

SEC Number: 2022030044636-59
File Number: _____

Premiere Island Power REIT Corporation

(Company's Full Name)

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

(Company Address)

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

(Telephone Number)

December 31

(Fiscal Year Ending)

31 March 2024

Period Ended Date

Quarterly Report - SEC Form 17-Q

(Form Type)

N/A

(Amendments – if applicable)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(2)(b) THEREUNDER

1. 31 March 2024
Date of Report (Date of earliest event reported)
2. SEC Identification Number 2022030044636-59
3. BIR Tax Identification No. 607-224-091-00000
4. PREMIERE ISLAND POWER REIT CORPORATION
Exact name of issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
1747
Postal Code
7. 4th Floor Starmall IT Hub, CV Starr, Philamlife,
Pampalona Dos, Las Piñas City
Address of principal office
8. +63(2) 8734 5732 / +63(2) 8775 8072
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON STOCK</u>	<u>3,288,669,000</u>
11. Are any or all these securities listed on a stock exchange?
[a] Yes [] No
Stock Exchange: Philippine Stock Exchange
Securities listed: Common shares
12. Indicate by check mark whether the registrant:
(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
[a] Yes [] No
(b) has been subject to such filing requirements for the past 90 days:
[a] Yes [] No

PART I – FINANCIAL INFORMATION

Item 1. Interim Financial Statements

The Interim Financial Statements of Premiere Island Power REIT Corporation (“PREIT” or the “Company”) for the period 1 January to 31 March 2024 and as of 31 March 2024 with comparative figures for the period 1 January to 31 March 2024 and as of 31 December 2023.

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

A. Results of Operations (Financial Performance)

Review of results of operations for the three (3) months ended 31 March 2024 as compared with the results for the three (3) months ended 31 March 2023.

Revenue remained the same.

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

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

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

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

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

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

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

Other Comprehensive Income decreased from nil to P1.0million

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

Total Comprehensive Income

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

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

Assets

Cash decreased from P 51.9 million to P 0.4 million

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

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

The decrease in trade and other receivables is directly attributable to the collections of rentals amounting to P296.5 million.

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

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

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

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

Investment properties remained the same.

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

Liabilities

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

The decrease in trade and other payables is due to the settlement of liabilities during the quarter.

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

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

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

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

Equity

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

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

Indebtedness

As of 31 March 2024, there are no material commitments for capital expenditures. PREIT has no indebtedness with any bank.

The Company is not aware of any events that will trigger direct or contingent financial obligations that are material to it, including any default or acceleration of an obligation.

Key Financial Ratios

PREIT's key financial ratios for the quarter ended 31 March 2024 and 2023 are as follows:

Key Ratio	Formula	31 March 2024	31 March 2023
Earnings Per Share*	Net Profit/Common Shares Outstanding	0.04	0.04
Current Ratio	Current Assets/Current Liabilities	1.89	1.63
Debt to Equity	Total Liabilities/Total Shareholders' Equity	0.06	0.08
Return on Asset	Net Profit/Total Assets	0.01279	0.01225
Return on Equity	Net Profit/Total Shareholders' Equity	0.01361	0.01328

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

The key ratios provide directors and management with a measure of liquidity (Current Ratio), financial strength (Debt to Equity), and profitability (Earnings per Share, Return on Asset, and Return on Equity).

PART II—OTHER INFORMATION

Item 3. Business Development

As of 31 March 2024, the property portfolio of the Company consists of land and power plant assets utilized in the power generation projects of the Sponsors.

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

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

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

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

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

As of 31 March 2024, all the Properties registered occupancy rate at 100%.

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

SIGNATURES

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

**PREMIERE ISLAND POWER REIT
CORPORATION**
Issuer

20 May 2024

Date


Timothy Joseph M. Mendoza
President


Cecille Marie H. Bernardo
Treasurer and Chief Finance Officer *h*


Karen G. Empaynado
Corporate Secretary

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

The management of Premiere Island Power REIT Corporation is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the period ended 31 March 2024 and 2023, for the period 1 January to 31 December 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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


Panongbayan & Anaullo, the independent auditors appointed by the stockholders, have audited the Company's financial statements as of 31 December 2023 and for the period 1 January to 31 December 2023 in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit. The financial statements as of and for the period ended 31 March 2024 were not audited as allowed under the applicable rules of the Securities and Exchange Commission and the Philippines Stock Exchange.



Cynthia J. Jaramaz
Chairman



Timothy Joseph M. Mendoza
President



Cecille Marie H. Bernardo
Treasurer

Signed this 20th day of May 2024

SUBSCRIBED AND SWORN to before me this 20 May 2024, in Taguig City, Metro Manila, affiant exhibiting to me his/her valid ID, as follows

Name	Competent Evidence of Identity	Date & Place of Issue
Cynthia J. Javarez	P3138029B	DFA Manila - 09/09/2029
Timothy Joseph M. Mendoza	P2015271C	DFA Manila - 10/12/2032
Cecille Marie H. Bernardo	P5633097A	DFA Manila - 01/15/2032

Doc No. 231;
Page No. 48;
Book No. I;
Series 2024.


MIKHEIL JULLIANE B. BELTRAN
NOTARY PUBLIC FOR TAGUIG CITY

Until December 31, 2025
Appointment No. 82 (2024-2025); Roll No. 84823
PTR No. MLA1545454, January 8, 2024, Manila City
IBP No. 333600, 427372; 01-22-24; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar; May 2, 2023
SW 16M One Uptown Residence BGC

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)

STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2024, 31 DECEMBER 2023 AND 31 MARCH 2023
(Amounts in Philippine Pesos)

<u>ASSETS</u>	<u>Notes</u>	<u>31 March 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)	<u>31 March 2023</u> (Unaudited)
CURRENT ASSETS				
Cash	4	P 411,435	P 51,889,838	P 252,100,451
Trade And Other Receivables	5	922,698,970	1,051,325,057	247,104,534
Prepayments And Other Current Assets		48,850,884	42,959,052	1,183,704
Total Current Assets		P 971,961,289	P 1,146,173,947	P 500,388,689
NON-CURRENT ASSETS				
Property And Equipment – Net	6	919,954,404	934,480,000	884,692,170
Investment Properties	7	7,784,490,000	7,784,490,000	7,570,970,000
Deferred tas-asset - net		—	—	28,537,731
Total Non-Current Assets		P 8,704,444,404	P 8,718,970,000	P 8,484,199,901
TOTAL ASSETS		P 9,676,405,693	P 9,865,143,947	P 8,984,588,590
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade And Other Payables	8	P 147,120,260	P 192,401,958	P 89,415,813
Due To Related Parties	13	367,642,092	509,891,645	—
Lease Liabilities	9	408,491	381,908	345,957
Total Current Liabilities		P 515,170,842	P 702,675,511	P 89,761,770
NON-CURRENT LIABILITY				
Lease Liabilities	9	P 5,609,817	P 5,819,943	P 6,471,760
Deferred tax liabilities – net	12	61,549,917	58,705,012	—
Total Non-Current Liabilities		P 67,159,734	P 64,524,955	P 6,471,760
Total Liabilities		P 582,330,576	P 767,200,466	P 96,233,530
EQUITY				
Capital Stock	14	P 3,288,669,000	P 3,288,669,000	P 3,288,669,000
Additional Paid-In-Capital	14	5,328,952,851	5,328,952,851	5,328,952,851
Revaluation Reserves – Net	6	77,975,845	79,018,554	12,683,703
Retained Earnings	14	398,477,421	401,303,076	258,049,506
Total Equity		P 9,094,075,117	P 9,097,943,481	P 8,888,355,060
TOTAL LIABILITIES AND EQUITY		P 9,676,405,693	P 9,865,143,947	P 8,984,588,590

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2024 AND 2023
(Amounts in Philippine Pesos)
(Unaudited)

	Notes	Year-To-Date (3 Months)		Quarter Ended (3 Months)	
		1 January to 31 March 2024	1 January to 31 March 2023	1 January to 31 March 2024	1 January to 31 March 2023
RENTAL INCOME	10	P 152,212,026	P 152,212,026	P 152,212,026	P 152,212,026
COSTS OF RENTALS	11	20,878,535	17,443,370	20,878,535	17,443,370
GROSS PROFIT		P 131,333,491	P 134,768,656	P 131,333,491	P 134,768,656
OTHER OPERATING EXPENSES	11	857,640	333,122	857,640	333,122
OPERATING PROFIT (LOSS)		P 130,475,851	P 134,435,534	P 130,475,851	P 134,435,534
OTHER INCOME (CHARGES) - Net					
Finance cost	9	(102,888)	(115,677)	(102,888)	(115,677)
Finance income	4	1,740	542	1,740	542
		P (101,148)	P (115,135)	P (101,148)	P (115,135)
PROFIT (LOSS) BEFORE TAX		P 130,374,703	P 134,320,399	P 130,374,703	P 134,320,399
TAX INCOME (EXPENSE)	12	(6,642,707)	(13,499,969)	(6,642,707)	(13,499,969)
NET PROFIT		P 123,731,996	P 120,820,430	P 123,731,996	P 120,820,430
OTHER COMPREHENSIVE INCOME					
Item that will not be reclassified subsequently to profit or loss					
Piecemeal realization of revaluation surplus		P (1,390,279)	P —	P (1,390,279)	P —
Tax income		347,570	—	347,570	—
		P (1,042,709)	—	P (1,042,709)	—
TOTAL COMPREHENSIVE INCOME		P 122,689,287	P 120,820,430	P 122,689,287	P 120,820,430
BASIC AND DILUTED EARNINGS PER SHARE		P 0.04	P 0.04	P 0.04	P 0.04

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2024 AND 31 MARCH 2023
(Amounts in Philippine Pesos)

	Capital Stock (See Note 14)	Additional Paid-in Capital (See Note 14)	Revaluation Reserve (See Note 6)	Retained Earnings (See Note 14)	Total
Balance on January 1, 2023	P 3,288,669,000	P 5,328,952,851	P 12,683,703	P 137,229,076	P 8,767,534,630
Dividends declared	—	—	—	—	—
Transfer depreciation to retained earnings	—	—	—	120,820,430	120,820,430
Total comprehensive income for the period	—	—	—	P 258,049,506	P 8,888,355,060
Balance on March 31, 2023 (Unaudited)	P 3,288,669,000	P 5,328,952,851	P 12,683,703	P 258,049,506	P 8,888,355,060
Balance on January 1, 2024	P 3,288,669,000	P 5,328,952,851	P 79,018,554	P 401,303,076	P 9,097,943,481
Dividends declared	—	—	—	(127,600,361)	(127,600,361)
Transfer depreciation to retained earnings	—	—	(1,042,709,000)	1,042,709,000	—
Total comprehensive income for the period	—	—	—	123,731,996	123,731,996
Balance on March 31, 2024 (Unaudited)	P 3,288,669,000	P 5,328,952,851	P 12,683,703	P 398,477,420	P 9,094,075,116

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024 AND 31 MARCH 2023
(Amounts in Philippine Pesos)

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	P 130,374,703	P 134,320,399
Adjustments for:		
Fair value (gain) loss on investment properties	—	—
Depreciation	14,525,596	12,887,830
Finance cost - net	102,888	115,677
Finance income	<u>(1,740)</u>	<u>(542)</u>
Operating profit (loss) before working capital changes	145,001,447	147,323,364
Decrease (Increase) in trade and other receivables	128,626,088	145,281,926
Decrease (Increase) in prepayments and other current assets	(5,891,832)	(578,752)
Increase (Decrease) in trade and other payables	<u>(45,281,699)</u>	<u>20,075,805</u>
Cash generated from operations	222,454,004	312,102,343
Income taxes	(3,797,802)	—
Interest received	<u>1,740</u>	<u>542</u>
Net Cash from (Used in) Operating Activities	218,657,942	312,102,885
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(127,600,361)	—
Advances received (Repayment of) of advances from related parties	(142,249,553)	(64,627,723)
Repayment of lease liability	(183,543)	—
Interest paid	(102,888)	—
Proceeds from issuance of shares	<u>—</u>	<u>—</u>
Net Cash From (Used in) Financing Activities	(270,136,345)	(64,627,723)
NET INCREASE IN CASH	(51,478,403)	247,475,162
CASH AT BEGINNING OF PERIOD	<u>51,889,838</u>	<u>4,625,289</u>
CASH AT END OF PERIOD	<u>P 411,435</u>	<u>P 252,100,451</u>

PREMIERE ISLAND POWER REIT CORPORATION
(Formerly Premiere Island Philippines Holding Corporation)
(A Subsidiary of S.I. Power Corp.)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 and 2023 and DECEMBER 31, 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

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

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

The REIT listed its common shares in the Philippine Stock Exchange (PSE) as a power REIT on December 15, 2022 (see Note 14). As of March 31, 2024 and December 31, 2023, the REIT has 48.88% public ownership.

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

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

The REIT's registered office address and principal place of business is located at 4th Starmall IT Hub CV Starr Ave., Philamlife Pamplona Dos Las Piñas, Las Piñas City. In addition, SIPCOR and PAVI's registered office, which is also their principal place of business, is located at 3rd Floor Starmall IT Hub, CV Starr Ave., Philamlife Village, Las Piñas City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

The REIT presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the REIT's presentation and functional currency, and all values represent absolute amounts except when

otherwise indicated.

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

2.2 Adoption of Amended PFRS effective in 2024

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

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

2.3 Financial Instruments

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

(a) Financial Assets

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

Classification and Measurement of Financial Assets

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

Impairment of Financial Assets

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

measure ECL. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized which may prove to be negligible.

(b) *Financial Liabilities*

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

2.4 *Property and Equipment*

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

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

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

2.5 *Investment Properties*

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

Investment properties are accounted for under the fair value model. They are revalued annually and are reported in the statement of financial position at its fair value. Fair value is based on the income approach and is determined annually by an independent appraiser with sufficient experience with respect to both the location and the nature of the investment properties.

2.6 *Leases*

(a) *REIT as Lessee*

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

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

(b) *REIT as Lessor*

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

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

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

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

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

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

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

The REIT determines whether a property should be classified as investment property or owner-occupied property. The REIT applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the REIT considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the REIT's main line of business or for administrative purposes, the REIT accounts for the portions

separately if these portions can be sold separately (or leased out separately under finance lease). If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the REIT's main line of business or for administrative purposes.

Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The REIT considers each property separately in making its judgment.

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

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

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

(d) *Recognition of Provisions and Contingencies*

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

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

3.2 Key Sources of Estimation Uncertainty

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

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

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

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

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

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

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

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

The carrying amounts of the property and equipment are analyzed in Note 6. Based on management's assessment as at December 31, 2023 and 2022, there is no change in estimated useful lives of the property and equipment during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Estimation of Allowance for ECL*

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

Based on management's assessment, the outstanding balances of receivables as of March 31, 2024 and December 31, 2023 are fully collectible (see Note 5).

(d) *Impairment of Non-financial Assets*

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

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

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

There were no impairment losses on the REIT's non-financial assets required to be recognized for the quarter ended March 31, 2024 and for the year ended December 31, 2023 based on management's assessment.

4. CASH

Cash amounted to P0.4 million and P51.9 million as of March 31, 2024 and December 31, 2023, respectively. Cash in bank generally earns interest based on daily bank deposit rates.

Interest earned from cash in bank for the period ended March 31, 2024 and December 31, 2023 amounted to P1,740 and P542, respectively. Interest earned is presented as Finance income under Other Income (Charges) section in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	March 31, 2024	December 31, 2023
Trade receivables		
Billed	P 803,977,276	P 943,982,983
Accrued	118,721,693	107,342,074
	<u>P 922,698,969</u>	<u>P 1,051,325,057</u>

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

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

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

6. PROPERTY AND EQUIPMENT

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

The carrying amount of property and equipment is as follows:

	March 31, 2024	December 31, 2023
Cost	P 934,480,000	P 897,580,000
Depreciation	(14,525,596)	(52,541,268)
Revaluation	-	89,441,268
	<u>P 919,954,404</u>	<u>P 934,480,000</u>

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

The movements of the revaluation surplus are presented below.

	March 31, 2024	December 31, 2023
Balance at the beginning of the period	P 79,018,554	P 12,683,703

Depreciation	(1,042,709)	(746,100)
Revaluation	-	67,080,951
Balance at the end of the period	P 77,975,845	P 79,018,554

The REIT recognized income arising from the lease of generation assets to SIPCOR amounting to P13.2 million and P52.7 million as of March 31, 2024 and December 31, 2023, respectively are presented as part of Rental Income in the statements of comprehensive income (see Note 10). The related outstanding receivable is presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

The depreciation expense is presented as part of Costs of Rentals in the statements of comprehensive income. For the period ended March 31, 2024 and 2023, the REIT did not recognize any impairment loss on the property and equipment.

On March 31, 2024, the REIT transferred to Retained Earnings the depreciation of the revaluation surplus from the prior year amounting to P1.0 million.

Under the cost model, the carrying value of the property and equipment as of March 31, 2024 and December 31, 2023, amounted to P816.2 million and P828.1 million, respectively.

The REIT did not have any fully depreciated property and equipment as of March 31, 2024 and December 31, 2023. The information on the fair value measurement and disclosures related to the property and equipment are presented in Note 19.3.

7. INVESTMENT PROPERTIES

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

These parcels of land and buildings are recognized in reference to their fair values and the information on the fair value measurement and disclosures are presented in Note 19.3.

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

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use asset</u>	<u>Total</u>
Balance as of				
December 31, 2022	P 4,085,360,000	P 2,223,800,000	P 1,261,810,000	P 7,570,970,000
Fair value gain (loss)	<u>168,880,000</u>	<u>92,060,000</u>	<u>(47,420,000)</u>	<u>213,520,000</u>
Balance as of				
December 31, 2023	<u>P 4,254,240,000</u>	<u>P 2,315,860,000</u>	<u>P 1,214,390,000</u>	<u>P 7,784,490,000</u>
Balance as of				
December 31, 2023	P 4,254,240,000	P 2,315,860,000	P 1,214,390,000	P 7,784,490,000
Fair value gain (loss)	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>
Balance as of				
March 31, 2024	<u>P 4,254,240,000</u>	<u>P 2,315,860,000</u>	<u>P 1,214,390,000</u>	<u>P 7,784,490,000</u>

The fair values of the investment properties were determined by independent and SEC-accredited property appraisers. The REIT's management engaged with an appraiser and the amounts stated above are the fair values as of March 31, 2024 and December 31, 2023. The fair value gain and loss on investment properties is presented under Other income (Charges) in the statements of comprehensive income.

The REIT recognized income amounting to P139.0 million on March 31, 2024, and P591.1 million on December 31, 2023 from the lease of investment properties and are presented as part of Rental Income in the statements of comprehensive income (see Note 10). Related outstanding receivables are presented as part of Trade and Other Receivables in the statements of financial position (see Note 5).

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

The REIT does not have contractual commitments for the purchase of investment properties. The operating lease commitments of the REIT as lessor are fully disclosed in Note 16.1.

8. TRADE AND OTHER PAYABLES

This account is composed of the following:

	March 31, 2024	December 31, 2023
Deferred Output VAT	P 82,530,527	P 97,394,687
Accrued Expenses	31,787,597	30,608,4159
Dividends payable	-	60,264,038
Others	32,802,135	4,134,818
	<u>P 147,120,259</u>	<u>P 192,401,958</u>

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

Accrued expenses relate to administrative expenses, such as professional fees and administrative expenses, accrued or billed during the period that is yet to be paid. Others cover liabilities including payables to the government for VAT and withholding taxes.

9. LEASES

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

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

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

	March 31, 2024	December 31, 2023
Current	P408,491	P381,908
Non-current	5,609,817	5,819,943
	P6,018,308	P6,201,851

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

	March 31, 2024	December 31, 2023
Balance at beginning of the period	P6,201,851	P6,702,040
Amortization	102,888	434,898
Repayments	(286,431)	(935,087)
Balance at end of the period	P6,018,308	P6,201,851

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

As of March 31, 2024 and December 31, 2023, the REIT has no commitments to leases which had not commenced.

The maturity analysis of lease liabilities are as follows:

	March 31, 2024	December 31, 2023
Within 1 year	P 813,600	P 813,600
1 to 2 years	813,600	813,600
2 to 3 years	813,600	813,600
3 to 4 years	813,600	813,600
4 to 5 years	854,280	813,600
More than 5 years	4,637,520	4,881,600
	P 8,764,200	P 8,949,600

The cash outflow in respect of the lease for the period ended March 31, 2024 and December 31, 2023 amounted to 0.3 million and 0.9 million, respectively.

10. RENTAL INCOME

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

Rentals from these properties are based on an agreed guaranteed annual base or the calculated variable rental based on the lessees' revenues, whichever is higher. In December 31, 2023, the agreed guaranteed annual base is higher than the variable base for all properties, except for the Candanay property (see Note 16).

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

	Lease Term	Renewable years Upon mutual agreement	Variable rental rates based on lessees' revenues
Candanay property	8 years	10 years	26.59%

Lazi property	9 years	10 years	8.41%
SIPCOR building	9 years	10 years	0.50%
SIPCOR generation assets	9 years	10 years	4.50%
CAMPCOR land	10 years	10 years	15.00%
CAMPCOR building	10 years	10 years	10.00%

The rental income derived from such leases amounted to P152.2 million in both the period ended March 31, 2024 and 2023, respectively.

Breakdown of rental income for the quarter ended March 31, 2024 and 2023 as reported in the statements of comprehensive income is shown below.

	2024	2023
Rental income from SIPCOR:		
Right-of-use asset	P 45,171,471	P 45,171,471
Land	14,519,640	14,519,640
Generation assets (presented as property and equipment)	13,179,993	13,179,993
Building	1,479,018	1,479,018
	<u>P 74,350,122</u>	<u>P 74,350,122</u>
Rental income from CAMPCOR:		
Land	P 46,519,640	P 46,519,640
Building	31,670,160	31,670,160
	<u>P 77,861,904</u>	<u>P 77,861,904</u>
Balance at end of the period	<u>P 152,212,026</u>	<u>P 152,212,026</u>

As of March 31, 2024 and December 31, 2023, the rental receivable amounted to P922.7 million and P1,051.3 million, respectively, which is reported as part of Trade and Other Receivables in the statements of financial position (see Note 5).

11. COSTS AND OPERATING EXPENSES

The details of this account for the periods ending March 31, 2024 and 2023 are shown below.

	Notes	2024	2023
Depreciation	6	P 14,525,596	P 12,887,830
Property and fund management fees		4,555,540	4,555,540
Taxes and Licenses		1,797,399	59,350
Professional fees		642,014	127,000
General and administrative		214,038	131,546
Miscellaneous		1,588	225
Advertising		-	15,000
		<u>P 21,736,175</u>	<u>P 17,776,492</u>

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

	2024	2023
Costs of rentals	P 20,878,535	P 17,443,370
Operating expenses	857,640	333,122
	<u>P 21,736,175</u>	<u>P 17,776,492</u>

12. INCOME TAXES

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

	2024	2023
<i>Reported in profit or loss</i>		
Current Tax Expense:		
Regular corporate income tax at 25%	P3,797,454	P9,629,586
Final tax at 20%	348	—
	3,797,802	P9,629,586
Deferred tax income arising from origination of temporary differences –	2,844,905	3,870,383
	P6,642,707	P13,499,969

A reconciliation of tax on pretax profit or loss computed at the applicable statutory rates to tax expense or income reported in the statement of comprehensive income for the period ended March 31, 2024 are follows:

	Notes	2023
Tax on pretax profit at 25%	6	P32,593,677
Adjustment for income subjected to lower income tax rate		—
Tax effect of:		
Dividends from distributable income		(25,950,970)
Non-deductible expense		—
		P6,642,707

For the period ended March 31, 2024, the REIT claimed dividends as tax deduction which were declared on May 15, 2024, and payable on June 17, 2024 (see Note 22).

As per Rule 10 of the REIT Act, REITs may deduct against taxable income any dividends distributed as of the end of the taxable year and on or before the last day of the fifth month of the next taxable year.

The details of the deferred tax assets - net as of March 31, 2024 and 2023 are shown below.

	Notes	2024	2023
Fair value loss on investment properties	6	P —	(P5,390,000)
Straight-lining of rental income		(11,276,731)	(26,835,519)
Revaluation surplus of property and equipment		(50,273,186)	(26,588,218)
Interest expense on lease liability		—	108,725
		(P61,549,917)	(P58,705,012)

The REIT claimed itemized deductions in computing for its income tax due for the quarters ended March 31, 2024 and 2023.

13. RELATED PARTY TRANSACTIONS

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

	Notes	March 31, 2024		December 31, 2023	
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Parent Company					
Rental income	5, 10, 13.1	P 77,464,442	P419,139,410	P 332,366,406	P539,885,748
Due to (from) related party	13.2	29,330,126	(89,733,753)	54,977,600	(119,063,879)
Lease liabilities	9	343,283	6,367,324	500,189	(6,201,851)
Related party under common ownership					
Rental income	5, 10, 13.1	78,994,310	384,837,867	311,447,616	456,104,600
Due to (from) related parties	13.2	112,919,427	(277,908,339)	390,286,322	(390,827,766)
Key Management Personnel Compensation					
Compensation	13.3	75,000	—	547,500	—

13.1 Lease Agreements

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

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

13.2 Due to Related Parties

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

The outstanding due to related parties presented in the statements of financial position as of March 31, 2024 and December 31, 2023 amounted to P367.6 million and P509.9 million, respectively. Such balances have no fixed repayment terms and are unsecured, noninterest-bearing, and generally payable in cash upon demand, or through offsetting arrangements with the related parties.

13.3 Key Management Function

Key management personnel compensation incurred as the REIT's management and administrative functions amounted to P0.08 million and P0.55 million for the periods March 31, 2024 and December 31, 2023, respectively.

14. EQUITY

14.1 Capital Stock

Capital stock consists of the following:

	Shares		Amount	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Common Shares Authorized	7,500,000	7,500,000	P7,500,000	P7,500,000
Issued and outstanding:				
Balance at the beginning of the quarter	3,288,669,000	3,288,669,000	P3,288,669,000	P3,288,669,000
Issuance during the period	-	-	-	-
Balance at the end of the quarter	3,288,669,000	3,288,669,000	P3,288,669,000	P3,288,669,000

The REIT is authorized to issue 7,500,000,000 common shares with a par value of P1.0 per share. As of March 31, 2024 and December 31, 2023, a total number of 3,288,669,000 shares were fully issued and outstanding which amounted to P3.3 billion.

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

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

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

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

As of March 31, 2024 and December 31, 2023, there are 3,050 holders and 2,904 holders, respectively, of at least one board lot of the listed shares, which closed at P1.60 per share for March 31, 2024 and P1.54 per share for December 31, 2023.

14.2 Dividends

During the period ended March 31, 2024 and the year ended December 31, 2023, the BOD approved the following dividends declaration from its unrestricted retained earnings payable to stockholders.

Date of Declaration	Payment Date	Cash Dividend per Share		Total
2024				
February 5, 2024	March 12, 2024	0.0388	P	127,600,357
2023				
April 28, 2023	May 26, 2023	0.0682	P	224,287,226
June 22, 2023	July 17, 2023	0.0299		98,331,203
September 8, 2023	September 29, 2023	0.0359		118,063,217
			P	440,681,646

14.3 Distributable Income

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net profit	P 123,731,997	P 120,820,430
Fair value adjustment of investment property resulting to loss	—	—
Effect of straight-lining of rental income	(11,379,619)	(15,481,533)
Deferred tax expense	2,844,905	3,870,383
Accretion of interest relating to lease liability	102,888	115,677
Distributable income	P 115,300,171	P 109,324,957

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

For purposes of tax reporting, the REIT claimed dividends declared as deduction against its taxable income as allowed per Rule 10 of the REIT Act (see Note 12).

15. EARNINGS PER SHARE

Basic and diluted earnings per share for the periods ended March 31, 2024 and 2023 were computed as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net profit for the period	P 123,731,997	P 120,820,430
Divided by weighted number of outstanding common shares	3,288,669,000	3,288,669,000
Basic and diluted earnings per share	P0.04	P 0.04

The REIT has no potential dilutive common shares for periods ended March 31, 2024 and 2023. Therefore, basic and diluted EPS are the same.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – REIT as a Lessor

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

The future minimum lease receivable under the REIT's lease agreements (see Notes 7 and 9) as of March 31, 2024 and December 31, 2023 are shown below.

	March 31, 2024	December 31, 2023
Within 1 year	P 608,848,418	P 608,848,418
1 to 2 years	608,848,418	608,848,418
2 to 3 years	608,848,418	608,848,418
3 to 4 years	608,848,418	608,848,418
4 to 5 years	608,848,418	608,848,418
More than 5 years	1,449,933,611	1,602,145,715
	P 4,494,175,701	P 4,646,387,805

The REIT is subject to risk incidental to the operation of its investment properties and property and equipment, which include, among others, changes in market rental rates and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. All of the REIT's lease agreements are from related parties. If the expected growth does not meet management's expectations, the REIT may not be able to collect rent or collect at profitable rates. Management however deemed that the risk of non-collection is insignificant given the REIT and its tenants are related parties under common control and hence can direct payments and collections between these parties (see Note 13).

16.2 Others

There are other commitments and contingent liabilities that may arise in the normal course of the REIT's operations, which are not reflected in the financial statements. As of March 31, 2024 and December 31, 2023, management is of the opinion that losses,

if any, from these commitments and contingencies will not have material effects on the REIT's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

17.1 Market Risk

As of March 31, 2024 and December 31, 2023, the REIT is exposed to market risk through its cash in bank, which is subject to changes in market interest rates. However, management believes that the related interest rate risk exposure is not significant.

17.2 Credit Risk

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

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

	Notes	March 31, 2024	December 31, 2023
Cash	4	P 411,435	P 51,889,838
Trade and other receivables	5	922,698,970	1,051,325,057
		P 923,110,405	P 1,103,214,895

(a) Cash

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

(b) Trade and other receivables

Management determines possible impairment based on the related parties' ability to repay the receivables upon demand at the reporting date taking into consideration historical defaults of the related parties. Management assessed that the outstanding balances from related parties as of March 31, 2024 and December 31, 2023 is recoverable since the related parties have the capacity to pay the balances upon demand and there were no historical defaults. Hence, the losses are deemed negligible.

17.3 Liquidity Risk

As of March 31, 2024 and December 31, 2024, the REIT's maximum liquidity risk is the carrying amounts of trade and other payables, due to related parties and lease liabilities (see Note 9).

As of March 31, 2024 and December 31, 2024, the REIT's financial liabilities have contractual maturities which are presented below.

	March 31, 2024	December 31, 2023
Trade and other payables	P 32,824,370	P 95,007,271
Due to related parties	367,642,092	509,891,645
	P 400,466,497	P 604,898,916

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

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

18.1 Carrying Amounts and Fair Value by Category

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

	Notes	March 31, 2024		December 31, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash	4	P 411,435	P 411,435	P 51,889,838	P 51,889,838
Trade and other receivables	5	922,698,970	922,698,970	1,051,325,057	1,051,325,057
		P 923,110,405	P 923,110,405	P 1,103,214,895	P 1,103,214,895
Financial liabilities					
Trade and other payables	8	P 147,120,259	P 147,120,259	P 95,007,271	P 95,007,271
Due to related parties	15	367,642,092	367,642,092	509,891,645	509,891,645
Balance at beginning and end of the period		P 514,762,351	P 514,762,351	P 604,898,916	P 604,898,916

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

18.2 Offsetting of Financial Assets and Financial Liabilities

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

19. FAIR VALUE MEASUREMENT AND DISCLOSURE

19.1 Fair Value Hierarchy

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

The fair value hierarchy has the following levels:

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

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

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

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

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

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

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

19.3 Fair Value Measurement of Non-financial Assets

The REIT's investment properties and property and equipment amounting to P7.8 billion and P0.9 billion as of March 31, 2024 and December 31, 2023, respectively are classified under Level 3 of the hierarchy of fair value measurements.

The fair values of the REIT's investment properties (see Note 7) and property and

equipment (see Note 6) are determined on the basis of the appraisals performed by Asian Appraisal Company, Inc., an independent appraiser, with appropriate qualifications and recent experience in the valuation of similar properties.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the REIT's investment properties and property and equipment are their current use. The appraisers used a discount rate of 8.42% in 2023, and growth rate of 3.00% to 3.50% to value the REIT's investment properties.

Fair value as determined by independent appraisers are based on the income approach. Under income approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value. There has been no change in the valuation techniques used by the REIT during the period. Also, there were no transfers into or out of Level 3 fair value hierarchy.

20. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The REIT sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The REIT manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The REIT's total liabilities and total equity as of March 31, 2024 and December 31, 2023 are presented below.

	Notes	March 31, 2024	December 31, 2023
Total liabilities	6	P 582,330,576	P 767,200,466
Total equity		9,094,075,117	9,097,943,481
		P 0.06:1.00	P 0.08:1.00

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

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

21. SEGMENT REPORTING

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

The REIT derives its rental income exclusively from SIPCOR (49%) and CAMPCOR (51%), related parties under common control during the reporting periods March 31, 2024 and December 31, 2023 (see Notes 7, 10 and 13).

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

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On April 14, 2024, the REIT declared dividends at P0.0388 per share amounting to P127.6 million. The dividends were paid on May 13, 2024.

On May 24, 2024, the REIT declared dividends at P0.0316 per share amounting to P103.9 million. The dividends were paid on June 26, 2024.

These dividends are allowed to be claimed as a deduction to net taxable income in accordance with the REIT Act (see Note 12).

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

There are no non-cash investing and financing activities in March 31, 2024 and December 31, 2023 except for the dividends amounting to P60.3 million, which were declared in 2023 but remained unpaid as of December 31, 2023 and is recorded as part of Trade and Other Payables in the 2023 statement of financial position.

PREMIERE ISLAND POWER REIT CORPORATION
List of Supplementary Information
March 31, 2024

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

PREMIERE ISLAND POWER REIT CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
March 31, 2024
(Amounts in Philippine Pesos)

Name And Designation of Debtor	Balance At Beginning of Quarter	Additions	Deductions		Ending Balance		Balance At End of Quarter
			Amounts Collected	Amounts Written Off	Current	Not Current	
S.I. Power Corporation	P534,989,977	P80,842,814	P144,898,027	P—	P470,934,764	P—	P470,934,764
Camrtes Island Power Generation Corporation	516,335,080	84,348,553	148,919,427	—	451,764,206	—	451,764,206
	P1,051,325,057	P165,191,367	P293,817,454	P—	P922,698,970	P—	P922,698,970

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

PREMIERE ISLAND POWER REIT CORPORATION
Indebtedness to Related Parties
Schedule E
March 31, 2024
(Amounts in Philippine Pesos)

Name of Related Party	Balance at January 1, 2024	Balance at March 31, 2024
Parent Company - S.I. Power Corporation	P 119,063,879	P 89,733,753
Related party under common ownership - Camotes Island Power Generation Corporation	390,827,766	P 277,908,339
Total indebtedness to related parties	P 509,891,645	P 367,642,092

PREMIERE ISLAND POWER REIT CORPORATION
Capital Stock
Schedule G
March 31, 2024
(Amounts in Philippine Pesos)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employee	Others
Common	7,500,000,000	3,288,669,000	—	1,680,428,993	876,007	1,607,364,000

PREMIERE ISLAND POWER REIT CORPORATION
 (A Subsidiary of S.I. Power Corp.)
 4th Starmall IT Hub CV Starr Ave.
 March 31, 2024
 Reconciliation of Retained Earnings Available for Dividend Declaration

Unappropriated Retained Earnings Available for Dividend Distribution at Beginning of Period	P 256,252,194
Less: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the year	(127,600,361)
Transfer depreciation to retained earnings	(1,042,709)
	127,609,124
Unappropriated Retained Earnings, as adjusted	123,731,997
Add: Net income for the current period	123,731,997
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Unrealized income from straight-lining of rentals	(8,534,714)
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment	1,042,709
Accretion of interest on lease liability	77,166
Unappropriated Retained Earnings Available for Dividend Distribution at End of Period	P 243,926,282

PREMIERE ISLAND POWER REIT CORPORATION

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

4th Starfall IT Hub CV Starr Ave.

March 31, 2024

Map Showing the Relationship Between the Company and its Related Entities

