COVER SHEET

SEC Registration Number

2022030044636-59

Company Name

PREMIERE ISLAND POWER REIT CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

4TH FLOOR STARMALL IT HUB CV STARR PHILAMLIFE PAMPALONA DOS LAS PINAS CITY 1747

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Company's Facsimile Number
IR@preit.com.ph	(02)8734-5732/ (02)8775-8072	N/A

Month Day of Fiscal Year	Month Day of Annual Meeting
December 31	3rd Monday of June

CONTACT PERSON INFORMATION

Name of Contract Person	Email Address	Mobile Number	Facsimile Number
Karen G. Empaynado	karen.lee@pavi.com.ph	09178470281	

FORM TYPE	Department requiring report	Secondary License Type, if applicable
17-Q		

To be accomplished by SEC personnel

File No.

LCU

Document

I.D.

CASHIER

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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

(Fiscal Year Ending)

30 June 2023

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. 30 June 2023
   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, Pampalona Dos, Las Piñas City
   Address of principal office

   1747
   Postal Code

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
COMMON STOCK	3,288,669,000

11. Are any or all these securities listed on a stock exchange?
    [✓]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):
    [✓]Yes [ ] No

    (b) has been subject to such filing requirements for the past 90 days:
    [✓]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") as of and for the six months ended 30 June 2023 with comparative figures as of 31 December 2022 and for the period 4 March to 30 June 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations (Financial Performance)

Review of results of operations for the six (6) months ended 30 June 2023 and for period from 4 March 2022 to 30 June 2022. PREIT was incorporated on 4 March 2022 and started its commercial operations in June 2022

Revenues of P304.4 million

Rental income 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.

Cost of Rentals of P34.9 million

Cost of rentals was mainly attributable to depreciation of generation assets. Local taxes and fees for property and fund management account for the remaining cost of rentals.

Operating expenses decreased from P4.9 million to P1.9 million

Operating expenses for the period 4 March to 30 June 2023 consist of taxes and licenses related to increase in authorized capital. Operating expenses for the period 1 January to 30 June 2023 mainly pertain to professional fees of independent directors and fees of stock transfer agents.

Net finance cost of P0.2 million

This pertains to finance cost on lease liability, net of interest income on bank deposits. No amount of interest expense nor interest income was recorded for the period ended 30 June 2022.

There were no items reported in Other Comprehensive Income during both periods.

Financial Position as of 30 June 2023 as compared with financial position as of 31 December 2022

Assets remained at P8.9 billion

Total assets remained at P8.9 billion. Total current assets increased due to prepayments while total noncurrent assets declined due to depreciation of the generation asset.

Cash increased from P4.6 million to P113.9 million

Increase in cash balance is due to collection of receivables from tenants. In additions to payment of expenses, the Company also distributed P224.3 million dividends out of the distributable income for the period 4 March to 31 December 2022.

Trade and other receivables decreased from P392.4 million to P272.1 million

Trade and other receivables decreased as collections exceeded new billings to customers. Collections from tenants amounted to P461.3 million, higher than billings during the period of P341.0 million.

Prepayments and other current assets increased from P0.6 million to P52.2 million

Increase is due to prepaid income taxes. These will be utilized against any future income tax payable.

Net property and equipment decreased from P897.6 million to P871.8 million

Decrease is solely due to depreciation of fixed assets for the period.

Investment properties remained at P 7.6 billion

The Company's investment properties, which comprise of land (including land subject to right-of-use of asset) and buildings leased out to power plant operators, amounted to ₱7.6 billion. There were no movement during the period as there were no acquisitions and disposals. Appraisal of properties will be conducted at year-end.

Deferred tax assets remained at P32.4 million

Deferred taxes resulted mainly from unrealized gains and losses related to the fair value changes of the Company's investment properties, property and equipment. There were no transactions resulting to deferred taxes for the period ended 30 June 2023.

Liabilities increased from P131.0 million to P201.0 million

The Company was able to settle obligations with related parties and repay currently maturing obligations with suppliers out of the cash generated from operations. This mainly resulted to the decrease in the total liabilities as of end of the period.

Trade and other payables increased from P59.7 million to P194.8 million

Increase mainly pertains to dividends payable, deferred output VAT on rental income, accrual of administrative expenses, and mandatory deductions to be remitted to the government. On 22 June 2023, the Company declared dividends of P0.0299 per share or P98.3 million total dividends which were payable on 17 July 2023.

Lease liability (including non-current portion) decreased from P6.7 million to P6.3 million

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

Equity decreased from P8.8 billion to P 8.7 billion

The decrease is mainly due to the declaration of dividends during the period. On 27 April 2023, the Company declared dividends in relation to the distributable income for the period 4 March to 31 December 2022 at P0.0682 per share for a total of P224.3 million. Additionally, on 22 June 2023, the Company declared dividends in relation to the distributable income for the first quarter of 2023 at P0.299 per share or P98.3 million of total dividends.

For the period ended 30 June 2023, 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.

Indebtedness

As of 30 June 2023, 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 ratio for the period 1 January to June 2023 and 4 March to June 2022 are as follows.

Key Ratio	Formula	1 January to 30 June 2023	4 March to 30 June 2022
Earnings per share*	Net profit/common shares outstanding	0.08	0.01
Current ratio	Current assets / current liabilities	2.20	0.00
Debt to Equity	Total Liabilities/Total shareholders' equity	0.02	0.01
Return on Asset	Net profit/Total Assets	0.03	0.00
Return on Equity	Net profit/ Total shareholders' equity	0.03	0.00

**based on 3,288,669,000 and 822,171,000 weighted average shares outstanding throughout the period 1 January 2023 to 30 June 2023 and period 4 March to 31 December 2022, respectively*

The key ratios provide directors and management with a measure on 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.

PART II–OTHER INFORMATION

Item 3. Business Development

As of 30 June 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, 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 30 June 2023, 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.

Item 4: Reinvestment Plan

The Sponsors are required under the REIT Law to reinvest (a) any proceeds realized by it from the sale of the Company's shares, and (b) any money raised by the Sponsors from the sale of any of its income generating real estate to the Company, within one (1) year of receipt of the proceeds. In compliance with the current regulations, the Sponsors intend to use the net proceeds received to fund current and future projects of renewable energy as set out in the reinvestment plan.

The Sponsors monitor and shall continue to monitor the actual disbursements of projects proposed in the Reinvestment Plan on a quarterly basis. To monitor, the Sponsors prepare quarterly progress reports of actual disbursements on the projects specified by the Company's Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in the Reinvestment Plan, the Sponsors shall submit a written notice to inform the SEC, PSE, BIR or the appropriate government agency.

As of 30 June 2023, the remaining balance of proceeds from the IPO through secondary offer of shares amounted to P1,954,552,233 out of the P2,320,278,610 net proceeds from the IPO. P126,931,238 was disbursed and reinvested to projects identified in the Reinvestment Plan from 1 April to 30 June 2023 based on the agreed upon procedures performed by Punongbayan & Araullo. The Reinvestment Plan Progress Report for the second quarter of 2023 is attached herein as Exhibit 2.

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	**15 August 2023** Date
Timothy Joseph M. Mendoza President	**Maryknoll B. Zamora** Treasurer and Chief Finance Officer
Karen G. Empaynado Corporate Secretary	

Premiere Island
POWER REIT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Premiere Island Power REIT Corporation is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the period ended 30 June 2023 and 2022, for the period 4 March 2022 to 31 December 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the Company's financial statements as of 31 December 2022 and for the period 4 March to 31 December 2022 in accordance with Philippine Standards on Auditing, and in their its 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 30 June 2023 and 2022 were not audited as allowed under the applicable rules of the Securities and Exchange Commission and the Philippines Stock Exchange.

Cynthia J. Javarez
Chairman

Timothy Joseph M. Mendoza
President

Maryknoll B. Zamora
Treasurer

Signed this 15th day of August 2023

SUBSCRIBED AND SWORN to before me this 18 AUG 2023, in MAKATI 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	N26-68-018747	LTO - 06/10/2024
Maryknoll B. Zamora	N01-99-234497	LTO - 12/20/2031

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Page No. 6
Book No. 2
Series 2023.

ATTY. REYCHELLE MAY B. MEDINA
Appointment No. M-398
Notary Public for Makati City
Until 31 December 2023
Unit 48i One Central Suites
H.V. Dela Costa cor. Geronimo Sts.
Salcedo Village, Brgy. Bel-Air, Makati City
Roll No. 69817
PTR No. A-5700971; 7 January 2023; Taguig City
IBP Lifetime No. 016840; 13 May 2017; Makati City

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
STATEMENTS OF FINANCIAL POSITION
JUNE 30,2023 and DECEMBER 31, 2022
(Amounts in Philippine Pesos)

ASSETS	Notes	June 30, 2023	December 31, 2022
CURRENT ASSETS			
Cash	4	P113,858,422	P4,625,289
Trade and other receivables	5	272,086,352	392,386,454
Prepayments and other current assets	2	52,235,676	604,953
Total Current Assets		438,180,450	397,616,696
NON-CURRENT ASSETS			
Property and equipment - net	6	871,804,340	897,580,000
Investment properties	7	7,570,970,000	7,570,970,000
Deferred tax asset - net	12	32,408,114	32,408,114
Total Non-current Assets		8,475,182,454	8,500,958,114
TOTAL ASSETS		P8,913,362,904	P8,898,574,810
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	8	P194,752,372	P59,710,417
Due to related parties	13	—	64,627,723
Lease liabilities	9	244,194	230,280
Total Current Liabilities		194,996,566	124,568,420
NON-CURRENT LIABILITY			
Lease liabilities	9	6,011,201	6,471,760
Total Liabilities		201,007,765	131,040,180
EQUITY	14		
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	6, 12	12,683,703	12,683,703
Retained earnings		82,049,585	137,229,076
Total Equity		8,712,355,139	8,767,534,630
TOTAL LIABILITIES AND EQUITY		P8,913,362,904	P8,898,574,810

PREMIERE ISLAND POWER REIT CORPORATION

(Formerly Premiere Island Philippines Holding Corporation)

(A Subsidiary of S.I. P0wer Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS JANUARY 1 TO JUNE 31, 2023 AND MARCH 4 TO JUNE 30, 2022

(Amounts in Philippine Pesos)

	Notes	January 1 to June 30, 2023	March 4 to June 30, 2022	Quarter ended June 30, 2023	Quarter ended June 30, 2022
RENTAL INCOME	10	P304,424,052	P—	P152,212,026	P—
COSTS OF RENTALS	11	34,886,740	—	17,443,370	—
GROSS PROFIT		269,537,312	—	134,768,656	—
OTHER OPERATING EXPENSES	11	1,870,070	4,949,705	1,536,948	4,949,705
OPERATING PROFIT (LOSS)		267,667,242	(4,949,705)	133,231,708	(4,949,705)
OTHER INCOME (CHARGES) - Net					
Finance cost	9	(231,354)	—	(115,677)	—
Finance income	4	3,680	—	3,138	—
		(227,674)	—	(112,539)	—
PROFIT (LOSS) BEFORE TAX		267,439,568	(4,949,705)	133,119,169	(4,949,705)
TAX INCOME (EXPENSE)	12	(628)	13,611,284	(628)	13,611,284
NET PROFIT		267,438,939	8,661,579	133,118,541	8,661,579
OTHER COMPREHENSIVE INCOME		—	—	—	—
TOTAL COMPREHENSIVE INCOME		P267,438,939	P8,661,579	P133,118,541	P8,661,579
BASIC AND DILUTED EARNINGS PER SHARE		0.08	0.01	0.04	0.01

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

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS JANUARY 1 TO JUNE 31, 2023 AND MARCH 4 TO JUNE 30, 2022
(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 at January 1, 2022	P—	P—	P—	P—	P—
Issuances during the period	3,288,669,000	5,328,952,851	—	—	8,617,621,851
Dividends declared	—	—	—	—	—
Total comprehensive income for the period	—	—	—	8,661,579	8,661,579
Balance at June 30, 2022	P3,288,669,000	P5,328,952,851	P—	P8,661,579	P8,626,283,430
Balance at January 1, 2023	P3,288,669,000	P5,328,952,851	P12,683,703	P137,229,076	P8,767,534,630
Issuances during the period	—	—	—	—	—
Dividends declared	—	—	—	(322,618,430)	(322,618,430)
Total comprehensive income for the period	—	—	—	267,438,939	267,438,939
Balance at June 30, 2023	P3,288,669,000	P5,328,952,851	P12,683,703	P82,049,585.00	P8,712,355,139

PREMIERE ISLAND POWER REIT CORPORATION

(Formerly Premiere Island Philippines Holding Corporation)

(A Subsidiary of S.I. P0wer Corp.)

STATEMENTS OF CASH FLOWS

FOR THE PERIODS JANUARY 1 TO JUNE 31, 2023 AND MARCH 4 TO JUNE 30, 2022

(Amounts in Philippine Pesos)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		P267,439,568	(P4,949,705)
Adjustments for:			
Depreciation	6	25,775,660	—
Finance cost - net	9	231,354	—
Finance income	4	(3,680)	—
Operating profit (loss) before working capital changes		293,442,902	(4,949,705)
Decrease in trade and other receivables		120,300,100	—
Decrease in prepayments and other current assets		(42,001,138)	—
Increase in trade and other payables		26,748,929	13,611,284
Cash generated from operations		398,490,793	8,661,579
Income taxes		—	(13,611,284)
Interest received	4	3,052	—
Net Cash from (Used in) Operating Activities		398,493,845	(4,949,705)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		223,954,989	—
Repayment of advances from related parties		(64,627,723)	—
Proceeds of advances from related parties			4,949,705
Repayment of lease liability	13	(677,999)	—
Proceeds from issuance of shares	14	—	5,000
Net Cash From (Used in) Financing Activities		(289,260,712)	4,954,705
NET INCREASE IN CASH		109,233,133	5,000
CASH AT BEGINNING OF PERIOD		4,625,289	—
CASH AT END OF PERIOD		P113,858,422	P5,000

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. P0wer Corp.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022 and DECEMBER 31, 2022
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Premiere Island Power REIT Corporation (the REIT) was incorporated under Philippine law on March 4, 2022 under the name of Premiere Island Philippines Holding Corporation (PIPHC). Under its articles on incorporation, PIPHC is authorized to invest in, purchase, or otherwise acquire and own, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real property and personal property of every kind and description. Since its incorporation on March 4, 2022, PIPHC did not have any business operation until the infusion by the Sponsors of assets under the Property-for-share swap (see Note 14).

On June 24, 2022, the BOD approved the following amendments on the Articles of Incorporation and By-Laws: (a) changing the corporate name to Premiere Island Power REIT Corporation; (b) changing the REIT's primary purpose to engage in the business of a real estate investment trust as provided under Republic Act (R.A.) No. 9856, The Real Estate Investment Trust Act of 2009 (the "REIT Act"), including its implementing rules and regulations, and other applicable laws; (c) increasing the number of the Board of Directors (BOD) from five to seven; (d) denying the stockholders' pre-emptive rights; (e) amendments on the PSE lock-up requirement; (f) corporate governance provisions for REITs and publicly listed companies; (g) qualifications of directors; (h) corporate governance revisions for independent directors; (i) changes on compensation clause; (j) constitute board committees including Executive Committee; Compensation and Remuneration Committee, Audit Committee, Related Party Transaction committee; (k) appointment of stock transfer agent; (l) schedule of regular annual meetings; (m) amendments on dividends; (n) the Fund Manager; and (o) the Property Manager. The Securities and Exchange Commission approved the amendments on November 9, 2022.

The REIT listed its common shares in the Philippine Stock Exchange (PSE) as a power REIT on December 15, 2022 (see Note 14). As of June 30, 2023 and December 31, 2022, the REIT has 48.88% public ownership.

S.I. P0wer Corp. (SIPCOR or the Parent Company) holds 25.71% interest over the REIT while Camotes Island Power Generation Corporation (CAMPCOR) holds 25.39% ownership over the REIT. SIPCOR also holds 94.00% ownership interest over CAMPCOR. Accordingly, SIPCOR effectively holds 49.58% ownership of the REIT's total issued and outstanding capital stock, thereby making SIPCOR as the majority stockholder and the REIT's parent company. SIPCOR and CAMPCOR are both presently engaged in buying, acquiring, leasing, constructing, maintaining, and operating plants, work, systems, poles, poles wire, conduit, ducts and subway for the production, supply, distribution and sale of electricity.

Prime Asset Ventures, Inc. (PAVI or the Ultimate Parent) is the REIT's ultimate parent company. PAVI is presently engaged primarily to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, develop or otherwise, dispose of real and personal property of every kind, and to grant loans and/or assume or undertake or guarantee or secure either on its general credit or on themortgage, pledge, deed of trust, assignment and/or other security arrangement of any or all of its property, its related parties or any third party, without engaging in the business of a financing company or lending investor.

The REIT's registered office address and principal place of business is located at 4th Starmall IT Hub CV Starr Ave., Philamlife Pamplona Dos Las Piñas, Las Piñas City. On the other hand, SIPCOR and PAVI's registered office, which is also their principal place of business, is located at Worldwide Corporate Center, Shaw Blvd., Mandaluyong City.

1.2 Approval of the Financial Statements

The financial statements of the REIT as of and for the period January 1 to June 30, 2023 (including the comparative financial statement as of December 31, 2022 and for the period March 4 to June 30, 2022) were authorized for issue by the REIT's BOD on August 15, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 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 Subsequent to 2022

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

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

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

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

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

2.3 Current versus Non-current classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;

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

The REIT classifies all other liabilities as noncurrent.

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

2.4 Financial Instruments

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

(a) Financial Assets

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

(i) Classification and Measurement of Financial Assets

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

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

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

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

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

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

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

(ii) Impairment of Financial Asset

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

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

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

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

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

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

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

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

(iii) Derecognition of Financial Assets

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

(b) *Financial Liabilities*

Financial liabilities, which pertain to Trade and Other Payables and Due to Related Parties, are recognized initially at its fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.
All interest-related charges, except any capitalized borrowing costs, are recognized as expense in profit or loss under Interest Expense in the statement of comprehensive income.

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

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

(c) *Offsetting of Financial Instruments*

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

2.6 Prepayments and Other Assets

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

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

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

2.7 Property and Equipment

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

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

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

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

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

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

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

2.8 Investment Properties

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

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

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

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

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

2.9 Provisions and Contingencies

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

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

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

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

2.10 Expense Recognition

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

2.11 *Leases*

(a) *REIT as Lessee*

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the REIT;

- the REIT has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the REIT has the right to direct the use of the identified asset throughout the period of use. The REIT assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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

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

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

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

(b) REIT as Lessor

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

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

2.12 Impairment of Non-financial Assets

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

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

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

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

2.13 Income Taxes

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

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

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

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

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

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

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the REIT has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.14 Related Party Transactions and Relationships

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

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

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

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

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

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

2.15 Equity

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

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

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

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

2.16 Earnings Per Share

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

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

2.17 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the REIT's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the REIT's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

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

The REIT did not include the renewal period as part of the lease term for the lease due to the provision in its contract that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the REIT becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the REIT.

(b) Distinction Among Investment Properties and Owner-occupied Properties

The REIT determines whether a property should be classified as investment property or owner-occupied property. The REIT applies judgment upon initial recognition of the asset based on intention and also when there is a change in use.

In making its judgment, the REIT considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the REIT's main line of business or for administrative purposes, the REIT accounts for the portions separately if these portions can be sold separately (or leased out separately under finance lease). If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the REIT's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The REIT considers each property separately in making its judgment.

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

The REIT has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish the lease agreements as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

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

(d) *Recognition of Provisions and Contingencies*

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

3.2 Key Sources of Estimation Uncertainty

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

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

The REIT's investment properties, composed of right-of-use asset, land and buildings, are measured using the fair value model while the REIT's property and equipment, composed of generation assets, are measured using revaluation model. In determining the fair value of these assets, the REIT engages the services of professional and independent appraisers applying the income approach. In determining the fair value under the income approach, significant estimates are made such as revenues generated, costs and expenses related to the operations and discount rate.

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

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

(b) Estimation of Useful Lives of Property and Equipment

The REIT estimates the useful lives of the property and equipment based on the period over which the assets are expected to be available-for-use. The estimated useful lives of the property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

The carrying amounts of the property and equipment are analyzed in Note 6. Based on management's assessment as at June 30, 2023, there is no change in estimated useful lives of the property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) Estimation of Allowance for ECL

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

Based on management's assessment, the outstanding balances of receivables and contract asset as of June 30, 2023, are fully collectible (see Notes 5).

(d) Impairment of Non-financial Assets

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

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

There were no impairment losses on the REIT's non-financial assets required to be recognized for the quarter ended June 30, 2023 and 2022, based on management's assessment.

4. CASH

Cash in bank amounted to P113.9 million and P4.6 million as of June 30,2023 and December 31, 2022, respectively. Cash in bank generally earns interest based on daily bank deposit rates.

Interest earned from cash in bank for the period ended June 30, 2023 amounted to P3,680. There is no interest income earned for the period ended June 30,2022. 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 is composed of the following:

	June 30, 2023	December 31, 2022
Trade receivables		
Billed	**P187,638,727**	P346,914,908
Accrued	**84,343,891**	45,415,940
Advances to employees	**103,734**	55,606
	P272,086,352	P 392,386,454

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

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

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

For the period ended June 30, 2023, the REIT recognized income arising from the lease of generation assets to SIPCOR amounting to P26.4 million, which is presented as part of Rental Income in the statements of comprehensive income (see Note 10). Related outstanding receivable is presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

The carrying amount of property and equipment is as follows

	June 30, 2023	December 31, 2022
Balance at beginning of the period, net of depreciation	P897,580,000	P—
Acquisitions	—	910,740,000
Revaluation	—	16,911,604
Depreciations and amortization during the period	(25,775,660)	(30,071,604)
Balance at end of the period, net of depreciation and amortization	P871,804,340	P897,580,000

The depreciation expense is presented as part of Costs of Rentals in the statements of comprehensive income. For the period ended June 30, 2023 and 2022, the REIT did not recognize any impairment loss on the property and equipment.

Under the cost model, the carrying value of the property and equipment as of June 30, 2023 and December 31, 2022 amounted to P854.9 million and P880.7 million, respectively.

The REIT did not have any fully depreciated property and equipment as of June 30,2023 and December 31, 2022. The information on the fair value measurement and disclosures related to the property and equipment are presented in Note 19.3.

7. INVESTMENT PROPERTIES

On May 31, 2022, the REIT, SIPCOR and CAMPCOR executed a deed of assignment whereas SIPCOR and CAMPCOR cede, assign and transfer to the REIT, in a manner absolute and irrevocable, the parcels of land located in Candanay, Siquijor, Lazi, Siquijor, Poro, Cebu and Pilar, Cebu, including the buildings located in the said parcels of land, to the REIT, in consideration for the issuance of REIT's shares (see Note 14). The parcels of land include the land owned by the National Power Corporation (NPC) to which the lease right was also assigned to the REIT as approved by the NPC (see Note 9).

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

The breakdown of the REIT's investment properties as of June 30 ,2023 and December 31, 2022, which are held to earn rental, are as follows:

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

A reconciliation of the carrying amounts of investment properties as at June 30, 2023 and December 31, 2022 is shown below.

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

The fair values of the investment properties were determined by independent and SEC-accredited property appraisers. The REIT's management engaged with an appraiser and the amounts stated above are the fair values as of December 31, 2022. The fair value loss on investment properties is presented under Other income (Charges) in the statement of comprehensive income. Management has assessed that there are no significant changes in the fair value of the parcels of land as at June 30, 2023 from the date of appraisal.

As of June 30, 2023 and December 31, 2022, the REIT has a total of seven assets presented below:

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

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

For the period ended June 30, 2023, the REIT recognized income from the lease of investment properties amounting to P304.4 million and is presented as part of Rental Income in the statement of comprehensive income (see Note 10). Related outstanding receivable is presented as part of Trade and Other Receivables in the statement of financial position (see Note 5).

Expenses such as taxes and licenses and property management fees incurred in relation to the rental services are recognized as incurred and are presented as part of Costs of Rentals in the statement of comprehensive income (see Note 11).

The REIT does not have contractual commitments for purchase of investment properties.

The operating lease commitments of the REIT as lessor are fully disclosed in Note 16.1.

8. TRADE AND OTHER PAYABLES

This account is composed of the following:

	Note	June 30, 2023	December 31, 2022
Dividends Payable	14	**P98,331,203**	P—
Deferred output VAT		**73,700,341**	37,169,455
Accrued expenses		**21,681,103**	13,485,379
Payables to government		**1,039,725**	9,055,583
		P194,752,372	P59,710,417

On June 22, 2023, the REIT declared dividends at P0.0299 per share, see Note 14.2. The dividends are payable on July 17, 2023.

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

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

9. LEASES

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

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

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

	June 30, 2023	December 31, 2022
Current	**P244,194**	P230,280
Non-current	**6,011,201**	6,471,760
	P6,255,395	P6,702,040

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

	June 30, 2023	December 31, 2022
Balance at beginning of the period	**P6,702,040**	P6,557,716
Amortization	**231,354**	269,912
Repayments	**(677,999)**	(125,588)
Balance at end of the period	**P6,255,395**	P6,702,040

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

As of June 30, 2023 and December 31, 2022, the REIT has no commitments to leases which had not commenced.

The maturity analysis of lease liabilities are as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
June 30, 2023							
Lease payments	P 576,237	P 813,600	P 813,600	P 813,600	P 813,600	P 5,504,550	P 9,335,187
Finance charge	(332,043)	(431,692)	(405,109)	(376,675)	(346,262)	(1,188,011)	(3,079,792)
Net present values	P 244,194	P 381,908	P 408,491	P 436,925	P 467,338	P 4,316,539	P 6,255,395

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

The cash outflow in respect of the lease for the period January 1 to June 30,2023 and March 4, 2022 to December 31, 2022 amounted to P0.7 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 Note 7).

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

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

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

The rental income derived from such leases amounted to P304.4 million for the six months ended June 30, 2023.

As of June 30, 2023 and December 31, 2022, the rental receivable amounted to P272.0 million and P392.3 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 ended June 30, 2023 and 2022 are shown below.

	Notes	2023	2022
Depreciation	6	P25,775,660	P—
Property and fund management fees		9,111,080	—
Professional fees		1,169,857	—
General and administrative		556,094	3,200
Taxes and licenses		118,200	4,931,459
Advertising		15,000	—
Miscellaneous		10,919	15,046
		P36,756,810	P4,949,705

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

	2023	2022
Costs of rentals	P34,886,740	P—
Operating expenses	1,870,070	4,949,705
	P36,756,810	P4,949,705

12. INCOME TAXES

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

	2023	2022
Reported in profit or loss		
Regular corporate income tax at 25%	P—	P—
Final tax at 20%	629	—
	P629	—
Deferred tax income arising from origination of temporary differences – net operating loss carry-over (NOLCO)	—	13,611,284
	P629	P13,611,284

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 June 30, 2023 are follows:

	Notes	2023
Tax on pretax profit at 25%	6	P66,859,892
Adjustment for income subjected to lower income tax rate		(920)
Tax effect of –		
Dividends from distributable income		(66,858,972)
Non-deductible expense		—
		P—

For the period ended June 30, 2023, the REIT claimed dividends as tax deduction which were declared on June 22, 2023 and payable on July 17, 2023.

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 June 30, 2023 and 2022 are shown below.

	Notes	2023	2022
Fair value loss on investment properties	6	P47,990,000	P—
Straight-lining of rental income		(11,353,985)	—
Revaluation surplus of property and equipment		(4,227,901)	—
NOLCO		—	13,611,284
		P32,408,114	P13,611,284

The NOLCO incurred for the period March 4, 2022 to June 30, 2022 amounting to P54,445,138 can be claimed as a deduction from future taxable income within three years after the year it was incurred. For financial reporting purposes, the REIT recognized the deferred tax asset arising from the NOLCO.

The REIT claimed itemized deductions in computing for its income tax due for the quarters ended June 30, 2023 and 2022.

13. RELATED PARTY TRANSACTIONS

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

	Notes	June 30, 2023		December 31, 2022	
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Parent Company					
Rental income	5, 10	P148,700,244	P128,861,220	P173,483,618	P191,870,442
Due to related party	13.2	(6,702,040)	—	64,086,279	(64,086,279)
Lease liabilities	9	231,354	6,255,395	6,702,040	6,702,040

Related party under common ownership					
Rental income	5,10	155,723,808.0	143,121,398	181,677,776	200,460,406
Due to related parties	13.2	(541,444)	—	541,444	(541,444)

13.1 Lease Agreements

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

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

13.2 Due to Related Parties

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

The outstanding due to related parties presented in the statements of financial position as at December 31, 2022, amounted to P64.6 million. Such balance have no fixed repayment terms and are unsecured, noninterest-bearing and generally payable in cash upon demand, or through offsetting arrangements with the related parties.

As of December 31, 2022 due to Related Parties includes payments to SEC and Bureau of Internal Revenue (BIR) registration and filing fees, documentary stamp tax (DST) on issuance of shares and DST on lease agreements, and other expenses which were paid by the Parent company (SIPCOR) on behalf of the REIT. Also, in 2022, CAMPCOR paid certain regulatory fees to local government and advertising expenses on behalf of the REIT.

13.3 Key Management Personnel Compensation

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

14. EQUITY

14.1 Capital Stock

Capital stock consists of the following:

	Shares		Amount	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Common shares				
Authorized				
Balance at beginning and end of the period	7,500,000	7,500,000	P105,400,099	P105,400,099

Issued and outstanding:				
Balance at beginning and end of the period	3,288,669,000	3,288,669,000	P3,288,669,000	P3,288,669,000

On March 9, 2022, the REIT applied for the increase in authorized capital stock from P5,000 divided into 5,000 common shares with par value of P1.0 per share to P7.5 billion divided into 7,500,000,000 common shares with par value of P1.0 per share.

Under the terms of the capital increase, the REIT will issue a total of 3,288,664,000 common shares to SIPCOR and CAMPCOR in exchange for the transfer, assignment and conveyance by SIPCOR and CAMPCOR of all their rights, title and interests in certain properties (see Notes 6 and 7), free from liabilities and debts and free from all liens and encumbrances. The application was approved by the SEC on May 31, 2022.

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

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

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

As of December 31, 2022, there are 2,700 holders of at least one board lot of the listed shares, which closed at P1.60 per share as of that date. As of June 30, 2023, there are 2,771 holders of at least one board lot of the listed shares, which closed at P1.55 per share as of that date.

14.2 Dividends

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

On April 27, 2023, the BOD approved the declaration of cash dividends amounting to P224.3 million (P0.0682 per share) from its unrestricted retained earnings payable to stockholders of record as of May 12, 2023. The dividends were paid on May 26, 2023.

On June 22, 2023, the BOD approved the declaration of cash dividends amounting to P98.3 million (P0.022 per share) from its unrestricted retained earnings payable to stockholders of record as of July 7, 2023. The dividends, presented as Dividends payable under Trade and other payables in the statements of financial position, are payable on July 17, 2023.

14.3 Distributable Income

The computation of the distributable income of the REIT is shown below.

	January 1 to June 30, 2023
Net profit for the period	P236,707,856
Fair value adjustment of investment property resulting to loss	—
Effect of straight-lining of rental income	(30,963,065)
Accretion of interest relating to lease liability	231,354
Distributable income	P236,707,856

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 a 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:

	January 1 to June 30, 2023	March 4 to June 30, 2022
Net profit for the period	P267,438,939	P8,661,579
Divided by weighted number of outstanding common shares	3,288,669,000	822,171,000
Basic and diluted earnings per share	P0.08	P0.01

The REIT has no potential dilutive common shares as of June 30, 2023 and 2022.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – REIT as a Lessor

On April 11, 2022, the REIT entered into several operating lease agreements with SIPCOR and CAMPCOR covering real estate properties for energy generation use located in Siquijor and Cebu for periods ranging from 8 to 10 years. Monthly rentals for the leases are equivalent to the higher of a guaranteed base lease or a percentage of the lessee's annual revenue.

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

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

The future minimum leases under these agreements as of June 30, 2023 are shown below.

Within one year	P 555,125,804
After one year but not more than two years	571,779,578
After two years but not more than three years	588,932,965
After three years but not more than four years	606,600,954
After four years but not more than five years	624,798,982
More than five years	2,079,949,976
	P5,027,188,259

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 June 30, 2023 and December 31, 2022, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the REIT's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The REIT is exposed to a variety of financial risks in relation to its financial instruments. The REIT's financial asset and financial liability by category is disclosed in Note 18. The main types of risks are market risk, credit risk and liquidity risk.

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

17.1 Market Risk

As of June 30, 2023 and December 31, 2022, the REIT is exposed to market risk through its cash in bank, which is subject to changes in market interest rates. However, management believes that the related interest rate risk exposure is not significant.

17.2 Credit Risk

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

The maximum credit risk exposure of financial assets 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.

	June 30, 2023	December 31, 2022
Cash	P113,858,422	P139,229,076
Trade and other receivables	272,086,352	392,386,454
	P385,944,774	P531,615,530

(a) Cash

The maximum credit risk exposure of financial asset is the carrying amount of the financial asset as shown in the statement of financial position which relates to cash in bank. The credit risk for cash in bank is considered negligible since the counterparty is a reputable bank with high quality external credit rating. Cash in bank are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum of P0.5 million for every depositor per banking institution.

(b) Trade and other receivables

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

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

There are no unimpaired past due receivables as of June 30, 2023 and December 31, 2022.

17.3 Liquidity Risk

As of June 30, 2023 and December 31, 2022, the REIT's maximum liquidity risk is the carrying amounts of trade and other payables, due to related parties and lease liabilities in the statements. The REIT's financial liability representing due to related parties is payable upon demand.

	June 30, 2023	December 31,

		2022
Trade and other payables	P194,752,369	P59,710,417
Lease liabilities	6,255,395	6,702,040
Due to related parties	—	64,627,723
	P201,007,764	P131,040,180

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	June 30, 2023		December 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash	4	P113,858,422	P113,858,422	P4,625,289	P4,625,289
Trade and other receivables	5	272,086,352	272,086,352	392,386,454	392,386,454
		P385,944,774	P385,944,774	P397,011,743	P397,011,743
Trade and other payables	8	P193,712,644	P193,712,644	50,654,834	50,654,834
Due to related parties	15	—	—	64,627,723	64,627,723
		P193,712,644	P193,712,644	P115,282,557	P115,282,557

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

18.2 Offsetting of Financial Assets and Financial Liabilities

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

19. FAIR VALUE MEASUREMENT AND DISCLOSURE

19.1 Fair Value Hierarchy

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

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly(i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

The REIT has no financial instruments measured at fair value that are not carried at fair value but are required to be disclosed as at June 30, 2023 and December 31, 2022. Accordingly, the REIT opted not to present its financial instruments in the fair value hierarchy anymore. Nevertheless, based on the management's review of its financial instruments measured at cost, except for cash, which is considered in Level 1, all the rest are determined to be Level 3.

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

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

19.3 Fair Value Measurement of Non-financial Assets

As of June 30, 2023 and December 31, 2022, the REIT's investment properties and property and equipment are classified under Level 3 of the hierarchy of fair value measurements.

	Note	June 30, 2023	December 31, 2022
Investment properties	7	**P7,570,970,000**	P 7,570,970,000
Property and equipment - net	6	**871,804,340**	897,580,000
		P8,442,774,340	P8,468,550,000

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

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

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

20. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The REIT sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The REIT manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The REIT's total liabilities and total equity as of June 30, 2023 and December 31, 2022 are presented below.

	Notes	June 30, 2023	December 31, 2022
Total liabilities	6	**P201,007,765**	P131,040,180
Total equity		**8,712,355,139**	8,767,534,630
		P0.02:1.00	P0.01:1.00

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

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

21. SEGMENT REPORTING

The REIT has determined that it operates as one operating segment. The REIT's only income-generating activity is the lease of its land, right-of-use asset, buildings and generation asset which is the measure used by the REIT's management in allocating resources (see Notes 7 and 10).

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

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

22. EVENTS AFTER THE REPORTING PERIOD

On July 17, 2023, the REIT distributed dividends at P0.0299 per share, see Note 14.2. The dividends were declared on June 22, 2023 and as such is allowed to be claimed as a deduction to net taxable income in accordance with the REIT Act.

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

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

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

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

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

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

PREMIERE ISLAND POWER REIT CORPORATION
List of Supplementary Information
June 30, 2023

PREMIERE ISLAND POWER REIT CORPORATION

Schedule B

Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

June 30, 2023

(Amounts in Philippine Pesos)

Name and designation of debtor	Balance at Beginning of year	Additions	Deductions Amounts collected	Deductions Amounts written off	Ending Balance Current	Ending Balance Not current	Balance at end of year
S.I. P0wer Corporation	P191,870,442	P166,544,274	P229,553,496	P—	P128,861,220		P128,861,220
Camotes Island Power Generation Corporation	200,460,406	174,410,664	231,749,672	—	143,121,398		143,121,398
Advances to employees	55,606	103,734	55,606	—	103,734		103,734
	P392,386,454	P341,058,672	P461,358,774	P—	P272,086,352		P272,086,352

PREMIERE ISLAND POWER REIT CORPORATION
Indebtedness to Related Parties
Schedule E
June 30, 2023
(Amounts in Philippine Pesos)

Name of Related Party	Balance at January 1,2023	Balance at June 30,2023
Parent Company - S.I. P0wer Corporation	P64,086,279	P—
Related party under common ownership - Camotes Island Power Generation Corporation	541,444	—
Total indebtedness to related parties	**P64,627,723**	**P—**

PREMIERE ISLAND POWER REIT CORPORATION
Capital Stock
Schedule G
June 30, 2023
(Amounts in Philippine Pesos)

				Number of Shares Held By		
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Related Parties	Directors, Officers and Employee	Others
Common	7,500,000,000	3,288,669,000	—	1,680,428,993	100,454	1,608,139,553

PREMIERE ISLAND POWER REIT CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
4th Starmall IT Hub CV Starr Ave.
June 30, 2023
Reconciliation of Retained Earnings Available for Dividend Declaration

Retained Earnings at Beginning of Period	P137,229,076
Prior Years' Outstanding Reconciling Items	
Fair value adjustment of investment property resulting to loss	191,960,000
Accretion of interest relating to lease liability	144,324
Effect of straight-lining of rental income	(45,415,940)
Deferred tax asset	(36,636,015)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year	P247,281,445
Net profit per unaudited financial statements	267,438,939
Add: Non-actual/unrealized loss	
Accretion of interest relating to lease liability	231,354
Less: Non-actual/unrealized income	
Dividend declaration	
April 27,2023	(224,287,226)
June 22,2023	(98,331,203)
Effect of straight-lining of rental income	(15,481,533)
Retained Earnings Available for Dividend Declaration at End of the Period	P176,851,776

PREMIERE ISLAND POWER REIT CORPORATION
Aging of Receivables
As of June 30, 2023
(Amounts in Philippine Pesos)

Name and designation of debtor	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	Over 180 Days	Non-current	Total
S.I. POwer Corporation	P24,783,374	P24,783,374	P24,783,374	P24,783,374	P24,783,374	P4,944,350	P—	P—	P—	P128,861,220
Camotes Island Power Generation Corporation	25,953,968	25,953,968	25,953,968	25,953,968	25,953,968	13,351,558	—	—	—	143,121,398
Advances to employees	—	103,734	—	—	—	—	—	—	—	103,734
	P50,737,342	P50,841,076	P50,737,342	P50,737,342	P50,737,342	P18,295,908	P—	P—	P—	P272,086,352

COVER SHEET

SEC Registration Number

2022030044636-59

Company Name

PREMIERE ISLAND POWER REIT CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

4TH FLOOR STARMALL IT HUB CV STARR PHILAMLIFE PAMPLONA DOS LAS PINAS CITY 1747

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Company's Facsimile Number
IR@preit.com.ph	(02)8734-5732/ (02)8775-8072	N/A

CONTACT PERSON INFORMATION

Name of Contract Person	Email Address	Mobile Number	Facsimile Number
Karen G. Empaynado	karen.lee@pavi.com.ph	09178470281	

FORM TYPE	Department requiring report	Secondary License Type, if applicable
17 - C		

To be accomplished by SEC personnel

File No. ______________________

LCU

Document ______________________

I.D. ______________________

CASHIER

Remarks:
Please use BLACK ink for scanning purposes

STAMPS

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. **14 July 2023**
   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

   1747
   Postal Code

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
COMMON STOCK	**3,288,669,000**

11. Indicate the item numbers reported herein:
    Item 9 - Other Events
    PREIT hereby submits its Progress Report for the quarter ended 30 June 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	**14 July 2023**
Issuer	Date

Karen G. Empaynado
Corporate Secretary

Premiere Island
POWER REIT CORPORATION

July 14, 2023

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 compliance with the disclosure requirements of the Philippine Stock Exchange, please find the following:

1. Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering of Premiere Island Power REIT Corporation as of and for the quarter ended June 30, 2023; and,

2. Report of Independent Auditors on Factual Findings.

Premiere Island Power REIT Corporation

Maryknoll B. Zamora
Chief Financial Officer

PREMIERE ISLAND POWER REIT CORPORATION
(A Subsidiary of S.I. P0wer Corp.)
Quarterly Progress Report
as of June 30, 2023
(Amounts in Philippine Peso)

Gross Initial Public Offering (IPO) Proceeds		P	2,415,000,000
Less: IPO-related expenses			
Underwriting and selling fees offer Shares being sold by the Selling Shareholders	59,310,173		
Taxes paid by the Selling Shareholders	14,490,000		
PSE filing fee (inclusive of valued-added tax)	7,366,619		
Crossing expenses	6,213,900		
SEC registration, filing, and legal research fee	1,805,039		
Fees paid to the PSE Trading Participants	1,020,405		
Professional fees:			
Accounting fees	2,875,000		
Stock transfer and receiving	883,743		
Securities depository fee	75,105		
Other expenses	681,406		94,721,390
Net IPO Proceeds			2,320,278,610
Less: Disbursements			
Accumulated costs incurred as of March 31, 2023	238,795,139		
Costs incurred for the quarter ended June 30, 2023:			
Bataan Solar Farm 1	20,589,275		
Camarines Norte Farm 1	46,540,835		
Camarines Sur Farm 1	59,801,128		
Total Disbursements			365,726,377
Balance of the Net IPO Proceeds as of June 30, 2023		**P**	**1,954,552,233**

Maryknoll B. Zamora
Chief Financial Officer

P&A
Grant Thornton

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

T +63 2 8988 2288

Report of Independent Auditors on Factual Findings

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
Pamplona Dos, Las Piñas City

We have performed the procedures agreed with you and enumerated in the succeeding page with respect to the attached Quarterly Progress Report (the Report) as of and for the quarter ended June 30, 2023 on the application of proceeds from the initial public offering (Offering Proceeds) of Premiere Island Power REIT Corporation (the Company) 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.

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

	Total Planned Use For One Year	Application of Offering Proceeds as of March 31, 2023	Application of Offering Proceeds For the Quarter ended June 30, 2023	Balance of Offering Proceeds as of June 30, 2023	Disbursing Entity
Bataan Solar Farm 1	P 151,677,337	P 100,000,000	P 20,589,275	P 31,088,062	SIPCOR
Camarines Sur Solar Farm 1	370,000,000	122,593,333	59,801,128	187,605,539	SIPCOR
Camarines Norte Solar Farm 1	308,375,000	16,201,806	46,540,835	245,632,359	SIPCOR
Camarines Sur Solar Farm 2	90,000,000	-	-	90,000,000	SIPCOR
Pangasinan Solar Farm 1	102,302,220	-	-	102,302,220	SIPCOR
Pangasinan Solar Farm 2	220,000,000	-	-	220,000,000	SIPCOR
Nueva Ecija Solar Farm	632,000,000	-	-	632,000,000	SIPCOR
Bulacan Solar Farm	315,000,000	-	-	315,000,000	SIPCOR
Isabela Solar Farm 1	130,924,053	-	-	130,924,053	SIPCOR
	P 2,320,278,610	P 238,795,139	P 126,931,238	P 1,954,552,233	

As confirmed by management, there was a total disbursement of P126.93 million for the quarter ended June 30, 2023 related to the properties located at Bataan, Camarines Sur and Camarines Norte.

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 quarter ended June 30, 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 quarter ended June 30, 2023.

3. Compared the schedule of planned application of the Offering proceeds to the Reinvestment Plan as included in the Offering Prospectus.

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, the disbursements made for the quarter relate to the costs incurred in the initial development activities in Bataan, Camarines Norte and Camarines Sur sites. With respect to this, we traced these disbursements to the related approved payment vouchers, official receipts, statements of accounts and progress billings issued by the contractors.
- 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, 2023, 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)

July 14, 2023

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the above jurisdiction, this 17 JUL 2023, personally came and appeared the following:

Name	Competent Evidence of Identity	Date and Place of Issue / Date of Expiry
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 of the corporations represented herein.

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

Doc. No. 432;
Page No. 89;
Book No. 3;
Series of 2023.

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

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