

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

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

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers:		%
PREIT LESSEES:		
Camotes Island Power Generation Corporation (CAMPCOR)	100	
S.I. POver Corporation (SIPCOR)	57	

PREIT and its Lessees Strategic Management Approach on Procurement Practices

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

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

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

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

Anti-corruption

Training on Anti-corruption Policies and Procedures*

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

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

Incidents of Corruption

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

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

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

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

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

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

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	1,311,593.20	Lites
Energy consumption (electricity)	4,906,131.09	kWh

Reduction of energy consumption:

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

PREIT and its Lessees Strategic Management Approach on Energy Consumption

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

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

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

SI Power Corporation's Candanay Plant in Candanay Sur, Siquijor Islands, serves as a beacon of sustainability with its rooftop solar setup. With a capacity of 42kWdc / 36kWac and covering an area of 197m², this installation substantially reduces reliance on non-renewable energy sources and slashes carbon emissions by 33.91 tons, equivalent to the environmental benefits of planting 59 trees.

Similarly, Camotes Island Power Generation Corporation will oversee the operation of two rooftop solar plants on Camotes Island, Cebu. The Pilar Plant, with a 25kWdc / 20kWac system spanning 115m², mitigates emissions by 18.46 tons (equivalent to planting 32 trees), while the Poro Plant, boasting a capacity of 56kWdc / 50kWac over 262m², reduces emissions by 43 tons (comparable to planting 75 trees).

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

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

Disclosure	Quantity	Units
Water withdrawal	6,840	Cubic meters
Water consumption	2,520	Cubic meters
Water recycled and reused	126	Cubic meters

PREIT and its Lessees Strategic Management Approach on Water Consumption

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

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

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

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

Materials used by the organization

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

PREIT and its Lessees Strategic Management Approach on Materials Used

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

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

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

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

PREIT and its Lessees Strategic Management Approach on Ecosystems and Biodiversity

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

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

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

² International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

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

Air pollutants

Disclosure	Quantity	Units
NO _x	1,036.85	mg/Ncm
SO _x	214.93	mg/Ncm
Persistent organic pollutants (POPs)	None	kg
Volatile organic compounds (VOCs)	None	kg
Hazardous air pollutants (HAPs)	None	kg
Particulate matter (PM)	33.90	mg/Ncm

PREIT and its Lessees Management Approach on Emissions

PREIT and its lessees place a high priority on reducing their environmental impact, particularly concerning air emissions. As operators of power plants, we actively engage in efforts to minimize emissions by embracing cleaner technologies and implementing efficient operational practices. By adhering to industry standards and regulatory requirements in the Philippines, we abide by effective management and control of air pollutants such as sulfur oxides (SO_x), nitrogen oxides (NO_x), and particulate matter.

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

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

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	1,620	kg
Reusable	972	kg
Recyclable	648	kg
Composted	None	kg
Incinerated	None	kg
Residuals/Landfilled	None	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	92	kg
Total weight of hazardous waste transported	0	kg

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	48	Cubic meters
Percent of wastewater recycled	5	%

Solid Waste

PREIT and its Lessees Management Approach on Waste Management and Effluents

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

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

Environmental compliance

Non-compliance with Environmental Laws and Regulations

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

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

SOCIAL

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

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ³	21	
a. Number of female employees	9	#
b. Number of male employees	12	#
Attrition rate ⁴	16%	rate
Ratio of lowest paid employee against minimum wage	N/A	ratio

Employee benefits

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

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

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

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

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

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

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

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	116	
a. Female employees	84	hours
b. Male employees	48	hours
Average training hours provided to employees		
a. Female employees	9.33	hours/employee
b. Male employees	4	hours/employee

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

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

Labor-Management Relations

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

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	31.58	%
% of male workers in the workforce	68.42	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

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

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

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	42,812	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	2	#

Labor Laws and Human Rights

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

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

Child labor	N	
Human Rights	N	

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

Supply Chain Management

Please see attached policy: Attached Annex A.

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

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

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

Relationship with Community

Significant Impacts on Local Communities

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

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

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

PREIT and its Lessees actively prioritize building strong relationships with local communities and driving environmental and social initiatives through their Corporate Social Responsibility (CSR) programs. Leveraging the financial benefits from ER 1-94 funds, in accordance with the Department of Energy (DOE) Act of 1992 and the Electric Power Industry Reform Act of 2001 (EPIRA), which are derived from a percentage of electricity sales, they invest in projects that empower individuals and support inclusive growth. These initiatives include electrification projects, development and livelihood programs, as well as environmental sustainability efforts like reforestation and watershed management. By utilizing these funds and collaborating with stakeholders, PREIT and its Lessees strive to create a positive and lasting impact on the host communities they serve.

PREIT and its Lessees are committed to the betterment of communities, recognizing the importance of ER 1-94 funds in driving community development and fostering cooperation between generation companies and host communities. Through their CSR initiatives, we aim to create opportunities for economic empowerment, environmental preservation, and improved well-being. By leveraging these resources and fostering partnerships, we work towards sustainable progress and prosperity in the communities they operate in.

Customer Management

Customer Satisfaction

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

Health and Safety

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

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

Marketing and labelling

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

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

Customer privacy

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

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

Data Security

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

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

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

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

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

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

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

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

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

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

Contractor/Vendor's Accreditation Policy

COVERAGE:

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

GUIDELINES:

I. INTRODUCTION

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

II. ACCREDITATION PROCESS

- A. Procurement in-charge will send the PDF copy of Accreditation Form via email to all potential Contractors.
- B. The potential Contractors shall submit the duly accomplished application forms together with the required documents to Procurement in-charge (See Section III. Documentary Requirements for the list)
- C. The accomplished application form together with the required documents shall be forwarded to Accreditation Committee for review and assessment. (See section IV. Accreditation Committee)
- D. The Accreditation Committee will review the application for accreditation and supporting documents for the contractor's technical, financial capability as well as authenticity of the submitted documents.
- E. Procurement in-charge shall prepare for Accreditation Certificate to be signed by Contract Management Head and Business Unit Head.
- F. The decision on the accreditation application will be communicated by the Procurement Team to the concerned contractor.

- G. Accredited contractors will be invited to participate in the Company's bidding process.
- H. The list of qualified contractors will be used by the Accreditation Committee for Review and Evaluation process (See Section V).

III. DOCUMENTARY REQUIREMENTS

A. The Local vendor/Contractor shall submit the following requirements:

1. Letter of Intent addressed to Procurement
 2. Company Profile
 3. Articles of Incorporation/SEC Registration
 4. Audited Financial Statements (last two years)
 5. Income Tax Return (last two years)
 6. Mayor's Permit
 7. VAT Registration
 8. Organizational Chart
 9. Office/Warehouse/Factory Location Map
 10. SSS Quarterly remittance (last quarter)
 11. List of Equipment and Manpower
 12. ID of Signatories
- * Additional Requirement for Goods:
1. Product brochures/catalogue
 2. Product samples
 3. Certificate of Exclusivity (if applicable)
- * Additional Requirement for Contractors:
1. PCAB License
 2. Resume of Key Personnel to be assigned to the project
 3. Pictures of projects (completed & on-going)
 4. Environment, Health, and Safety requirements certificates

B. In case of Foreign Vendor, the following are the requirements:

1. Letter of Intent addressed to Procurement
2. Company Profile
3. Articles of Incorporation
4. Audited Financial Statements (last two years)
5. Business permit
6. Organizational Chart
7. Head Quarter and warehouse/s Location Map
8. Product brochure/catalogue/datasheets
9. List of customers/client in the Philippines

IV. ACCREDITATION COMMITTEE

A. The Accreditation Committee shall verify, evaluate, review, and analyze the capability of Contractors

based on technical, financial, reputation, performance, and commercial capabilities.

B. The Accreditation Committee is committed to maintaining high quality contractors and encourages its

prospective contractors to achieve accredited status.

C. The members of Accreditation Committee shall be the following:

- Accounting Head/Chief Accountant
- Procurement Head
- Proponent/End User's Representative

V. REVIEW AND EVALUATION PROCESS

A. The Accreditation Committee shall determine the following:

- Whether the Contractor complies with the requirements against the checklist of required documents.

- Only contractors with complete documents shall be considered for evaluation and comparison.

B. The Accreditation Committee shall review and evaluate the following:

- Authenticity of documents
- Financial Capability
- Technical Capability
- Performance based on previous completed and on-going projects (feedback from previous/existing clients)
- Background checking from previous customers

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

- OSM (Owner Supplied Materials)
- Contract Amount – maximum contract amount to be awarded
- Work specialties/expertise (for multi-specialty contractors)
- Volume of projects – number of projects that can be awarded
- Internal Contractor Ratings (PCAB Reference)

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

E. Contractor's Accreditation is valid for 12 months only subject to renewal upon submission of updated

documents. Likewise, the results of the Performance Evaluation for previous contracts form as basis of

the renewal of accreditation.

VI. ACCREDITATION CANCELATION OR REVOCATION

The following shall be the basis of cancellation or revocation of Contractor's Accreditation:

- Documents falsification
- Bankruptcy/Dissolution
- Bribery or Connivance
- Undertaking of fraudulent activities
- Any other unlawful or unethical practice



FOR SEC FILING

Financial Statements and
Independent Auditors’ Report

Premiere Island Power REIT Corporation

For the Year Ended December 31, 2023 and for
the Period March 4, 2022 to December 31, 2022

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. Power Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Premiere Island Power REIT Corporation (the REIT), formerly Premiere Island Philippines Holding Corporation, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2023 and 2022, and its financial performance and its cash flows for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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, which measures the fair value of an asset 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, 2023 is P7.8 billion, representing 79% of the total assets of the REIT. The valuation of investment properties is a key audit matter because of the significance of the amount involved and because the measurement involves the application of significant judgments and estimates.

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, and 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 2023, the REIT recognized revenue from rental of investment properties amounting to P643.8 million. Rental income on long-term leases is recognized on a straight-line basis over the term of the lease.

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, 10 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, *Leases*. 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 lease 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, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

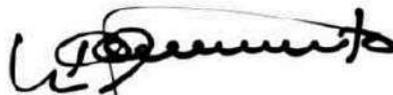
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation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

Report on Other Legal and Regulatory Requirements

The supplementary information for the year ended December 31, 2023 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 Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 14, 2024

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash	4	P 51,889,838	P 4,625,289
Trade and other receivables	5	1,051,325,057	392,386,454
Prepayments and other current assets		<u>42,959,052</u>	<u>604,953</u>
Total Current Assets		<u>1,146,173,947</u>	<u>397,616,696</u>
NON-CURRENT ASSETS			
Property and equipment - net	6	934,480,000	897,580,000
Investment properties	7	7,784,490,000	7,570,970,000
Deferred tax assets - net	12	<u>-</u>	<u>32,408,114</u>
Total Non-current Assets		<u>8,718,970,000</u>	<u>8,500,958,114</u>
TOTAL ASSETS		<u>P 9,865,143,947</u>	<u>P 8,898,574,810</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	8	P 192,401,958	P 59,710,417
Due to related parties	13	509,891,645	64,627,723
Lease liabilities	9	<u>381,908</u>	<u>230,280</u>
Total Current Liabilities		<u>702,675,511</u>	<u>124,568,420</u>
NON-CURRENT LIABILITIES			
Lease liabilities	9	5,819,943	6,471,760
Deferred tax liabilities - net	12	<u>58,705,012</u>	<u>-</u>
Total Non-current Liabilities		<u>64,524,955</u>	<u>6,471,760</u>
Total Liabilities		<u>767,200,466</u>	<u>131,040,180</u>
EQUITY			
Capital stock	14	3,288,669,000	3,288,669,000
Additional paid-in-capital	14	5,328,952,851	5,328,952,851
Revaluation reserves - net	6	79,018,554	12,683,703
Retained earnings	14	<u>401,303,076</u>	<u>137,229,076</u>
Total Equity		<u>9,097,943,481</u>	<u>8,767,534,630</u>
TOTAL LIABILITIES AND EQUITY		<u>P 9,865,143,947</u>	<u>P 8,898,574,810</u>

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	Notes	2023 (One Year)	2022 (Ten Months)
RENTAL INCOME	10	P 643,814,022	P 355,161,394
COSTS OF RENTALS	11	<u>70,763,428</u>	<u>40,701,197</u>
GROSS PROFIT		573,050,594	314,460,197
OTHER OPERATING EXPENSES	11	<u>4,660,730</u>	<u>11,502,749</u>
OPERATING PROFIT		<u>568,389,864</u>	<u>302,957,448</u>
OTHER INCOME (CHARGES) - Net			
Fair value gain (loss) on investment properties	7	213,520,000	(191,960,000)
Finance cost	9	(434,898)	(269,912)
Finance income	4	<u>6,051</u>	<u>1,202</u>
		<u>213,091,153</u>	<u>(192,228,710)</u>
PROFIT BEFORE TAX		781,481,017	110,728,738
TAX INCOME (EXPENSE)	12	(<u>77,471,471</u>)	<u>28,500,338</u>
NET PROFIT		<u>704,009,546</u>	<u>139,229,076</u>
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss			
Revaluation increase in property and equipment - net	6	89,441,268	16,911,604
Tax expense	12	(<u>22,360,317</u>)	(<u>4,227,901</u>)
		<u>67,080,951</u>	<u>12,683,703</u>
TOTAL COMPREHENSIVE INCOME		<u>P 771,090,497</u>	<u>P 151,912,779</u>
BASIC AND DILUTED EARNINGS PER SHARE	15	<u>P 0.21</u>	<u>P 0.06</u>

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	<u>Capital Stock</u> <small>(See Note 14)</small>	<u>Additional Paid-in Capital</u> <small>(See Note 14)</small>	<u>Revaluation Reserves</u> <small>(See Note 6)</small>	<u>Retained Earnings</u> <small>(See Note 14)</small>	<u>Total</u>
Balance at January 1, 2023	P 3,288,669,000	P 5,328,952,851	P 12,683,703	P 137,229,076	P 8,767,534,630
Dividends declared	-	-	-	(440,681,646)	(440,681,646)
Transfer depreciation to retained earnings	-	-	(746,100)	746,100	-
Total comprehensive income for the year	-	-	<u>67,080,951</u>	<u>704,009,546</u>	<u>771,090,497</u>
Balance at December 31, 2023	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 79,018,554</u>	<u>P 401,303,076</u>	<u>P 9,097,943,481</u>
Balance at January 1, 2022	P -	P -	P -	P -	P -
Issuances of shares of stock	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	-	-	<u>12,683,703</u>	<u>139,229,076</u>	<u>151,912,779</u>
Balance at December 31, 2022	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 12,683,703</u>	<u>P 137,229,076</u>	<u>P 8,767,534,630</u>

See Notes to Financial Statements.

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD MARCH 4, 2022 TO DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	Notes	2023 (One Year)		2022 (Ten Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 781,481,017		P 110,728,738
Adjustments for				
Fair value (gain) loss on investment properties	7	(213,520,000)		191,960,000
Depreciation	6	52,541,268		30,071,604
Finance cost	9	434,898		269,912
Finance income	4	(6,051)		(1,201)
Operating profit before working capital changes		620,931,132		333,029,053
Increase in trade and other receivables		(658,938,603)		(392,386,454)
Increase in prepayments and other current assets		(42,354,099)		(585,977)
Increase in trade and other payables		72,427,503		51,556,244
Cash generated from (used in) operations		(7,934,067)		(8,387,134)
Income tax paid		(8,718,662)		(240)
Interest received	4	6,051		961
Net Cash From (Used in) Operating Activities		(16,646,678)		(8,386,413)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances received from related parties	13	445,263,922		15,132,290
Dividends paid	14	(380,417,608)		(2,000,000)
Payment of lease liability	9	(500,189)		-
Interest paid	9	(434,898)		(125,588)
Proceeds from issuance of shares	14	-		5,000
Net Cash From Financing Activities		63,911,227		13,011,702
NET INCREASE IN CASH		47,264,549		4,625,289
CASH AT BEGINNING OF PERIOD		4,625,289		-
CASH AT END OF PERIOD		P 51,889,838		P 4,625,289

Supplemental Information in Non-cash Investing and Financing 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. Power Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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 property-for-share swap transaction with Camotes Island Power Generation Corporation and S.I. Power Corp. (CAMPCOR and SIPCOR, respectively; the Sponsors, collectively) (see Note 14).

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

SIPCOR (the Parent Company) holds 25.71% interest over the REIT while 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 the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, its related parties or any third party, without engaging in the business of a financing company or lending investor.

The 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 PAVT's registered office, which is also their principal place of business, is located at 3rd Floor Starmall IT Hub, CV Starr Ave., Philamlife Village, Las Piñas City.

1.2 Approval of the Financial Statements

The financial statements of the REIT as of and for the year ended December 31, 2023 (including the comparative financial statements as of and for the period March 4, 2022 to December 31, 2022) were authorized for issue by the REIT's BOD on April 14, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the REIT have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) 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.

2.2 *Adoption of Amended PFRS*

(a) *Effective in 2023 that are Relevant to the REIT*

The REIT adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):	Presentation of Financial Statements Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the REIT's financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the REIT's financial statements.

- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the REIT's financial statements.

(b) *Effective in 2023 that are not Relevant to REIT*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the REIT's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the REIT's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Financial Instruments

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

(a) Financial Assets

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

Classification and Measurement of Financial Assets

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

Impairment of Financial Assets

The REIT applies a general approach in relation to its trade and other receivables, which relate to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables, the contractual period is the very short period needed to transfer the cash once demanded or when the receivables fall due. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the REIT's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the REIT cannot immediately collect the receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized which may prove to be negligible.

(b) Financial Liabilities

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

2.4 Property and Equipment

Property and equipment, are carried at revalued amount which is the fair value at the date of the revaluation, as determined by independent appraiser, less subsequent accumulated depreciation and any accumulated impairment losses.

Revalued amount is the fair market value determined based on appraisal by external professional appraiser once every two years or more frequently if market factors indicate a material change in fair value.

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

2.5 Investment Properties

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

Investment properties are accounted for under the fair value model. They are revalued annually and are reported in the statement of financial position at its fair value. 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.

2.6 Leases

(a) REIT as Lessee

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

The REIT has elected to account for short-term leases and leases of low-value assets using the practical expedients, when applicable. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) REIT as Lessor

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

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*

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

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

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Fair Value Measurement of Investment Properties, and Property and Equipment*

The REIT's investment properties, composed of right-of-use asset, land and buildings, are measured using the fair value model while the REIT's property and equipment, composed of generation assets, are measured using revaluation model. In determining the fair value of these assets, the REIT engages the services of professional and independent appraisers applying the income approach.

In determining the fair value under the income approach, significant estimates are made such as revenues generated, costs and expenses related to the operations and discount rate.

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, 2023 and 2022, there is no change in estimated useful lives of the property and equipment during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers/counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 17.2(b).

Based on management's assessment, the outstanding balances of receivables as of December 31, 2023 and 2022 are fully collectible (see Note 5).

(d) *Impairment of Non-financial Assets*

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

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate.

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

There were no impairment losses on the REIT's non-financial assets required to be recognized for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 based on management's assessment.

4. CASH

Cash in bank amounted to P51.9 million and P4.6 million as of December 31, 2023 and 2022, respectively.

Cash in banks generally earn interest based on daily bank deposit rates. Interest income earned from cash in banks amounted to P6,051 in 2023 and P1,202 in 2022. Interest earned is presented as Finance income under Other Income (Charges) section in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Trade receivables:	13.1		
Billed		P 943,982,983	P 346,914,909
Accrued		107,342,074	45,415,940
Advances to employees		<u>-</u>	<u>55,605</u>
		<u>P 1,051,325,057</u>	<u>P 392,386,454</u>

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

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

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

The property and equipment of the REIT pertains to generation assets (see Note 14).

The carrying amount of property and equipment as at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cost	P 897,580,000	P 910,740,000
Depreciation	(52,541,268)	(30,071,604)
Revaluation	<u>89,441,268</u>	<u>16,911,604</u>
	<u>P 934,480,000</u>	<u>P 897,580,000</u>

The property and equipment is recognized under the revaluation model. The revaluation surplus, net of applicable deferred income taxes, is presented as part of the Revaluation Reserves account in the equity section of the statements of financial position.

The movements of the revaluation surplus are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of period	P 12,683,703	P -
Revaluation	67,080,951	12,683,703
Depreciation	(746,100)	-
Balance at end of period	<u>P 79,018,554</u>	<u>P 12,683,703</u>

The REIT recognized income arising from the lease of generation assets to SIPCOR amounting to P52.7 million and P30.8 million as of December 31, 2023 and 2022, respectively are presented as part of Rental Income in the statements of comprehensive income (see Note 10). The related outstanding receivable is presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

The depreciation expense is presented as part of Costs of Rentals in the statements of comprehensive income.

In 2023, the REIT transferred to Retained Earnings the depreciation of the revaluation surplus from prior year amounting to P0.7 million.

Under cost model, the carrying value of the property and equipment amounted to P828.1 million and P880.7 million as of December 31, 2023 and 2022, respectively.

The REIT did not have any fully depreciated property and equipment as of December 31, 2023 and 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

The REIT's investment properties pertain to parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, (see Note 14), and the right-of-use asset on the lease right from the lease agreement with NPC (see Note 9).

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.

A reconciliation of the carrying amounts of investment properties as at December 31, 2023 and 2022 is shown below.

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Total</u>
Balance as of				
December 31,2022	P 4,085,360,000	P 2,223,800,000	P 1,261,810,000	P 7,570,970,000
Fair value gain (loss)	<u>168,880,000</u>	<u>92,060,000</u>	<u>(47,420,000)</u>	<u>213,520,000</u>
Balance as of				
December 31,2023	<u>P 4,254,240,000</u>	<u>P 2,315,860,000</u>	<u>P 1,214,390,000</u>	<u>P 7,784,490,000</u>
Balance as of				
May 31, 2022	P 4,166,270,000	P 2,270,810,000	P 1,325,850,000	P 7,762,930,000
Fair value loss	<u>(80,910,000)</u>	<u>(47,010,000)</u>	<u>(64,040,000)</u>	<u>(191,960,000)</u>
Balance as of				
December 31,2022	<u>P 4,085,360,000</u>	<u>P 2,223,800,000</u>	<u>P 1,261,810,000</u>	<u>P 7,570,970,000</u>

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, 2023 and 2022. The fair value gain and loss on investment properties is presented under Other income (Charges) in the statements of comprehensive income.

The REIT recognized income amounting to P591.1 million in 2023 and P324.4 million in 2022 from the lease of investment properties and are presented as part of Rental Income in the statements of comprehensive income (see Note 10). Related outstanding receivables are presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

Expenses such as taxes and licenses and property management fees incurred in relation to the rental services are recognized as incurred and are presented as part of Costs of Rentals in the statements 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred output VAT	P 97,394,687	P 37,169,455
Dividends payable	60,264,038	-
Accrued expenses	30,608,415	13,485,379
Others	<u>4,134,818</u>	<u>9,055,583</u>
	<u>P 192,401,958</u>	<u>P 59,710,417</u>

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

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 eight 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 statements of financial position (see Note 7).

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

	<u>2023</u>	<u>2022</u>
Current	P 381,908	P 230,280
Non-current	<u>5,819,943</u>	<u>6,471,760</u>
	<u>P 6,201,851</u>	<u>P 6,702,040</u>

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of period	P 6,702,040	P -
Initial recognition	-	6,557,716
Repayments	(935,087)	(125,588)
Amortization	<u>434,898</u>	<u>269,912</u>
Balance at end of the period	<u>P 6,201,851</u>	<u>P 6,702,040</u>

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

As at December 31, 2023 and 2022, the REIT has no commitments to leases which had not commenced.

The maturity analysis of lease liabilities as at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Within 1 year	P 813,600	P 678,000
1 to 2 years	813,600	813,600
2 to 3 years	813,600	813,600
3 to 4 years	813,600	813,600
4 to 5 years	813,600	813,600
More than 5 years	<u>4,881,600</u>	<u>5,965,109</u>
	<u>P 8,949,600</u>	<u>P 9,897,509</u>

The cash outflow in respect of the lease for the year ended December 31, 2023 and for the period March 4, 2022 to December 31, 2022 amounted to P0.9 million and P0.1 million, respectively.

10. RENTAL INCOME

The REIT derives its rental income from the lease of its investment properties and property and equipment (see Notes 6 and 7), which commenced in June 2022.

Rentals from these properties are based on agreed guaranteed annual base or the calculated variable rental based on the lessees' revenues, whichever is higher. In 2023 and 2022, the agreed guaranteed annual base is higher than the variable base for all properties, except for the Candanay property (see Note 16).

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

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

The rental income derived from such leases amounted to P643.8 million and P355.2 million in 2023 and 2022, respectively. Breakdown of rental income reported in the statements of comprehensive income is shown in the succeeding page.

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Rental income from SIPCOR:		
Right-of-use asset	P 207,956,866	P 105,400,099
Land	65,773,495	33,879,160
Generation assets (presented as property and equipment)	52,719,971	30,753,317
Building	<u>5,916,074</u>	<u>3,451,042</u>
	<u>332,366,406</u>	<u>173,483,618</u>
Rental income from CAMPCOR:		
Land	184,766,973	107,780,736
Building	<u>126,680,643</u>	<u>73,897,040</u>
	<u>311,447,616</u>	<u>181,677,776</u>
	<u>P 643,814,022</u>	<u>P 355,161,394</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Generation assets</u>	<u>Total</u>
2023 (One Year):					
Siquijor	P 65,773,495	P 5,916,074	P 207,956,866	P 52,719,971	P 332,366,406
Cebu	<u>184,766,973</u>	<u>126,680,643</u>	<u>-</u>	<u>-</u>	<u>311,447,616</u>
	<u>P 250,540,468</u>	<u>P 132,596,717</u>	<u>P 207,956,866</u>	<u>P 52,719,971</u>	<u>P 643,814,022</u>
2022 (Ten Months):					
Siquijor	P 33,879,160	P 3,451,042	P 105,400,099	P 30,753,317	P 173,483,618
Cebu	<u>107,780,736</u>	<u>73,897,040</u>	<u>-</u>	<u>-</u>	<u>181,677,776</u>
	<u>P 141,659,896</u>	<u>P 77,348,082</u>	<u>P 105,400,099</u>	<u>P 30,753,317</u>	<u>P 355,161,394</u>

As of December 31, 2023 and 2022, the rental receivable amounted to P1,051.3 million and P392.4 million, respectively, which is reported as Trade and Other Receivables in the statements of financial position (see Note 5).

11. COSTS AND OPERATING EXPENSES

The details of this account are shown below.

	<u>Notes</u>	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Depreciation	6	P 52,541,268	P 30,071,604
Property and fund management fees	7	18,222,160	10,629,593
Professional fees		1,572,897	3,171,103
General and administrative		1,099,680	2,446,711
Taxes and licenses	7	238,877	4,932,869
Advertising		107,221	585,809
Miscellaneous		<u>1,642,055</u>	<u>366,257</u>
		<u>P 75,424,158</u>	<u>P 52,203,946</u>

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

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Costs of rentals	P 70,763,428	P 40,701,197
Operating expenses	<u>4,660,730</u>	<u>11,502,749</u>
	<u>P 75,424,158</u>	<u>P 52,203,946</u>

12. INCOME TAXES

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

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
<i>Reported in profit or loss</i>		
Current tax expense:		
Regular corporate income tax at 25%	P 8,717,221	P 8,135,437
Final tax at 20%	<u>1,441</u>	<u>240</u>
	8,718,662	8,135,677
Deferred tax arising from origination of temporary differences	<u>68,752,809</u>	<u>(36,636,015)</u>
	<u>P 77,471,471</u>	<u>(P 28,500,338)</u>
<i>Reported in other comprehensive income –</i>		
Deferred tax expense arising from recognition of revaluation surplus	<u>P 22,360,317</u>	<u>P 4,227,901</u>

A reconciliation of tax on pretax profit or loss computed at the applicable statutory rates to tax expense or income reported in the statements of comprehensive income for the period ended December 31, 2023 and 2022 is as follows:

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Tax on pretax profit at 25%	P 195,370,254	P 27,682,185
Tax effect of:		
Dividends from distributable income	(117,898,784)	(56,250,000)
Non-deductible expenses	-	67,297
Adjustment for income subjected to lower income tax rate	<u>-</u>	<u>180</u>
	<u>P 77,471,471</u>	<u>(P 28,500,338)</u>

The REIT claimed the dividends as tax deduction in 2023 and 2022 (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 (liabilities) as of December 31, 2023 and 2022 is shown below.

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Straight-lining of rental income	(P 26,835,519)	(P 11,353,985)
Revaluation surplus of property and equipment	(26,588,218)	(4,227,901)
Fair value loss (gain) on investment properties	(5,390,000)	47,990,000
Interest expense on lease liability	<u>108,725</u>	<u>-</u>
	<u>(P 58,705,012)</u>	<u>P 32,408,114</u>

The REIT claimed itemized deductions in computing for its income tax due in 2023 and 2022.

13. RELATED PARTY TRANSACTIONS

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

Related Party Category	Notes	Amount of Transactions		Outstanding Receivable (Payable)	
		2023 (One Year)	2022 (Ten Months)	2023	2022
Parent Company					
Rental income	5, 10, 13.1	P 332,366,406	P 173,483,618	P 539,885,748	P 191,870,443
Due to related party	13.2	54,977,600	64,086,279	(119,063,879)	(64,086,279)
Lease liabilities	9	500,189	6,702,040	(6,201,851)	(6,702,040)
Related party under Common ownership					
Rental income	5, 10, 13.1	311,447,616	181,677,776	456,104,600	200,460,406
Due to related party	13.2	390,286,322	541,444	(390,827,766)	(541,444)
Key management personnel –					
Compensation	13.3	547,500	-	547,500	-

13.1 Lease Agreements

In 2022, the REIT entered into several operating lease agreements with SIPCOR and CAMPCOR (see Note 9).

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

13.2 Due to Related Parties

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

In 2023 and 2022, the REIT obtained advances from its parent company amounting to P55.0 million and P14.6 million, respectively. Also in 2022, the Parent Company paid certain expenses amounting to P49.5 million on behalf of the REIT (see Note 23).

The REIT also obtained advances from a related party under common ownership amounting to P390.3 million in 2023 and P0.5 million in 2022.

The outstanding due to related parties presented in the statements of financial position as at December 31, 2023 and 2022 amounted to P509.9 million and P64.6 million, respectively. 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.

13.3 Key Management Function

Key management personnel compensation incurred as the REIT's management and administrative functions amounted to P0.5 million were handled by the parent company.

14. EQUITY

14.1 Capital Stock

Capital stock consists of the following as of December 31, 2023 and 2022:

	<u>Shares</u>	<u>Amount</u>
Common shares		
Authorized	<u>7,500,000,000</u>	<u>P7,500,000,000</u>
Issued and outstanding	<u>3,288,669,000</u>	<u>P3,288,669,000</u>

The REIT is authorized to issue 7,500,000,000 common shares with a par value of P1.0 per share. As of December 31, 2023 and 2022, a total number of 3,288,669,000 shares were fully issued and outstanding which amounted to P3.3 billion.

Under the terms of the capital increase, the REIT shall issue a total of 3,288,664,000 common shares to SIPCOR and CAMPCOR in exchange for the transfer, assignment and conveyance by SIPCOR and CAMPCOR of all their rights, title and interests in certain generation assets (see Note 6) and parcels of land and buildings situated thereat (see Note 7).

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

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

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

As of December 31, 2023 and 2022, there are 2,904 holders and 2,700 holders, respectively, of at least one board lot of the listed shares, which closed at P1.54 per share for 2023 and P1.60 per share for 2022.

14.2 Dividends

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

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

2022

July 11, 2022	August 29, 2022	0.01	<u>P 2,000,000</u>
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Unpaid dividends amounting to P60.3 million is presented as part of Trade and Other Payables in the 2023 statement of financial position (see Note 8). There are no unpaid dividends in 2022.

14.3 Distributable Income

The computation of the distributable income of the REIT for the period December 31, 2023 and 2022 is shown below.

	<u>2023 (One Year)</u>	<u>2022 (Ten Months)</u>
Net profit	P 704,009,546	P 139,229,076
Fair value adjustment of investment property resulting to loss (gain)	(213,520,000)	191,960,000
Deferred tax expense (income)	68,752,809	(36,636,015)
Effect of straight-lining of rental income	(61,926,134)	(45,415,940)
Accretion of interest relating to lease liability	<u>434,898</u>	<u>144,324</u>
Distributable income	<u>P 497,751,119</u>	<u>P 249,281,445</u>

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

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:

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(Ten Months)</u>
Net profit for the period	P 704,009,546	P 139,229,076
Divided by weighted number of outstanding common shares	<u>3,288,669,000</u>	<u>2,302,069,800</u>
Basic and diluted earnings per share	<u>P 0.21</u>	<u>P 0.06</u>

The REIT has no potential dilutive common shares as of December 31, 2023 and 2022.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – REIT as a Lessor

The lease agreements of the REIT with SIPCOR and CAMPCOR requires monthly rentals equivalent to the higher of a guaranteed base lease or a percentage ranging from 0.50% to 26.90% of the lessee’s annual revenue (see Notes 6 and 7). In 2023 and 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). In 2023 and 2022, rental income from such property amounted to P105.6 million and P180.7 million, respectively, determined based on 26.59% of the revenue derived from such lease in each year.

The future minimum lease receivable under the REIT’s lease agreements (see Notes 7 and 9) as of December 31, 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Within 1 year	P 608,848,418	P 608,848,418
1 to 2 years	608,848,418	608,848,418
2 to 3 years	608,848,418	608,848,418
3 to 4 years	608,848,418	608,848,418
4 to 5 years	608,848,418	608,848,418
More than 5 years	<u>1,602,145,715</u>	<u>2,210,994,133</u>
	<u>P 4,646,387,805</u>	<u>P 5,255,236,223</u>

The REIT is subject to risk incidental to the operation of its investment properties and property and equipment, which include, among others, changes in market rental rates and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. All of the REIT’s lease agreements are from related parties. If the expected growth does not meet management’s expectations, the REIT may not be able to collect rent or collect at profitable rates. Management however deemed that the risk of non-collection is insignificant given the REIT 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, 2023 and 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 and in the succeeding page.

17.1 Market Risk

As of December 31, 2023 and 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, 2023 and 2022 is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash	4	P 51,889,838	P 4,625,289
Trade and other receivables	5	<u>1,051,325,057</u>	<u>392,386,454</u>
		<u>P1,103,214,895</u>	<u>P 397,011,743</u>

(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*

Management determines possible impairment based on the related parties' ability to repay the receivables upon demand at the reporting date taking into consideration historical defaults of the related parties. Management assessed that the outstanding balances from related parties as of December 31, 2023 and 2022 is recoverable since the related parties have the capacity to pay the balances upon demand and there were no historical defaults. Hence, the losses are deemed negligible.

17.3 Liquidity Risk

As of December 31, 2023, the REIT's maximum liquidity risk is the carrying amounts of trade and other payables, due to related parties and lease liabilities (see Note 9).

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

		Within 6 Months	
	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Trade and other payables	8	P 95,007,271	P 22,385,121
Due to related parties	13	<u>509,891,645</u>	<u>64,627,723</u>
		<u>P 604,898,916</u>	<u>P 87,012,844</u>

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

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 statements of financial position are shown below.

	Notes	2023		2022	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Cash	4	P 51,889,838	P 51,889,838	P 4,625,289	P 4,625,289
Trade and other receivables	5	<u>1,051,325,057</u>	<u>1,051,325,057</u>	<u>392,386,454</u>	<u>392,386,454</u>
		<u>P 1,103,214,895</u>	<u>P 1,103,214,895</u>	<u>P 397,011,743</u>	<u>P 397,011,743</u>
Financial liabilities					
Trade and other payables	8	P 95,007,271	P 95,007,271	P 22,385,121	P 22,385,121
Due to related parties	13	<u>509,891,645</u>	<u>509,891,645</u>	<u>64,627,723</u>	<u>64,627,723</u>
		<u>P 604,898,916</u>	<u>P 604,898,916</u>	<u>P 87,012,844</u>	<u>P 87,012,844</u>

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

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

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

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

19.3 Fair Value Measurement of Non-financial Assets

The REIT's investment properties and property and equipment amounting to P7.8 billion and P0.9 billion as of December 31, 2023, respectively and P7.6 billion and P0.9 billion as of December 31, 2022, 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 of 8.42% in 2023 and 8.44% in 2022, and growth rate of 3.00% to 3.50% in both 2023 and 2022 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 during the reporting periods are presented below.

	<u>2023</u>	<u>2022</u>
Total liabilities	P 767,200,466	P 131,040,180
Total equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>
Debt-to-equity ratio	<u>P 0.08:1.00</u>	<u>P 0.01:1.00</u>

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 periods 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 during the reporting periods December 31, 2023 and 2022 (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 February 5, 2024, the REIT declared dividends at P0.0388 per share amounting to P127.6 million. The dividends were paid on March 12, 2024.

On April 14, 2024, additional dividends at P0.0388 per share or totalling P127.6 million were declared by the REIT. This is payable on May 13, 2024.

These dividends are 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

Presented below and in the succeeding page are the significant non-cash transactions of the REIT in 2022. There are no non-cash investing and financing activities in 2023 except for the dividends amounting to P60.3 million, which were declared in 2023 but remained unpaid as of December 31, 2023 and is recorded as part of Trade and Other Payables in the 2023 statement of financial position.

- In 2022, the REIT entered into a property-for-share swap transaction with SIPCOR and CAMPCOR. Certain parcels of land, buildings and generation assets were recognized by the REIT (see Notes 6 and 7) in exchange for P3.3 billion of its 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 (see Note 9). The related right-of-use asset was also recognized as part of Investment Properties (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 in the succeeding pages is the supplementary information on taxes, duties and license fees paid during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) *Output Value Added Tax (VAT)*

In 2023, the REIT recognized output VAT amounting to P5,405,405 from collected rentals, which was partially applied against unutilized input VAT [see Note 24(b)]. The net output VAT payable as of December 31, 2023 amounting to P3,057,534 is presented as part of Other payables under Trade and Other Payables in the 2023 statement of financial position.

The tax base for taxable revenues is based on the REIT's gross receipts for the year; hence, such may not be the same as the revenues reported in the 2023 statement of comprehensive income.

The REIT recognized a deferred output VAT amounting to P97,394,687 from uncollected rental billings which formed part of Trade and Other Payables presented in the 2023 statement of financial position.

(b) *Input VAT*

The movements of input VAT during the year are summarized below.

Balance at beginning of year	P	541,800
Purchase of services and goods		1,806,071
Applied against output VAT	(	<u>2,347,871</u>)
	P	<u>-</u>

(c) *Taxes on Importation*

The REIT did not have any transactions which were subject to custom duties and tariff fees in 2023.

(d) *Excise Tax*

The REIT did not have any transaction in 2023 which is subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The REIT did not have any transaction in 2023 which has been subjected to DST.

(f) *Taxes and Licenses*

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

Permits and licenses	P	238,680
Others		<u>197</u>
	P	<u>238,877</u>

(g) *Withholding Taxes*

The REIT paid expanded withholding tax during the year amounting to P124,973. No expenses were incurred in 2023 which are subject to final withholding tax and withholding tax on compensation.

(h) *Deficiency Tax Assessment and Tax Cases*

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

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

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

T +63 2 8988 2288

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Premiere Island Power REIT Corporation (the REIT) for the year ended December 31, 2023 and have issued our report thereon dated April 14, 2024. 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: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 10076150, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002511-037-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 14, 2024

PREMIERE ISLAND POWER REIT CORPORATION
List of Supplementary Information
December 31, 2023

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

PREMIERE ISLAND POWER REIT CORPORATION
Schedule B
**Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Stockholders (Other than Related Parties)**
December 31, 2023
(Amounts in Philippine Pesos)

Name and designation of debtor	Balance at Beginning of year	Additions	Deductions		Ending Balance		Balance at end of year
			Amounts collected	Amounts written off	Current	Not current	
S.I. P0wer Corporation	P 191,870,442	P 403,350,015	P -	P -	P 403,350,015	P -	P 595,220,457
Camotes Island Power Generation Corporation	200,460,406	255,644,194	-	-	255,644,194	-	456,104,600
Advances to employees	55,606	-	55,606	-	-	-	-
	P 392,386,454	P 658,994,209	P 55,606	P -	P 658,994,209	P -	P 1,051,325,057

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, 2023

(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
<i>Parent Company –</i>		
S.I. Power Corporation	P 64,086,279	P 119,063,879
<i>Related party under common ownership –</i>		
Camotes Island Power Generation Corporation	<u>541,444</u>	<u>390,827,766</u>
Total indebtedness to related parties	<u>P 64,627,723</u>	<u>P 509,891,645</u>

PREMIERE ISLAND POWER REIT CORPORATION
Schedule G
Capital Stock
December 31, 2023

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

PREMIERE ISLAND POWER REIT CORPORATION

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

4th Starmall IT Hub CV Starr Ave.

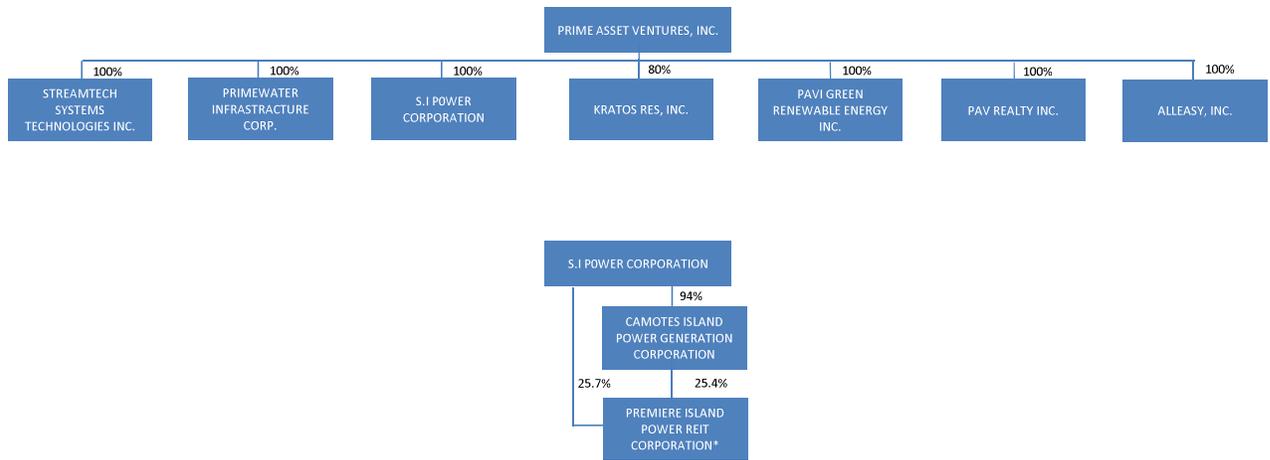
Philamlife Pamplona Dos Las Piñas, Las Piñas City

December 31, 2023

Reconciliation of Retained Earnings Available for Dividend Declaration

Unappropriated Retained Earnings at Beginning of Year	P	247,281,445
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the year	(	440,681,646)
Transfer depreciation to retained earnings	(	<u>746,100</u>)
Unappropriated Retained Earnings, as adjusted	(	194,146,301)
Add: Net Income for the Current Year		704,009,546
Less: Unrealized income recognized in the profit or loss during the year (net of tax)		
Unrealized fair value gain of investment property	(	160,140,000)
Unrealized income from straight-lining of rentals	(	46,444,600)
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment		746,100
Accretion of interest on lease liability		326,174
Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(	<u>48,098,725</u>)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year	P	<u>256,252,194</u>

PREMIERE ISLAND POWER REIT CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2023



Report of Independent Auditors on Components of Financial Soundness Indicator

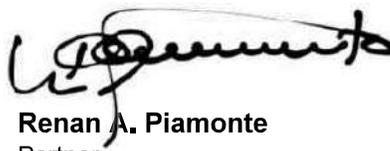
The Board of Directors and Stockholders
Premiere Island Power REIT Corporation
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
4th Starmall IT Hub CV Starr Ave.
Philamlife Pamplona Dos Las Piñas
Las Piñas City

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

T +63 2 8988 2288

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Premiere Island Power REIT Corporation (the REIT) for the years ended December 31, 2023 and 2022, on which we have issued our report thereon dated April 14, 2024. 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, 2023 and 2022 and for the years then ended, and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 10076150, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002511-037-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 14, 2024

PREMIERE ISLAND POWER REIT CORPORATION
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023

Ratio	Formula	2023	2022	
Current ratio	Total Current Assets divided by Total Current Liabilities	1.63		3.19
	Total Current Assets	P 1,146,173,947	P 397,616,696	
	Divide by: Total Current Liabilities	<u>702,675,511</u>	<u>124,568,420</u>	
	Current ratio	1.63	3.19	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	1.57		3.19
	Total Current Assets	P 1,146,173,947	P 397,616,696	
	Less: Other Current Assets	<u>42,959,052</u>	<u>604,953</u>	
	Quick Assets	1,103,214,895	397,011,743	
	Divide by: Total Current Liabilities	<u>702,675,511</u>	<u>124,568,420</u>	
	Acid test ratio	1.57	3.19	
Solvency ratio	Total Liabilities divided by Total Assets	0.08		0.01
	Total Liabilities	P 767,200,466	P 131,040,180	
	Divide by: Total Assets	<u>9,865,143,947</u>	<u>8,898,574,810</u>	
	Solvency ratio	0.08	0.01	
Debt-to-equity ratio	Total Liabilities divided by Total Equity	0.08		0.01
	Total Liabilities	P 767,200,466	P 131,040,180	
	Divide by: Total Equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>	
	Debt-to-equity ratio	0.08	0.01	
Assets-to-equity ratio	Total Assets divided by Total Equity	1.08		1.01
	Total Assets	P 9,865,143,947	P 8,898,574,810	
	Divide by: Total Equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>	
	Assets-to-equity ratio	1.08	1.01	
Return on equity	Net Profit divided by Total Equity	0.08		0.02
	Net Profit	P 704,009,546	P 139,229,076	
	Divide by: Total Equity	<u>9,097,943,481</u>	<u>8,767,534,630</u>	
	Return on equity	0.08	0.02	
Return on assets	Net Profit divided by Total Assets	0.07		0.02
	Net Profit	P 704,009,546	P 139,229,076	
	Divide by: Total Assets	<u>9,865,143,947</u>	<u>8,898,574,810</u>	
	Return on assets	0.07	0.02	
Book value per share	Total Equity divided by Outstanding Shares	2.77		2.67
	Total Equity	P 9,097,943,481	P 8,767,534,630	
	Divide by: Outstanding Shares	<u>3,288,669,000</u>	<u>3,288,669,000</u>	
	Book value per share	2.77	2.67	
Earnings per share	Net Profit divided by Weighted Average Outstanding Shares	0.21		0.06
	Net Profit	P 704,009,546	P 139,229,076	
	Divide by: Weighted Average Outstanding Shares	<u>3,288,669,000</u>	<u>2,302,069,800</u>	
	Earnings per share	0.21	0.06	

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GARTH F. CASTAÑEDA**, of legal age, and a resident of 802 The Amaryllis Condominium, 12th St. corner E. Rodriguez Sr. Ave., Barangay Mariana, Quezon City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I have been elected as independent director of **PREMIERE ISLAND POWER REIT CORPORATION** (the “**Corporation**”), subject to the approval by the Securities and Exchange Commission of the increase in the board seats of the Corporation.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
1. SYMECS Law	Partner	October 2010 to Present
2. Golden Bria Holdings, Inc.	Independent Director	June 2016 to Present
3. Collab Asia Philippines, Inc.	Corporate Secretary	2021 to Present
4. Prudentiallife Plans, Inc.’s Trust Fund Assets	Co-Liquidator	2012 to Present
5. Neo Oracle Holdings, Inc. (formerly, Metro Pacific Corporation)	Corporate Secretary and Liquidating Director	2013 to Present
6. Metro Pacific Foundation, Inc.	Corporate Secretary and Liquidating Director	2017 to Present
7. Metro Pacific Land Holdings, Inc.	President / Chairman	2017 to Present
8. Integrated Bar of the Philippines	Member	N/A
9. Philippine Institute of Certified Public Accountants	Member	N/A

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

4. I am not related to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.

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

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

Done, this 7 MAY 2024 day of 2024 at Taguig City.


GARTH F. CASTANEDA
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 07 MAY 2024 in Taguig City affiant exhibiting to me his competent evidence of identity as follows: Passport No. P6117273B issued at DFA NCR North East and valid until 18 January 2031.

Doc. No. 147 ;
Page No. 31 ;
Book No. 1 ;
Series of 2024.


MIKHEL JULLIAN B. BELTRAN
NOTARY PUBLIC FOR TAGUIG CITY
Until December 31, 2025
Appointment No. 82 (2024-2025); Roll No. 84823
PTR No. MLA1545454, January 8, 2024, Manila City
IBP No. 333600, 427372; 01-22-24; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar: May 2, 2023
SW 16M One Uptown Residence BGC

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIA ISABEL J. RODRIGUEZ**, Filipino, of legal age and a resident of Unit 111 Palmetto Bldg Cedar Crest Acacia Estates Taguig after having been duly sworn to in accordance with law do hereby declare that:

1. I have been elected as independent director of **PREMIERE ISLAND POWER REIT CORPORATION** (the “**Corporation**”), subject to the approval by the Securities and Exchange Commission of the increase in the board seats of the Corporation.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/ Relationship	Period of Service
1. CRH USD Finance ZRT., Hong Kong Branch	Credit Committee Member	June 2019 to Present
2. Republic Cement Land & Resources Inc.	Treasurer	July 2018 to Present
3. Republic Cement Services Inc.	Tax Director	May 2018 to Present
4. AES Transpower Pte Ltd – ROHQ	Asia Strategic Business Unit - Tax Director	June 2011 to April 2018
5. Sycip Gorres Velayo & Co.	Tax Director	July 2004 to June 2011
6. Philippine Institute of Certified Public Accountants	Member	N/A

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

4. I am not related to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.

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

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

Done, this 07 MAY 2024 day of 2024 at Taguig City.


MARIA ISABEL J. RODRIGUEZ
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 07 MAY 2024 in Taguig City affiant exhibiting to me her competent evidence of identity as follows: Passport No. P89650908 issued at DFA Manila and valid until 15 February 2032.

Doc. No. 148 ;
Page No. 31 ;
Book No. 1 ;
Series of 2024.


MIKHEL JULIAN B. BELTRAN
NOTARY PUBLIC FOR TAGUIG CITY
Until December 31, 2025
Appointment No. 82 (2024-2025); Roll No. 84823
PTR No. MLA1545454, January 8, 2024, Manila City
IBP No. 333600, 427372; 01-22-24; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar: May 2, 2023
SW 16M One Uptown Residence BGC

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LEONARDO SINGSON**, Filipino, of legal age and with office address at Suite 1104, Page One Bldg., 1215 Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City 1780, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I have been elected as an Independent Director of **PREMIERE ISLAND POWER REIT CORPORATION** (the "**Corporation**"), subject to the approval by the Securities and Exchange Commission of the increase in the board seats of the Corporation.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/ Relationship	Period Of Service
1. Betita Cabilao Casuela Sarmiento Law	Of Counsel	March 2020 to present
2. GNPowder LTD. CO.	Legal Counsel	March 2020 to March 2021
3. Villaraza & Angangco Law	Partner	March 2008 to March 2020
4. SGV & CO.	Senior Associate	January 2007 to March 2008

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

4. I am not related to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.

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

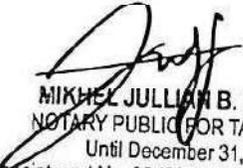
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 07 MAY 2024 day of 2024 at Taguig City.


LEONARDO SINGSON
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME this 07 MAY 2024 in Taguig City affiant exhibiting to me his competent evidence of identity as follows: Passport No. P7201383B issued on DFA Manila and valid until 14 July 2031.

Doc. No. 146 ;
Page No. 31 ;
Book No. 1 ;
Series of 2024.


MIKHEL JULLIAN B. BELTRAN
NOTARY PUBLIC FOR TAGUIG CITY
Until December 31, 2025
Appointment No. 82 (2024-2025); Roll No. 84823
PTR No. MLA1545454, January 8, 2024, Manila City
IBP No. 333600, 427372; 01-22-24; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar: May 2, 2023
6W 16M One Uptown Residence BGC

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S.

SECRETARY’S CERTIFICATE

I, **KAREN G. EMPAYNADO**, of legal age, Filipino, and with office address at the 9th Floor, Vista Place, VistaHub Campus Tower 1, Taguig City, after having been duly sworn to in accordance with law, hereby certify that:

1. I am the duly elected and incumbent Corporate Secretary of **PREMIERE ISLAND POWER REIT CORPORATION** (the “**Corporation**”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 4th Floor Starmall IT Hub, CV Starr, Philamlife, Pamplona Dos, Las Piñas City.

2. I hereby certify that no director or officer of the Corporation works in any government agency or its instrumentalities.

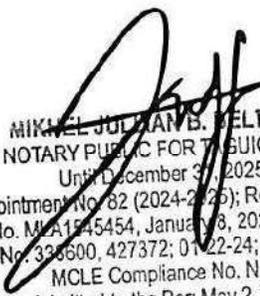
3. The foregoing is in accordance with the records of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand on 07 MAY 2024 at Taguig, Metro Manila.


KAREN G. EMPAYNADO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 07 MAY 2024, the affiant exhibited to me, as competent evidence of identity, her Passport No. P9147717B issued by DFA Manila, valid until 9 March 2032.

Doc. No. 102 ;
Page No. 08 ;
Book No. 1 ;
Series of 2024.


MIKAEL JULIAN B. MELTRAN
NOTARY PUBLIC FOR TAGUIG CITY
Until December 31, 2025
Appointment No. 82 (2024-2025); Roll No. 84823
PTR No. MCA1545454, January 18, 2024, Manila City
IBP No. 338600, 427372; 01-22-24; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar: May 2, 2023
SW 16M One Uptown Residence BGC

SEC Number: 2022030044636-59
File Number: _____

Premiere Island Power REIT Corporation

(Company's Full Name)

4th Floor Starmall IT Hub, CV Starr, Philamlife, Pamplona Dos, Las Piñas City 1747

(Company Address)

+63(2) 8734 5732 / +63(2) 8775 8072

(Telephone Number)

December 31

(Fiscal Year Ending)

31 March 2024

Period Ended Date

Quarterly Report - SEC Form 17-Q

(Form Type)

N/A

(Amendments - if applicable)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(2)(b) THEREUNDER

1. 31 March 2024
Date of Report (Date of earliest event reported)
2. SEC Identification Number 2022030044636-59
3. BIR Tax Identification No. 607-224-091-00000
4. PREMIERE ISLAND POWER REIT CORPORATION
Exact name of issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
1747
Postal Code
7. 4th Floor Starmall IT Hub, CV Starr, Philamlife,
Pampalona Dos, Las Piñas City
Address of principal office
8. +63(2) 8734 5732 / +63(2) 8775 8072
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON STOCK</u>	<u>3,288,669,000</u>
11. Are any or all these securities listed on a stock exchange?
[a] Yes [] No
Stock Exchange: Philippine Stock Exchange
Securities listed: Common shares
12. Indicate by check mark whether the registrant:
(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
[a] Yes [] No
(b) has been subject to such filing requirements for the past 90 days:
[a] Yes [] No

PART I – FINANCIAL INFORMATION

Item 1. Interim Financial Statements

The Interim Financial Statements of Premiere Island Power REIT Corporation (“PREIT” or the “Company”) for the period 1 January to 31 March 2024 and as of 31 March 2024 with comparative figures for the period 1 January to 31 March 2024 and as of 31 December 2023.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

A. Results of Operations (Financial Performance)

Review of results of operations for the three (3) months ended 31 March 2024 as compared with the results for the three (3) months ended 31 March 2023.

Revenue remained the same.

Revenue during the period which amounted to P152.7 million solely pertains to income from the lease of properties to the lessees who operate power plants on such leased properties. The amount of revenue recognized was in accordance with the relevant Philippine Financial Reporting Standards (PFRS). Under PFRS 16, the rental income includes the effect of straight-line basis of accounting over the lease term. Effect of straight-line basis of accounting amounted to P11.4 million during the period. No additional lease agreements has been entered into during the period.

Cost of Rentals increased from P17.4 million to P20.9 million.

Cost of rentals which amounted to P19.1 million was mainly attributable to depreciation of generation assets which amounted to P14.5 million and real property taxes amounting to P1.8 million. Increase in depreciation is due to the increase in the valuation of properties for the year 2023. Local taxes and fees for property and fund management account for the remaining cost of rentals which amounted to P4.6 million.

Operating expenses increased from P0.3 million to P0.9 million.

Operating expenses mainly pertain to professional fees and administrative fees incurred during the period.

Other Income (Charges) – Net decreased from P0.12 million to P0.10 million

Finance cost on lease liability during the period amounted to P0.10 million while interest earned on bank deposits amounted to P1,740 which led to net non-operating charges of P0.10 million.

Other Comprehensive Income decreased from nil to P1.0million

Other Comprehensive Income pertains to the after tax piecemeal realization of the revaluation surplus recognized from the appraisal of generator set for the year ended 31 December 2023. The Company has assessed that there are no significant changes in the fair value of the asset as of 31 March 2023 from the date of appraisal for the year ended 31 December 2023, and hence no revaluation gain or loss were recognized for the quarter ended 31 March 2024.

Total Comprehensive Income

The result of operating and non-operating activities resulted to total comprehensive income of P122.7 million.

B. Financial Position as of 31 March 2024 as compared with financial position as of 31 December 2023

Assets

Cash decreased from P 51.9 million to P 0.4 million

The net decrease in cash balance is due to the settlement of payables and the distribution of cash dividends on 12 March 2024 amounting to P127.6 million. Dividends were paid out of the distributable income for the period 1 July to 30 September 2023. Cash dividends were declared on 5 February 2024 for shareholders on record on 23 February 2024.

Trade and other receivables decreased from P 1.1 billion to P0.9 billion

The decrease in trade and other receivables is directly attributable to the collections of rentals amounting to P296.5 million.

Prepayments and other current assets increased from P 43.0 million to P48.9 million

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

Net property and equipment decreased from P 934.5 million to P920.0 million

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

Investment properties remained the same.

The Company's investment properties, which comprise of lands (including land subject to right-of-use of asset) and buildings leased out to power plant operators. There were no movement during the quarter as there were no acquisitions and disposals and the appraisal of property is conducted at year-end.

Liabilities

Trade and other payables decreased from P 192.4 million to P147.1 million

The decrease in trade and other payables is due to the settlement of liabilities during the quarter.

Due to related parties decreased from P 509.9 million to P367.4 million

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

Lease liability (including the non-current portion) increased from P 6.2 million to P6.3 million

Movements to the account were due to the interest accrued from the outstanding lease liability as of the quarter.

Equity

Equity decreased from P 9,098.2 million to P 9,094.3 million

Equity decreased primarily due to the declaration of dividends during the quarter amounting to P127.6 million despite the increase in the Total Comprehensive income amounting to P122.7 million. On 5 February 2024, the Company declared dividends in relation to the distributable income for the period 1 July to 30 September 2023 at P 0.0388 per share or P 127.6 million of total dividends.

Indebtedness

As of 31 March 2024, there are no material commitments for capital expenditures. PREIT has no indebtedness with any bank.

The Company is not aware of any events that will trigger direct or contingent financial obligations that are material to it, including any default or acceleration of an obligation.

Key Financial Ratios

PREIT's key financial ratios for the quarter ended 31 March 2024 and 2023 are as follows:

Key Ratio	Formula	31 March 2024	31 March 2023
Earnings Per Share*	Net Profit/Common Shares Outstanding	0.04	0.04
Current Ratio	Current Assets/Current Liabilities	1.89	1.63
Debt to Equity	Total Liabilities/Total Shareholders' Equity	0.06	0.08
Return on Asset	Net Profit/Total Assets	0.01279	0.01225
Return on Equity	Net Profit/Total Shareholders' Equity	0.01361	0.01328

*Based on 3,288,669,000 weighted average shares outstanding throughout the quarter ended 31 March 2024 and 2023.

The key ratios provide directors and management with a measure of liquidity (Current Ratio), financial strength (Debt to Equity), and profitability (Earnings per Share, Return on Asset, and Return on Equity).

PART II-OTHER INFORMATION

Item 3. Business Development

As of 31 March 2024, the property portfolio of the Company consists of land and power plant assets utilized in the power generation projects of the Sponsors.

The properties used in the operation of the 12.8 Megawatt (MW) heavy fuel oil (HFO)-fired power plants of SIPCOR located in Candanay Sur and Lazi, Siquijor (**SIPCOR Power Plants**) consist of (a) power plants assets such as HFO diesel generator sets and perimeter fence; (b) building that houses physical structures such as an administrative office, control room, warehouse, guard house, staff house, material recovery facility, work shop, firefighting shed, fuel tank farm, and fuel pump station; and (c) parcels of land (including the 3,000 sq.m. parcel of land located in Lazi, Siquijor, which is owned by the Company, and leasehold rights to 9,478 sq.m. parcel of land located in Candanay Sur, Siquijor) where the SIPCOR Power Plants are located (collectively, the **SIPCOR Properties**). GLA of each property are summarized in the following table.

SIPCOR Properties	GLA
Land – Candanay, Siquijor	9,478 sq.m.
Land – Lazi, Siquijor	3,000 sq.m.
Building - Candanay, Siquijor	353.2 sq.m.
Powerplant Assets – Candanay Siquijor	607 sq.m.

The properties used in the operation of the 8.4 Mw power plants of CAMPCOR located in Poro and Pilar, Camotes Island, Cebu (**CAMPCOR Power Plants**), consist of (a) buildings or powerhouse stations that house physical structures such as water treatment unit, staff house, radiator unit, fire pump house, guard house, oil-water separator, material recovery facility, reverse osmosis house, transformer house, warehouse, and administrative office; and (b) 16,406.5 sq.m. parcels of land owned by the Company where such buildings are located (collectively, the **CAMPCOR Properties**, and together with the SIPCOR Properties, the **Properties**). GLA of each property are summarized in the following table.

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

All the Properties are leased to the Sponsors and are being used by the latter to operate the SIPCOR Power Plants and the CAMPCOR Power Plants, with a total combined installed capacity of 21.2 MW.

As of 31 March 2024, all the Properties registered occupancy rate at 100%.

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

SIGNATURES

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

**PREMIERE ISLAND POWER REIT
CORPORATION**
Issuer

20 May 2024

Date


Timothy Joseph M. Mendoza
President


Cecille Marie H. Bernardo
Treasurer and Chief Finance Officer *h*


Karen G. Empaynado
Corporate Secretary

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

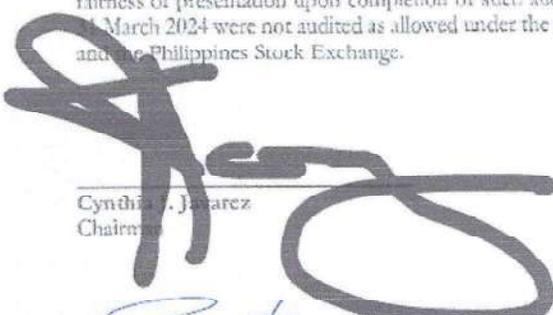
The management of Premiere Island Power REIT Corporation is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the period ended 31 March 2024 and 2023, for the period 1 January to 31 December 2023, in accordance with 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.

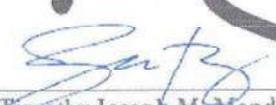
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

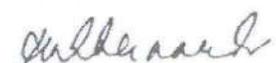
Panongbayan & Azañilo, the independent auditors appointed by the stockholders, have audited the Company's financial statements as of 31 December 2023 and for the period 1 January to 31 December 2023 in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit. The financial statements as of and for the period ended 31 March 2024 were not audited as allowed under the applicable rules of the Securities and Exchange Commission and the Philippines Stock Exchange.



Cynthia S. Jaramaz
Chairman



Timothy Joseph M. Mendoza
President



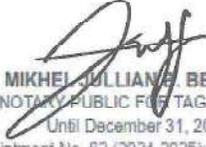
Cecille Marie H. Bernardo
Treasurer

Signed this 20th day of May 2024

SUBSCRIBED AND SWORN to before me this 20 May 2024, in Taguig City, Metro Manila, affiant exhibiting to me his/her valid ID, as follows

Name	Competent Evidence of Identity	Date & Place of Issue
Cynthia J. Javarez	P3138029B	DFA Manila - 09/09/2029
Timothy Joseph M. Mendoza	P2015271C	DFA Manila - 10/12/2032
Cecille Marie H. Bernardo	P5633097A	DFA Manila - 01/15/2032

Doc No. 231;
Page No. 48;
Book No. I;
Series 2024.


MIKHEIL JULLIANE B. BELTRAN
NOTARY PUBLIC FOR TAGUIG CITY
Until December 31, 2025

Appointment No. 82 (2024-2025); Roll No. 84823
PTR No. MLA1545454, January 8, 2024, Manila City
IBP No. 333600, 427372; 01-22-24; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar; May 2, 2023
SW 16M One Uptown Residence BGC

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)

STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2024, 31 DECEMBER 2023 AND 31 MARCH 2023
(Amounts in Philippine Pesos)

<u>ASSETS</u>	<u>Notes</u>	<u>31 March 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)	<u>31 March 2023</u> (Unaudited)
CURRENT ASSETS				
Cash	4	P 411,435	P 51,889,838	P 252,100,451
Trade And Other Receivables	5	922,698,970	1,051,325,057	247,104,534
Prepayments And Other Current Assets		48,850,884	42,959,052	1,183,704
Total Current Assets		P 971,961,289	P 1,146,173,947	P 500,388,689
NON-CURRENT ASSETS				
Property And Equipment – Net	6	919,954,404	934,480,000	884,692,170
Investment Properties	7	7,784,490,000	7,784,490,000	7,570,970,000
Deferred tas-asset - net		—	—	28,537,731
Total Non-Current Assets		P 8,704,444,404	P 8,718,970,000	P 8,484,199,901
TOTAL ASSETS		P 9,676,405,693	P 9,865,143,947	P 8,984,588,590
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade And Other Payables	8	P 147,120,260	P 192,401,958	P 89,415,813
Due To Related Parties	13	367,642,092	509,891,645	—
Lease Liabilities	9	408,491	381,908	345,957
Total Current Liabilities		P 515,170,842	P 702,675,511	P 89,761,770
NON-CURRENT LIABILITY				
Lease Liabilities	9	P 5,609,817	P 5,819,943	P 6,471,760
Deferred tax liabilities – net	12	61,549,917	58,705,012	—
Total Non-Current Liabilities		P 67,159,734	P 64,524,955	P 6,471,760
Total Liabilities		P 582,330,576	P 767,200,466	P 96,233,530
EQUITY				
Capital Stock	14	P 3,288,669,000	P 3,288,669,000	P 3,288,669,000
Additional Paid-In-Capital	14	5,328,952,851	5,328,952,851	5,328,952,851
Revaluation Reserves – Net	6	77,975,845	79,018,554	12,683,703
Retained Earnings	14	398,477,421	401,303,076	258,049,506
Total Equity		P 9,094,075,117	P 9,097,943,481	P 8,888,355,060
TOTAL LIABILITIES AND EQUITY		P 9,676,405,693	P 9,865,143,947	P 8,984,588,590

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2024 AND 2023
(Amounts in Philippine Pesos)
(Unaudited)

	Notes	Year-To-Date (3 Months)		Quarter Ended (3 Months)	
		1 January to 31 March 2024	1 January to 31 March 2023	1 January to 31 March 2024	1 January to 31 March 2023
RENTAL INCOME	10	P 152,212,026	P 152,212,026	P 152,212,026	P 152,212,026
COSTS OF RENTALS	11	20,878,535	17,443,370	20,878,535	17,443,370
GROSS PROFIT		P 131,333,491	P 134,768,656	P 131,333,491	P 134,768,656
OTHER OPERATING EXPENSES	11	857,640	333,122	857,640	333,122
OPERATING PROFIT (LOSS)		P 130,475,851	P 134,435,534	P 130,475,851	P 134,435,534
OTHER INCOME (CHARGES) - Net					
Finance cost	9	(102,888)	(115,677)	(102,888)	(115,677)
Finance income	4	1,740	542	1,740	542
		P (101,148)	P (115,135)	P (101,148)	P (115,135)
PROFIT (LOSS) BEFORE TAX		P 130,374,703	P 134,320,399	P 130,374,703	P 134,320,399
TAX INCOME (EXPENSE)	12	(6,642,707)	(13,499,969)	(6,642,707)	(13,499,969)
NET PROFIT		P 123,731,996	P 120,820,430	P 123,731,996	P 120,820,430
OTHER COMPREHENSIVE INCOME					
Item that will not be reclassified subsequently to profit or loss					
Piecemeal realization of revaluation surplus		P (1,390,279)	P —	P (1,390,279)	P —
Tax income		347,570	—	347,570	—
		P (1,042,709)	—	P (1,042,709)	—
TOTAL COMPREHENSIVE INCOME		P 122,689,287	P 120,820,430	P 122,689,287	P 120,820,430
BASIC AND DILUTED EARNINGS PER SHARE		P 0.04	P 0.04	P 0.04	P 0.04

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2024 AND 31 MARCH 2023
(Amounts in Philippine Pesos)

	Capital Stock (See Note 14)	Additional Paid-in Capital (See Note 14)	Revaluation Reserve (See Note 6)	Retained Earnings (See Note 14)	Total
Balance on January 1, 2023	P 3,288,669,000	P 5,328,952,851	P 12,683,703	P 137,229,076	P 8,767,534,630
Dividends declared	—	—	—	—	—
Transfer depreciation to retained earnings	—	—	—	120,820,430	120,820,430
Total comprehensive income for the period	—	—	—	P 258,049,506	P 8,888,355,060
Balance on March 31, 2023 (Unaudited)	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 12,683,703</u>	<u>P 258,049,506</u>	<u>P 8,888,355,060</u>
Balance on January 1, 2024	P 3,288,669,000	P 5,328,952,851	P 79,018,554	P 401,303,076	P 9,097,943,481
Dividends declared	—	—	—	(127,600,361)	(127,600,361)
Transfer depreciation to retained earnings	—	—	(1,042,709,000)	1,042,709,000	—
Total comprehensive income for the period	—	—	—	123,731,996	123,731,996
Balance on March 31, 2024 (Unaudited)	<u>P 3,288,669,000</u>	<u>P 5,328,952,851</u>	<u>P 12,683,703</u>	<u>P 398,477,420</u>	<u>P 9,094,075,116</u>

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024 AND 31 MARCH 2023
(Amounts in Philippine Pesos)

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	P 130,374,703	P 134,320,399
Adjustments for:		
Fair value (gain) loss on investment properties	—	—
Depreciation	14,525,596	12,887,830
Finance cost - net	102,888	115,677
Finance income	<u>(1,740)</u>	<u>(542)</u>
Operating profit (loss) before working capital changes	145,001,447	147,323,364
Decrease (Increase) in trade and other receivables	128,626,088	145,281,926
Decrease (Increase) in prepayments and other current assets	(5,891,832)	(578,752)
Increase (Decrease) in trade and other payables	<u>(45,281,699)</u>	<u>20,075,805</u>
Cash generated from operations	222,454,004	312,102,343
Income taxes	(3,797,802)	—
Interest received	<u>1,740</u>	<u>542</u>
Net Cash from (Used in) Operating Activities	218,657,942	312,102,885
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(127,600,361)	—
Advances received (Repayment of) of advances from related parties	(142,249,553)	(64,627,723)
Repayment of lease liability	(183,543)	—
Interest paid	(102,888)	—
Proceeds from issuance of shares	<u>—</u>	<u>—</u>
Net Cash From (Used in) Financing Activities	(270,136,345)	(64,627,723)
NET INCREASE IN CASH	(51,478,403)	247,475,162
CASH AT BEGINNING OF PERIOD	<u>51,889,838</u>	<u>4,625,289</u>
CASH AT END OF PERIOD	<u>P 411,435</u>	<u>P 252,100,451</u>

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 and 2023 and DECEMBER 31, 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Premiere Island Power REIT Corporation (the REIT) was incorporated under Philippine law on March 4, 2022 under the name of Premiere Island Philippines Holding Corporation (PIPHC). Under its articles 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 September 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 March 31, 2024 and December 31, 2023, the REIT has 48.88% public ownership.

S.I. Power 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 the mortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, its related parties or any third party, without engaging in the business of a financing company or lending investor.

The 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. In addition, SIPCOR and PAVI's registered office, which is also their principal place of business, is located at 3rd Floor Starmall IT Hub, CV Starr Ave., Philamlife Village, Las Piñas City.

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 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.

2.2 Adoption of Amended PFRS effective in 2024

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the PSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the REIT's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Financial Instruments

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

(a) Financial Assets

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

Classification and Measurement of Financial Assets

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

Impairment of Financial Assets

The REIT applies a general approach in relation to its trade and other receivables, which relate to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables, the contractual period is the very short period needed to transfer the cash once demanded or when the receivables fall due. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the REIT's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the REIT cannot immediately collect the receivables, management considers the expected manner of recovery to

measure ECL. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized which may prove to be negligible.

(b) *Financial Liabilities*

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

2.4 Property and Equipment

Property and equipment, are carried at revalued amount which is the fair value at the date of the revaluation, as determined by independent appraiser, less subsequent accumulated depreciation and any accumulated impairment losses.

Revalued amount is the fair market value determined based on appraisal by external professional appraiser once every two years or more frequently if market factors indicate a material change in fair value.

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

2.5 Investment Properties

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

Investment properties are accounted for under the fair value model. They are revalued annually and are reported in the statement of financial position at its fair value. 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.

2.6 Leases

(a) *REIT as Lessee*

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

The REIT has elected to account for short-term leases and leases of low-value assets using the practical expedients, when applicable. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) *REIT as Lessor*

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

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*

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

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

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Fair Value Measurement of Investment Properties, and Property and Equipment*

The REIT's investment properties, composed of right-of-use asset, land and buildings, are measured using the fair value model while the REIT's property and equipment, composed of generation assets, are measured using revaluation model. In determining the fair value of these assets, the REIT engages the services of professional and independent appraisers applying the income approach.

In determining the fair value under the income approach, significant estimates are made such as revenues generated, costs and expenses related to the operations and discount rate.

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, 2023 and 2022, there is no change in estimated useful lives of the property and equipment during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers/counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 17.2(b).

Based on management's assessment, the outstanding balances of receivables as of March 31, 2024 and December 31, 2023 are fully collectible (see Note 5).

(d) *Impairment of Non-financial Assets*

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

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate.

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

There were no impairment losses on the REIT's non-financial assets required to be recognized for the quarter ended March 31, 2024 and for the year ended December 31, 2023 based on management's assessment.

4. CASH

Cash amounted to P0.4 million and P51.9 million as of March 31, 2024 and December 31, 2023, respectively. Cash in bank generally earns interest based on daily bank deposit rates.

Interest earned from cash in bank for the period ended March 31, 2024 and December 31, 2023 amounted to P1,740 and P542, respectively. Interest earned is presented as Finance income under Other Income (Charges) section in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	March 31, 2024	December 31, 2023
Trade receivables		
Billed	P 803,977,276	P 943,982,983
Accrued	118,721,693	107,342,074
	<u>P 922,698,969</u>	<u>P 1,051,325,057</u>

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

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

All trade and other receivables are subject to credit risk exposure. However, there were 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

The property and equipment of the REIT pertain to generation assets (see Note 14).

The carrying amount of property and equipment is as follows:

	March 31, 2024	December 31, 2023
Cost	P 934,480,000	P 897,580,000
Depreciation	(14,525,596)	(52,541,268)
Revaluation	-	89,441,268
	<u>P 919,954,404</u>	<u>P 934,480,000</u>

The property and equipment is recognized under the revaluation model. The revaluation surplus, net of applicable deferred income taxes, is presented as part of the Revaluation Reserves account in the equity section of the statements of financial position.

The movements of the revaluation surplus are presented below.

	March 31, 2024	December 31, 2023
Balance at the beginning of the period	P 79,018,554	P 12,683,703

Depreciation	(1,042,709)	(746,100)
Revaluation	-	67,080,951
Balance at the end of the period	P 77,975,845	P 79,018,554

The REIT recognized income arising from the lease of generation assets to SIPCOR amounting to P13.2 million and P52.7 million as of March 31, 2024 and December 31, 2023, respectively are presented as part of Rental Income in the statements of comprehensive income (see Note 10). The related outstanding receivable is presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

The depreciation expense is presented as part of Costs of Rentals in the statements of comprehensive income. For the period ended March 31, 2024 and 2023, the REIT did not recognize any impairment loss on the property and equipment.

On March 31, 2024, the REIT transferred to Retained Earnings the depreciation of the revaluation surplus from the prior year amounting to P1.0 million.

Under the cost model, the carrying value of the property and equipment as of March 31, 2024 and December 31, 2023, amounted to P816.2 million and P828.1 million, respectively.

The REIT did not have any fully depreciated property and equipment as of March 31, 2024 and December 31, 2023. The information on the fair value measurement and disclosures related to the property and equipment are presented in Note 19.3.

7. INVESTMENT PROPERTIES

The REIT's investment properties pertain to parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, (see Note 14), and the right-of-use asset on the lease right from the lease agreement with NPC (see Note 9).

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.

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

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Total</u>
Balance as of				
December 31, 2022	P 4,085,360,000	P 2,223,800,000	P 1,261,810,000	P 7,570,970,000
Fair value gain (loss)	<u>168,880,000</u>	<u>92,060,000</u>	<u>(47,420,000)</u>	<u>213,520,000</u>
Balance as of				
December 31, 2023	<u>P 4,254,240,000</u>	<u>P 2,315,860,000</u>	<u>P 1,214,390,000</u>	<u>P 7,784,490,000</u>
Balance as of				
December 31, 2023	P 4,254,240,000	P 2,315,860,000	P 1,214,390,000	P 7,784,490,000
Fair value gain (loss)	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>
Balance as of				
March 31, 2024	<u>P 4,254,240,000</u>	<u>P 2,315,860,000</u>	<u>P 1,214,390,000</u>	<u>P 7,784,490,000</u>

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 March 31, 2024 and December 31, 2023. The fair value gain and loss on investment properties is presented under Other income (Charges) in the statements of comprehensive income.

The REIT recognized income amounting to P139.0 million on March 31, 2024, and P591.1 million on December 31, 2023 from the lease of investment properties and are presented as part of Rental Income in the statements of comprehensive income (see Note 10). Related outstanding receivables are presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

Expenses such as taxes and licenses and property management fees incurred in relation to the rental services are recognized as incurred and are presented as part of Costs of Rentals in the statements of comprehensive income (see Note 11).

The REIT does not have contractual commitments for the 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:

	March 31, 2024	December 31, 2023
Deferred Output VAT	P 82,530,527	P 97,394,687
Accrued Expenses	31,787,597	30,608,4159
Dividends payable	-	60,264,038
Others	32,802,135	4,134,818
	<u>P 147,120,259</u>	<u>P 192,401,958</u>

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 relate to administrative expenses, such as professional fees and administrative expenses, accrued or billed during the period that is yet to be paid. Others cover liabilities including payables to the government for VAT and withholding taxes.

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 statements of financial position as follows:

	March 31, 2024	December 31, 2023
Current	P408,491	P381,908
Non-current	5,609,817	5,819,943
	P6,018,308	P6,201,851

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

	March 31, 2024	December 31, 2023
Balance at beginning of the period	P6,201,851	P6,702,040
Amortization	102,888	434,898
Repayments	(286,431)	(935,087)
Balance at end of the period	P6,018,308	P6,201,851

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

As of March 31, 2024 and December 31, 2023, the REIT has no commitments to leases which had not commenced.

The maturity analysis of lease liabilities are as follows:

	March 31, 2024	December 31, 2023
Within 1 year	P 813,600	P 813,600
1 to 2 years	813,600	813,600
2 to 3 years	813,600	813,600
3 to 4 years	813,600	813,600
4 to 5 years	854,280	813,600
More than 5 years	4,637,520	4,881,600
	P 8,764,200	P 8,949,600

The cash outflow in respect of the lease for the period ended March 31, 2024 and December 31, 2023 amounted to 0.3 million and 0.9 million, respectively.

10. RENTAL INCOME

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

Rentals from these properties are based on an agreed guaranteed annual base or the calculated variable rental based on the lessees' revenues, whichever is higher. In December 31, 2023, the agreed guaranteed annual base is higher than the variable base for all properties, except for the Candanay property (see Note 16).

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

	Lease Term	Renewable years Upon mutual agreement	Variable rental rates based on lessees' revenues
Candanay property	8 years	10 years	26.59%

Lazi property	9 years	10 years	8.41%
SIPCOR building	9 years	10 years	0.50%
SIPCOR generation assets	9 years	10 years	4.50%
CAMPCOR land	10 years	10 years	15.00%
CAMPCOR building	10 years	10 years	10.00%

The rental income derived from such leases amounted to P152.2 million in both the period ended March 31, 2024 and 2023, respectively.

Breakdown of rental income for the quarter ended March 31, 2024 and 2023 as reported in the statements of comprehensive income is shown below.

	2024	2023
Rental income from SIPCOR:		
Right-of-use asset	P 45,171,471	P 45,171,471
Land	14,519,640	14,519,640
Generation assets (presented as property and equipment)	13,179,993	13,179,993
Building	1,479,018	1,479,018
	<u>P 74,350,122</u>	<u>P 74,350,122</u>
Rental income from CAMPCOR:		
Land	P 46,519,640	P 46,519,640
Building	31,670,160	31,670,160
	<u>P 77,861,904</u>	<u>P 77,861,904</u>
	<u>P 152,212,026</u>	<u>P 152,212,026</u>

As of March 31, 2024 and December 31, 2023, the rental receivable amounted to P922.7 million and P1,051.3 million, respectively, which is reported as part of Trade and Other Receivables in the statements of financial position (see Note 5).

11. COSTS AND OPERATING EXPENSES

The details of this account for the periods ending March 31, 2024 and 2023 are shown below.

	Notes	2024	2023
Depreciation	6	P 14,525,596	P 12,887,830
Property and fund management fees		4,555,540	4,555,540
Taxes and Licenses		1,797,399	59,350
Professional fees		642,014	127,000
General and administrative		214,038	131,546
Miscellaneous		1,588	225
Advertising		-	15,000
		<u>P 21,736,175</u>	<u>P 17,776,492</u>

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

	2024	2023
Costs of rentals	P 20,878,535	P 17,443,370
Operating expenses	857,640	333,122
	<u>P 21,736,175</u>	<u>P 17,776,492</u>

12. INCOME TAXES

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

	2024	2023
<i>Reported in profit or loss</i>		
Current Tax Expense:		
Regular corporate income tax at 25%	P3,797,454	P9,629,586
Final tax at 20%	348	—
	3,797,802	P9,629,586
Deferred tax income arising from origination of temporary differences –	2,844,905	3,870,383
	P6,642,707	P13,499,969

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 ended March 31, 2024 are follows:

	Notes	2023
Tax on pretax profit at 25%	6	P32,593,677
Adjustment for income subjected to lower income tax rate		—
Tax effect of:		
Dividends from distributable income		(25,950,970)
Non-deductible expense		—
		P6,642,707

For the period ended March 31, 2024, the REIT claimed dividends as tax deduction which were declared on May 15, 2024, and payable on June 17, 2024 (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 March 31, 2024 and 2023 are shown below.

	Notes	2024	2023
Fair value loss on investment properties	6	P —	(P5,390,000)
Straight-lining of rental income		(11,276,731)	(26,835,519)
Revaluation surplus of property and equipment		(50,273,186)	(26,588,218)
Interest expense on lease liability		—	108,725
		(P61,549,917)	(P58,705,012)

The REIT claimed itemized deductions in computing for its income tax due for the quarters ended March 31, 2024 and 2023.

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.

	Notes	March 31, 2024		December 31, 2023	
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Parent Company					
Rental income	5, 10, 13.1	P 77,464,442	P419,139,410	P 332,366,406	P539,885,748
Due to (from) related party	13.2	29,330,126	(89,733,753)	54,977,600	(119,063,879)
Lease liabilities	9	343,283	6,367,324	500,189	(6,201,851)
Related party under common ownership					
Rental income	5, 10, 13.1	78,994,310	384,837,867	311,447,616	456,104,600
Due to (from) related parties	13.2	112,919,427	(277,908,339)	390,286,322	(390,827,766)
Key Management Personnel Compensation					
Compensation	13.3	75,000	—	547,500	—

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 a 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 statements of financial position as of March 31, 2024 and December 31, 2023 amounted to P367.6 million and P509.9 million, respectively. Such balances have no fixed repayment terms and are unsecured, noninterest-bearing, and generally payable in cash upon demand, or through offsetting arrangements with the related parties.

13.3 Key Management Function

Key management personnel compensation incurred as the REIT's management and administrative functions amounted to P0.08 million and P0.55 million for the periods March 31, 2024 and December 31, 2023, respectively.

14. EQUITY

14.1 Capital Stock

Capital stock consists of the following:

	Shares		Amount	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Common Shares Authorized	7,500,000	7,500,000	P7,500,000	P7,500,000
Issued and outstanding:				
Balance at the beginning of the quarter	3,288,669,000	3,288,669,000	P3,288,669,000	P3,288,669,000
Issuance during the period	-	-	-	-
Balance at the end of the quarter	3,288,669,000	3,288,669,000	P3,288,669,000	P3,288,669,000

The REIT is authorized to issue 7,500,000,000 common shares with a par value of P1.0 per share. As of March 31, 2024 and December 31, 2023, a total number of 3,288,669,000 shares were fully issued and outstanding which amounted to P3.3 billion.

Under the terms of the capital increase, the REIT shall issue a total of 3,288,664,000 common shares to SIPCOR and CAMPCOR in exchange for the transfer, assignment and conveyance by SIPCOR and CAMPCOR of all their rights, title and interests in certain generation assets (see Note 6) and parcels of land and buildings situated thereat (see Note 7).

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

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

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

As of March 31, 2024 and December 31, 2023, there are 3,050 holders and 2,904 holders, respectively, of at least one board lot of the listed shares, which closed at P1.60 per share for March 31, 2024 and P1.54 per share for December 31, 2023.

14.2 Dividends

During the period ended March 31, 2024 and the year ended December 31, 2023, the BOD approved the following dividends declaration from its unrestricted retained earnings payable to stockholders.

Date of Declaration	Payment Date	Cash Dividend per Share		Total
2024				
February 5, 2024	March 12, 2024	0.0388	P	127,600,357
2023				
April 28, 2023	May 26, 2023	0.0682	P	224,287,226
June 22, 2023	July 17, 2023	0.0299		98,331,203
September 8, 2023	September 29, 2023	0.0359		118,063,217
			P	440,681,646

14.3 Distributable Income

The computation of the distributable income of the REIT is shown below.

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net profit	P 123,731,997	P 120,820,430
Fair value adjustment of investment property resulting to loss	—	—
Effect of straight-lining of rental income	(11,379,619)	(15,481,533)
Deferred tax expense	2,844,905	3,870,383
Accretion of interest relating to lease liability	102,888	115,677
Distributable income	P 115,300,171	P 109,324,957

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 dividends declared 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 for the periods ended March 31, 2024 and 2023 were computed as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net profit for the period	P 123,731,997	P 120,820,430
Divided by weighted number of outstanding common shares	3,288,669,000	3,288,669,000
Basic and diluted earnings per share	P0.04	P 0.04

The REIT has no potential dilutive common shares for periods ended March 31, 2024 and 2023. Therefore, basic and diluted EPS are the same.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – REIT as a Lessor

The lease agreements of the REIT with SIPCOR and CAMPCOR requires monthly rentals equivalent to the higher of a guaranteed base lease or a percentage ranging from 0.50% to 26.90% of the lessee's annual revenue (see Notes 6 and 7). In 2023 and 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). In 2023 and 2022, rental income from such property amounted to P105.6 million and P180.7 million, respectively, determined based on 26.59% of the revenue derived from such lease in each year.

The future minimum lease receivable under the REIT's lease agreements (see Notes 7 and 9) as of March 31, 2024 and December 31, 2023 are shown below.

	March 31, 2024	December 31, 2023
Within 1 year	P 608,848,418	P 608,848,418
1 to 2 years	608,848,418	608,848,418
2 to 3 years	608,848,418	608,848,418
3 to 4 years	608,848,418	608,848,418
4 to 5 years	608,848,418	608,848,418
More than 5 years	1,449,933,611	1,602,145,715
	P 4,494,175,701	P 4,646,387,805

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 REIT 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 March 31, 2024 and December 31, 2023, 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 and in the succeeding page.

17.1 Market Risk

As of March 31, 2024 and December 31, 2023, 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 is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	March 31, 2024	December 31, 2023
Cash	4	P 411,435	P 51,889,838
Trade and other receivables	5	922,698,970	1,051,325,057
		P 923,110,405	P 1,103,214,895

(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

Management determines possible impairment based on the related parties' ability to repay the receivables upon demand at the reporting date taking into consideration historical defaults of the related parties. Management assessed that the outstanding balances from related parties as of March 31, 2024 and December 31, 2023 is recoverable since the related parties have the capacity to pay the balances upon demand and there were no historical defaults. Hence, the losses are deemed negligible.

17.3 Liquidity Risk

As of March 31, 2024 and December 31, 2024, the REIT's maximum liquidity risk is the carrying amounts of trade and other payables, due to related parties and lease liabilities (see Note 9).

As of March 31, 2024 and December 31, 2024, the REIT's financial liabilities have contractual maturities which are presented below.

	March 31, 2024	December 31, 2023
Trade and other payables	P 32,824,370	P 95,007,271
Due to related parties	367,642,092	509,891,645
	P 400,466,497	P 604,898,916

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.

	Notes	March 31, 2024		December 31, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash	4	P 411,435	P 411,435	P 51,889,838	P 51,889,838
Trade and other receivables	5	922,698,970	922,698,970	1,051,325,057	1,051,325,057
		P 923,110,405	P 923,110,405	P 1,103,214,895	P 1,103,214,895
Financial liabilities					
Trade and other payables	8	P 147,120,259	P 147,120,259	P 95,007,271	P 95,007,271
Due to related parties	15	367,642,092	367,642,092	509,891,645	509,891,645
Balance at beginning and end of the period		P 514,762,351	P 514,762,351	P 604,898,916	P 604,898,916

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

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

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

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

19.3 Fair Value Measurement of Non-financial Assets

The REIT's investment properties and property and equipment amounting to P7.8 billion and P0.9 billion as of March 31, 2024 and December 31, 2023, 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 of 8.42% in 2023, and growth rate of 3.00% to 3.50% 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 March 31, 2024 and December 31, 2023 are presented below.

	Notes	March 31, 2024	December 31, 2023
Total liabilities	6	P 582,330,576	P 767,200,466
Total equity		9,094,075,117	9,097,943,481
		P 0.06:1.00	P 0.08:1.00

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 BOD 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 during the reporting periods March 31, 2024 and December 31, 2023 (see Notes 7, 10 and 13).

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

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On April 14, 2024, the REIT declared dividends at P0.0388 per share amounting to P127.6 million. The dividends were paid on May 13, 2024.

On May 24, 2024, the REIT declared dividends at P0.0316 per share amounting to P103.9 million. The dividends were paid on June 26, 2024.

These dividends are 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

There are no non-cash investing and financing activities in March 31, 2024 and December 31, 2023 except for the dividends amounting to P60.3 million, which were declared in 2023 but remained unpaid as of December 31, 2023 and is recorded as part of Trade and Other Payables in the 2023 statement of financial position.

PREMIERE ISLAND POWER REIT CORPORATION
List of Supplementary Information
March 31, 2024

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

PREMIERE ISLAND POWER REIT CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
March 31, 2024
(Amounts in Philippine Pesos)

Name And Designation of Debtor	Balance At Beginning of Quarter	Additions	Deductions		Ending Balance		Balance At End of Quarter
			Amounts Collected	Amounts Written Off	Current	Not Current	
S.I. Power Corporation	P534,989,977	P80,842,814	P144,898,027	P—	P470,934,764	P—	P470,934,764
Camrtes Island Power Generation Corporation	516,335,080	84,348,553	148,919,427	—	451,764,206	—	451,764,206
	P1,051,325,057	P165,191,367	P293,817,454	P—	P922,698,970	P—	P922,698,970

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

PREMIERE ISLAND POWER REIT CORPORATION
Indebtedness to Related Parties
Schedule E
March 31, 2024
(Amounts in Philippine Pesos)

Name of Related Party	Balance at January 1, 2024	Balance at March 31, 2024
Parent Company - S.I. Power Corporation	P 119,063,879	P 89,733,753
Related party under common ownership - Camotes Island Power Generation Corporation	390,827,766	P 277,908,339
Total indebtedness to related parties	P 509,891,645	P 367,642,092

PREMIERE ISLAND POWER REIT CORPORATION
Capital Stock
Schedule G
March 31, 2024
(Amounts in Philippine Pesos)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employee	Others
Common	7,500,000,000	3,288,669,000	—	1,680,428,993	876,007	1,607,364,000

PREMIERE ISLAND POWER REIT CORPORATION
 (A Subsidiary of S.I. Power Corp.)
 4th Starmall IT Hub CV Starr Ave.
 March 31, 2024
Reconciliation of Retained Earnings Available for Dividend Declaration

Unappropriated Retained Earnings Available for Dividend Distribution at Beginning of Period	P 256,252,194
Less: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the year	(127,600,361)
Transfer depreciation to retained earnings	(1,042,709)
	127,609,124
Unappropriated Retained Earnings, as adjusted	127,609,124
Add: Net income for the current period	123,731,997
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Unrealized income from straight-lining of rentals	(8,534,714)
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment	1,042,709
Accretion of interest on lease liability	77,166
Unappropriated Retained Earnings Available for Dividend Distribution at End of Period	P 243,926,282

PREMIERE ISLAND POWER REIT CORPORATION

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

4th Starfall IT Hub CV Starr Ave.

March 31, 2024

Map Showing the Relationship Between the Company and its Related Entities

