

IMPORTANT NOTICE

THIS DRAFT OF THE PRELIMINARY PROSPECTUS IS BEING DISPLAYED ON THIS WEBSITE TO MAKE THE DRAFT PRELIMINARY PROSPECTUS ACCESSIBLE TO INVESTORS IN THE PHILIPPINES AND IS TO BE VIEWED EXCLUSIVELY WITHIN THE PHILIPPINES.

THE PHILIPPINE STOCK EXCHANGE, INC. (THE “PSE”) ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF STATEMENTS MADE, OR THE OPINIONS OR REPORTS EXPRESSED IN THIS DRAFT PRELIMINARY PROSPECTUS. THE PSE MAKES NO REPRESENTATION AS TO THE COMPLETENESS OF THE DRAFT PRELIMINARY PROSPECTUS AND DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE, IN FULL OR IN PART, OF THE CONTENTS OF THE DRAFT PRELIMINARY PROSPECTUS.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THEM BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT IS RENDERED EFFECTIVE. THIS COMMUNICATION SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION TO BUY. FURTHER, THE TIMETABLE OF OFFERING ACTIVITIES UNDER THIS DRAFT PRELIMINARY PROSPECTUS IS STILL SUBJECT TO REGULATORY APPROVALS.

The offering information on this website is intended to be available only to Philippine and non-Philippine citizens residing in the Philippines or corporations or juridical entities organized and existing under Philippine law, and is not intended for distribution outside the Philippines and is not intended for distribution in the United States (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”)). The information contained in this website may not be published or distributed, directly or indirectly, in the United States and this information does not constitute an offer of shares for sale in the United States. The shares described in this website or the documents or information available on this website have not been, and will not be, registered under U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold, directly or indirectly, into the United States unless the shares are so registered or an exemption from the U.S. registration requirements is available. There will be no public offer of the shares mentioned herein in the United States.

If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

This Draft Preliminary Prospectus is being made available in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither Citicore Renewable Energy Corporation nor any of Citicore Renewable Energy Corporation’s affiliates and advisors accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version.

You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

This Draft Preliminary Prospectus and the information contained herein are subject to completion or amendment without notice. The Offer Shares may not be sold nor may an offer to buy be accepted prior to the time that the Draft Preliminary Prospectus is issued in final form. Under no circumstances shall this Draft Preliminary Prospectus constitute an offer to sell or the solicitation of an offer to buy any Offer Shares nor shall there be any offer, solicitation or sale of the Offer Shares in any jurisdiction where such offer or sale is not permitted.



CITICORE RENEWABLE ENERGY CORPORATION
(incorporated in the Republic of the Philippines)

Primary Offer of up to [1,785,715,000] Common Shares
with an Overallotment Option of up to [267,858,000] Secondary Common Shares

Offer Price: Up to [₱3.88] per share

to be listed and traded on the Main Board of
The Philippine Stock Exchange, Inc.

Investing in the Offer Shares involves risks. See “Risk Factors” beginning on page 33.

The offering of the Common Shares has not been registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) and are being offered and sold within the United States only to qualified institutional buyers (“QIBs”) in reliance on Rule 144A of the U.S. Securities Act and to persons outside the United States in reliance on Regulation S under the U.S. Securities Act.

Sole Global Coordinator and Joint Bookrunner



UBS AG, SINGAPORE BRANCH

Domestic Lead Manager and Joint Bookrunner



BDO CAPITAL & INVESTMENT
CORPORATION



BDO CAPITAL & INVESTMENT
CORPORATION

Financial Advisor to the Company



ALPHAPRIMUS ADVISORS, INC.

Co-Lead Underwriters

CLSA LIMITED

PNB CAPITAL AND
INVESTMENT
CORPORATION

RCBC CAPITAL
CORPORATION

SB CAPITAL
INVESTMENT
CORPORATION

Participating Underwriter

INVESTMENT & CAPITAL CORPORATION OF THE PHILIPPINES

Selling Agents

TRADING PARTICIPANTS OF THE PHILIPPINE STOCK EXCHANGE, INC.

THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

The date of this Prospectus is [●], 2024

CITICORE RENEWABLE ENERGY CORPORATION

11th Floor, Rockwell Santolan Town Plaza,
276 Santolan Road
San Juan City, 1500, Philippines
Telephone Number: (632) 8826 5698
www.crec.com.ph

This Prospectus (the “**Prospectus**”) relates to the offer and sale to the public of up to [1,785,715,000] common shares (the “**Firm Shares**”) with an Overallotment Option (as defined below) of up to [267,858,000] secondary common shares (the “**Option Shares**”) (collectively, the Firm Shares and the Option Shares are referred to as the “**Offer Shares**”), each common share with a par value of ₱0.07 per common share (the “**Shares**”), of Citicore Renewable Energy Corporation (“**we**”, “**us**”, “**our**”, “**CREC**”, the “**Company**” or the “**Issuer**”), a corporation organized and existing under Philippine law. The Firm Shares comprise unissued Common Shares to be offered and issued by the Company by way of primary offer. The offer of the Offer Shares is referred to herein as the “**Offer**.”

Pursuant to its amended articles of incorporation, as approved by the Board of Directors on April 20, 2023 and approved by the Philippine Securities and Exchange Commission (the “**Philippine SEC**”) on July 6, 2023, the Company has an authorized capital stock of ₱2,000,000,000.00 divided into 27,857,142,857 common shares with a par value of ₱0.07 per common share, and 50,000,000 preferred shares with a par value of ₱1.00 per preferred share, of which 7,142,857,143 common shares are issued and outstanding as of the date of this Prospectus.

The Firm Shares shall be offered at a price of up to [₱3.88] per Share (the “**Offer Price**”). The determination of the Offer Price is described on page 70 of this Prospectus and was based on a book-building process and discussion between the Company and UBS AG, Singapore Branch (the “**Sole Global Coordinator and Joint Bookrunner**”) and BDO Capital & Investment Corporation (the “**Domestic Lead Manager and Joint Bookrunner**” and together with the Sole Global Coordinator and Joint Bookrunner, the “**Joint Bookrunners**”).

The Offer Shares will be listed and traded on the Main Board of The Philippine Stock Exchange, Inc. (the “**PSE**”) under the trading symbol “**CREC**.”

Pursuant to the approval of the Philippine SEC dated [●], Citicore Power Inc. (the “**Selling Shareholder**” or “**CPI**”), has appointed UBS AG, Singapore Branch and its relevant affiliates to act as the stabilizing agent (the “**Stabilizing Agent**”). The Stabilizing Agent has an option exercisable in whole or in part for a period beginning on or after the initial listing of the Offer Shares on the PSE (the “**Listing Date**”) and, if exercised, ending on a date no later than 30 calendar days from and including the Listing Date, to purchase the Option Shares at the Offer Price from the Selling Shareholder, on the same terms and conditions as the Firm Shares as set forth in this Prospectus, solely to cover overallotments, if any (the “**Overallotment Option**”).

Upon completion of the Offer, a total of [8,928,572,143] Shares will be issued and outstanding, with the Firm Shares representing [20.0]% of the issued and outstanding capital stock of the Company or, assuming full exercise of the Overallotment Option, the Offer Shares representing [23.0]% of the issued and outstanding capital stock of the Company.

The total gross proceeds to be raised from the sale of the Firm Shares is estimated to be [₱6,928.6] million [(U.S.\$124.7 million)]. The net proceeds from the Firm Shares, after deduction of fees and expenses, is estimated to be approximately [₱6,559.8] million (U.S.\$[118.0] million). We intend to use the net proceeds from the Firm Shares for capital expenditures and pipeline development and for general corporate purposes. Assuming full exercise of the Overallotment Option, the gross proceeds for the Selling Shareholder from the sale of the Option Shares is estimated to be up to approximately ₱[1,039.3] million (U.S.\$[18.7] million) and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholder, is estimated to be approximately ₱[1,001.9] million (U.S.\$[18.0] million). The Issuer will not receive any proceeds from the sale of the Option Shares by the Selling Shareholder. For a detailed discussion on the use of proceeds, please refer to page 63 on the “*Use of Proceeds*” of this Prospectus.

The Joint Bookrunners, and PNB Capital and Investment Corporation, RCBC Capital Corporation, and SB Capital Investment Corporation (together, the “**Domestic Co-Lead Underwriters**”), CLSA Limited (the “**International Co-Lead Underwriter**”), and together with the Sole Global Coordinator and Joint Bookrunner, the “**International Underwriters**”), and Investment & Capital Corporation of the Philippines (the “**Participating Underwriter**”, and together with the Domestic Lead Manager and Joint Bookrunner and the Domestic Co-Lead Underwriters, the “**Domestic Underwriters**”) will underwrite, on a firm commitment basis, the Firm Shares. See “*Plan of*

Distribution” on page 319 of this Prospectus for further information on the distribution of the Firm Shares and the underwriting commitment. The estimated underwriting fees amounts to approximately ₱[159.4] million, or about [2.5]% of the gross proceeds from the offer of the Firm Shares. For a more detailed discussion on the fees to be received by the Domestic Underwriters and International Underwriters (collectively, the “**Underwriters**”), see “*Use of Proceeds*” on page 63 of this Prospectus for further details on the underwriting fees.

Up to [357,143,000] Firm Shares (or [20]% of the Firm Shares) (the “**Trading Participants Offer Shares**”) are being offered in the Philippines through the PSE Trading Participants and up to [178,572,000] (or [10]% of the Firm Shares) (the “**Retail Offer Shares**”) are being offered in the Philippines to local small investors (“**LSI**”) under the Local Small Investors Program (subject to re-allocation as described below) (such shares, together, the “**Trading Participants and Retail Offer Shares**,” and such offer of Trading Participants and Retail Offer Shares, the “**Trading Participants and Retail Offer**”).

At least [1,250,000,000] Firm Shares, or [70]% of the Firm Shares (the “**Institutional Offer Shares**”), are (subject to re-allocation as described below) being offered for sale (i) outside the United States by the International Underwriters in offshore transactions in reliance on Regulation S of the U.S. Securities Act, (ii) within the United States through the International Underwriters’ U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines, by the Domestic Underwriters (the “**Institutional Offer**”).

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, and the Joint Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Firm Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Firm Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand.

All of the Offer Shares have identical rights and privileges to the issued and outstanding Shares of the Company. For a detailed discussion of the rights and features of the shares of stock of the Company, including the Offer Shares, please refer to the section on “*Description of the Common Shares*” on page 299 of this Prospectus. Dividends may be payable primarily in cash. However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in property or shares. The declaration of dividends is subject to the requirements of applicable laws and regulations, and circumstances which restrict the payment of dividends. The Board of Directors may declare dividends, but any stock dividends must be approved by shareholders holding at least two-thirds of our total outstanding capital stock. For further discussion, please refer to the section on “*Dividends and Dividend Policy*” beginning on page 66 of this Prospectus.

We filed a Registration Statement with the Philippine SEC on December 5, 2023 in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the “**SRC**”) for the registration of all the issued and outstanding Shares of the Company and the Offer Shares. On January 17, 2024, the Philippine SEC approved the Registration Statement and issued a Pre-Effective Letter. Upon compliance with the requirements of the Pre-Effective Letter, the Company expects the Philippine SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale.

The listing of the Offer Shares is subject to the approval of the PSE. On December 13, 2023, we filed our application for the listing and trading of the issued and outstanding common shares of the Company and the Offer Shares. On January 29, 2024, the PSE issued the Notice of Approval subject to compliance with certain conditions. The PSE’s approval of the listing is merely permissive and does not constitute a recommendation or endorsement of the Offer by the PSE. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual,

warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities. In particular, ownership of private land in the Philippines is subject to nationality restrictions; thus, foreign ownership in our capital stock will be limited to a maximum of 40% of our issued and outstanding capital stock. For further discussion, please refer to the section on “*Regulatory and Environmental Matters*” on page 257 of this Prospectus.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstance, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

In making an investment decision, investors are advised to carefully consider all the information contained in this Prospectus, including risks associated with an investment in the Offer Shares. These risks include:

- (a) risks relating to us and our businesses;
- (b) risks relating to the Philippines;
- (c) risks relating to the Offer and the Offer Shares; and
- (d) risks relating to the presentation of information in this Prospectus.

For a more detailed discussion on the risks in investing, see section on “*Risk Factors*” on page 33 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained and the representations made in this Prospectus.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

CITICORE RENEWABLE ENERGY CORPORATION

By:

OLIVER Y. TAN

President

Republic of the Philippines)

City of _____) s.s.

Before me, a notary public in and for the city named above, personally appeared Mr. Oliver Y. Tan, who was identified by me through competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this day of 2024 at _____.

Doc. No. _____;

Page No. _____;

Book No. _____;

Series of 2024.

NOTICE TO INVESTORS

The Offer Shares are offered subject to receipt and acceptance of any order by us and subject to our right to reject any order in whole or in part in consultation with the Joint Bookrunners. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the PDTC on or about [May 31, 2024].

No representation or warranty, express or implied, is made by us or the Underwriters regarding the legality of an investment in the Offer Shares under any legal, investment or similar laws or regulations. No representation or warranty, express or implied, is made by the Underwriters as to the accuracy or completeness of the information herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Underwriters. The contents of this Prospectus are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of us and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited. Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES IN THE PHILIPPINES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by our Company, the Selling Shareholder and the Underwriters. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. In accordance with the requirements of applicable laws and regulations in the Philippines for the sale of securities, such as the Offer Shares, each of the Company and the Domestic Underwriters has exercised due diligence to the effect that, and the Company confirms that to the best of their knowledge and belief, after having taken reasonable care to ensure that such is the case, as of the date of this Prospectus, the information contained in this Prospectus relating to the Company and its operations is true and there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company, the Selling Shareholder and the Underwriters require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this Prospectus and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or resales, and none of the Underwriters, the Selling Shareholder or the Company shall have any responsibility therefor.

In connection with the Offer, the Stabilizing Agent or any person acting on its behalf may over-allot Offer Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Any stabilization activities may begin on or after the date on which adequate public disclosure of the final price of the Offer Shares is made and, if begun, may be ended at any time, but must end no later than 30 calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, rules and regulations. The total number of Shares which the Stabilizing Agent or any person acting in its behalf may purchase to undertake stabilization activities shall not exceed 15% of the aggregate number of the Firm Shares. If the Stabilizing Agent

commences any stabilization activities (which would include thereafter disposing of or selling the Common Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Common Shares will not decline significantly after any such stabilizing activities end.

Before the execution of the underwriting agreements, the Offer may be withdrawn at any time. The Offer may also be withdrawn at any time (i) after the execution of the underwriting agreements and before the commencement of the Offer Period, and (ii) on or after the commencement of the Offer Period and prior to the Listing Date, due to the occurrence of any of the events referred to in the section on “*Withdrawal of the Offer*”. For further discussion, please refer to the section on “*Withdrawal of the Offer*” beginning on page 322 of this Prospectus. In consultation with the Joint Bookrunners, we reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, we shall subsequently notify the Philippine SEC and the PSE. The Underwriters and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

BASIS FOR CERTAIN MARKET DATA

Market data and certain industry data used throughout this Prospectus were obtained from market research, publicly available information, industry publications and on our own analysis and knowledge of the markets for our products. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company or the Underwriters makes any representation or warranty, express or implied, as to the accuracy or completeness of such information. Information in this Prospectus on the renewable energy market, retail electricity supply market as well environment, social and governance matters are from independent market research carried out by The Lantau Group (HK) Limited (“**Lantau**”) commissioned by us, but should not be relied upon in making, or refraining from making, any investment decision.

The operating information used throughout this Prospectus has been calculated by us on the basis of certain assumptions. As a result, this operating information may not be comparable to similar operating information reported by other companies.

See the section entitled “*Industry Overview*” on page 109 of this Prospectus for information relating to the industry in which we operate.

CONVENTIONS USED IN THIS PROSPECTUS

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the “**Company**,” the “**Issuer**,” “**CREC**,” “**we**,” “**us**” or “**our**” are to Citicore Renewable Energy Corporation and its consolidated subsidiaries and affiliates, as the context requires. CREC was incorporated with the primary purpose of engaging in power generation under The Renewable Energy Act of 2008 or Republic Act No. 9513 (the “**Renewable Energy Act**” or “**RE Act**”).

All references to the “**BSP**” are references to *Bangko Sentral ng Pilipinas*, the central bank of the Philippines. All references to the “**Government**” are references to the government of the Republic of the Philippines. All references to “**United States**” or “**U.S.**” are to the United States of America. All references to “**Philippine Pesos**” and “**₱**” are to the lawful currency of the Philippines, and all references to “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States. Certain terms used herein are defined in the “*Glossary*” contained elsewhere in this Prospectus.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding off. References to Appendix 1 are to the Appendix set out in this Prospectus. All references herein to dates and times shall mean Philippine dates and times unless otherwise specified.

EXCHANGE RATE INFORMATION

This Prospectus contains translations of certain Philippine Peso amounts into U.S. dollar amounts at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Philippine Peso amounts represent such U.S. dollar amounts or could be, or could have been, converted into U.S. dollars at the rates indicated or at all. Unless otherwise indicated, all translations from Philippine Pesos to U.S. dollars have been made at a rate of ₱55.57 = U.S.\$1.00, the BSP Reference Rate quoted in the BSP's Reference Exchange Rate Bulletin on December 29, 2023. See “*Exchange Rates*” on page 69 of this Prospectus for further information regarding the rates of exchange between the Philippine Peso and the U.S. dollar.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are reported in Philippine Pesos and are prepared based on our accounting policies, which are in accordance with the Philippine Financial Reporting Standards (“**PFRS**”) issued by the Financial Reporting Standards Council of the Philippines.

The financial information included in this Prospectus has been derived from our financial statements. Unless otherwise indicated, financial information relating to us in this Prospectus is stated in accordance with PFRS.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

Our fiscal year begins on January 1 and ends on December 31 of each year. Isla Lipana & Co., PwC Philippines (“**Isla Lipana & Co.**”), a member firm of PricewaterhouseCoopers International Limited, has audited our financial statements as of and for the years ended December 31, 2021, 2022 and 2023, in accordance with Philippine Standards on Auditing.

For more information, please refer to our audited financial statements as of and for the years ended December 31, 2021, 2022 and 2023 contained elsewhere in this Prospectus.

This Prospectus contains unaudited pro forma condensed consolidated financial information as of and for the year ended December 31, 2023 (the “**Pro Forma Financial Information**”).

The Pro Forma Financial Information has been prepared in accordance with Section 9, Part II of Rule 68 of the SRC and as described in Note 2 to the pro forma condensed consolidated financial statements as of and for the year ended December 31, 2023 contained elsewhere in this Prospectus. The Pro Forma Financial Information has been compiled by the Company's management to illustrate the impact of the transactions set out in Note 2 on the Company's financial position, financial performance, changes in equity and cash flows as of and for the year ended December 31, 2023 as if the transactions had taken place on January 1, 2023, the beginning of the year presented. As part of this process, information about the Company's financial position, financial performance, changes in equity and cash flows have been extracted from the Company's balances as at and for the year ended December 31, 2023, on which an audit report has been published.

The unaudited pro forma condensed consolidated financial information has not been prepared in accordance with the requirements of Article 11 of the Regulation S-X under the U.S. Exchange Act.

The Pro Forma Financial Information does not purport to represent what the results of operations and financial position of the Company and its subsidiaries would actually have been had the transactions described in Note 2 occurred as of January 1, 2023, nor do they purport to project the results of operations of the Company and its subsidiaries for any future period or date. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.

Isla Lipana & Co. has performed an assurance engagement to report on the compilation of pro forma condensed consolidated financial information of the Company in accordance with Philippine Standard on Assurance Engagements (PSAE) 3420, “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro forma condensed consolidated financial information, on the basis of the applicable criteria. For purposes of this engagement, Isla Lipana & Co. is not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma condensed consolidated financial information, nor have they, in the course of this

engagement, performed an audit or review of the financial information used in compiling the pro forma condensed consolidated financial information.

PRESENTATION OF NON-PFRS FINANCIAL MEASURES

This Prospectus includes certain non-PFRS financial measures, including EBITDA and EBITDA Margin. EBITDA is calculated as our consolidated net income (loss) including interest cost, depreciation and amortization and income expense (benefit). EBITDA margin is calculated as EBITDA divided by our revenue. We believe that the use of EBITDA combined with the required PFRS presentations, improves the understanding of our operating results among investors. EBITDA measures the key operational results of our operations while EBITDA Margin is a measure of our operating profit shown as a percentage of revenue.

These non-PFRS financial measures are supplemental measures of our performance that are not required by, or presented in accordance with, and should not be considered as an alternative to net profit, revenues or any other measure of financial performance derived in accordance with PFRS or as an alternative to cash flows from operations or as a measure of liquidity. Non-PFRS financial measures have limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for, your own analysis of our financial condition or results of operations, as reported under PFRS. These non-PFRS financial measures are not standardized terms and other companies may calculate measures bearing the same titles differently, hence a direct comparison between companies using such terms may not be possible, which limits the usefulness of these non-PFRS financial measures.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expected future results;
- performance or achievements expressed or implied by forward-looking statements;
- our overall future business, financial condition, operational performance and results of operations, including, but not limited to, our financial position or cashflow; and
- changes in our regulatory environment including, but not limited to, policies, decisions, and determinations of Governmental or regulatory authorities.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- risks relating to us, our businesses and operations;
- our ability to successfully implement our current and future business strategies;
- our ability to manage our expansion and growth;
- our ability to leverage on our strengths;
- risks relating to the Philippines;
- the condition and changes in the Philippine, Asian or, global economies and future political instability in the Philippines;

- changes in interest rates, inflation rates, and the value of the Philippine Peso against the U.S. dollar and other currencies;
- our ability to obtain, renew, and extend, as the case may be, licenses, permits and other authorizations required;
- changes in Government regulations, including tax laws, or licensing in the Philippines;
- competition in the industries in which we operate;
- risks relating to the Offer and the Offer Shares; and
- factors that are not known to us at this time.

Additional factors that could cause our actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under “*Risk Factors*” and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. We and the Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes statements regarding our expectations and projections for future operating performance and business prospects. The words “believe,” “plan,” “expect,” “anticipate,” “estimate,” “project,” “intend,” “seek,” “target,” “aim,” “may,” “might,” “will,” “would,” “could,” and similar words identify forward-looking statements. Statements that describe our objectives, plans or goals are forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. Actual results could differ materially from those contemplated in the relevant forward-looking statement and we give no assurance that such forward-looking statements will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from our expectations. All subsequent written and oral forward-looking statements attributable to us or persons acting on behalf of us are expressly qualified in their entirety by the above cautionary statements.

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GLOSSARY

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this Prospectus as they relate to the business of CREC. As such, these terms and their meanings may not always correspond to the standard industry meaning or usage of these terms.

AAGR	annual average growth rate
ADB	Asian Development Bank
AFAB	Authority Freeport Area of Bataan
Annual gross energy output	the total amount of electric energy produced by generating units and measured at the generating terminal annually at the alternating current level of inverters
ASEAN Green Bonds	CREIT's ₱4.5 billion fixed-rate bonds bearing a coupon rate of 7.0543%, that will mature in February 2028.
Arayat Phase 1 Project	the 72.0MW solar power project owned and operated by GPS3
Arayat Phase 2 Project	the 43.7MW solar power project owned and operated by GPS3
Armenia Solar Power Project.....	the 8.8MW solar power project owned and operated by CST1
Availability Rate	the percentage of time that a renewable energy power plant is available to provide energy to the grid in reference to the sync and desync times within the day
Batangas 1 Solar Project	the 280.0MW solar power project owned by CSB1
Batangas 2 Solar Project	the 250.0MW solar power project under the GEAP-2 owned by CSB2
BESS	battery energy storage systems
Bulacan III Solar PV Plant	the 15.0MW solar power project owned and operated by CSBI
C&I.....	commercial and industrial
CAF	Corporate Affairs and Foundation Department of the Company
CAGR.....	compounded annual growth rate
Captive Customers	end-users who may not choose their supplier of electricity
CES	clean energy scenario
Centrala Solar Power Project	the 6.2MW solar power project owned and operated by CSSCI
Clark Property	the property located along Prince Balagtas Avenue Extension, Clark Freeport Zone, Municipality of Mabalacat, Pampanga, Philippines.

Clark Solar Power Project.....	the 22.3MW solar power project owned and operated by CREC
COC	certificate of compliance
COD	commercial operations date
COP26	the 26 th United Nations Climate Change Conference
Contestable Customers.....	end-users with an average peak demand of 750kW
CREIT Disposition.....	the sale by CREC and CST1 of a combined 28.79% interest in CREIT to SM Investments Corporation, which was completed on March 27, 2024.
CSP.....	Competitive Selection Process
CSP Guidelines	ERC Resolution No. 13, Series of 2015
Dalayap Solar Power Project	the 7.5MW solar power project owned and operated by CST2
DBP	Development Bank of the Philippines
DBP OLSA	Omnibus Loan and Security Agreement dated October 19, 2018
DC	direct current
DDPs	Distribution Development Plans
DENR.....	Philippine Department of Environment and Natural Resources
DOE	Philippine Department of Energy
DU	Distribution Utility
EC.....	Electric Cooperative
EMP	Employment Management Policy of the Company
EMS	Environmental Management System of the Company
EO21	Executive Order No. 21 issued in April 2023
EPC	engineering, procurement and construction
EPIRA	Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001
ERC	Philippine Energy Regulatory Commission
ERC Clarificatory Resolution	ERC Resolution No. 1 Series of 2016
ESG	Environmental, Social & Governance
ESS.....	Energy Storage Systems

EV	electric vehicle
EVOSS	Energy Virtual One-Stop Shop
FIT	feed-in tariff
FIT-ALL	FIT-Allowance
GDP	Gross domestic product
GEAP	Green Energy Auction Program
GEAP-2	Green Energy Auction Program 2
GEAP Guidelines	DOE Department Circular No. DC 2021-11-0036 or the Revised Guidelines for the Green Energy Auction Program in the Philippines
GEAR	Green Energy Auction Reserve
Green Energy Tariff	the price in ₱/kWh, resulting from the conduct of each Green Energy Auction corresponding to each Winning Bidder
GEOP	Green Energy Option Program
GHG	greenhouse gas
Grid	the power transmission grid in the Philippines, an interconnected system of towers, substations, lines and other high voltage equipment, that transmits gigawatts of power from where it is produced to where it is consumed
Grid Code	Philippine Grid Code
GW	gigawatt, a unit of power, which can be used interchangeably with gigawatt peak (GWp). 1 GW = 1,000 MW
GWh	gigawatt-hours
IEMOP	Independent Electricity Market Operator of the Philippines, Inc.
IMF	International Monetary Fund
installed capacity	the rated output of power generating units, usually denominated in MW
HSC	Hydropower Service Contract
km	kilometer, a unit of length. 1 km = 1,000 meters
kV	kilovolt, a unit of voltage. 1 kV = 1,000 volts
kWh	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt hour is the amount of energy that

	would be produced by a power generator producing one thousand watts for one hour
Leased Properties	the Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property, the Dalayap Property, the Bulacan Property, South Cotabato Property, the Lumbangan Property, the Luntal Property, the Bolbok Phase 1 Property, the Bolbok Phase 2 Property, the Arayat Property, the Magalang Property and the Pangasinan Property owned by CREIT.
LWAP	Luzon WESM Prices
Main Grid	each of the Luzon Grid, the Visayas Grid and the Mindanao Grid, comprising the Grid
Market Operator	IEMOP
MCC-CCI	MCC-Citicore Construction, Inc.
MERALCO	Manila Electric Company
MPO	minimum public ownership
MW	Megawatt, a unit of power, which can be used interchangeably with MWdc or MWp. 1 MW = 1,000 watts
MWac	Megawatts of alternating current
MWdc	Megawatts of direct current
MWp	Megawatt peak
NDC	Nationally Determined Contribution
NEA	National Electrification Administration
Negros 2 Solar Project	the 100.0MW solar power project under the GEAP-2 owned by CSNO2
Net Capacity Factor	the net ratio of a power plant's actual output over a period of time, to its potential output if it were possible for it to operate at full capacity in a 24-hour per day operation time
NGCP	National Grid Corporation of the Philippines
NPC	National Power Corporation
NREB	National Renewable Energy Board
NREP	National Renewable Energy Program
OCSP	Open and Competitive Selection Process

offtake agreement.....	an arrangement between a power generator and a distribution utility or retail customer, as applicable, for the purchase of generated electricity. Offtake agreements include PPAs, PSAs, REPAs and RESAs.
OSW	offshore wind
P50	an exceedance probability which estimates that energy yield will be met or exceeded by 50%.
Pampanga 3 Solar Project	the 60.0MW solar power project under GEAP-2 owned by Citicore Solar Pampanga 1, Inc.
Pangasinan 1 Solar Project.....	the 240.0MW solar power project under GEAP-2 owned by CSPI2
Pangasinan 2 Solar Project.....	the 270.0MW solar power project under GEAP-2 owned by CSPI
Peak Generation Capacity	the maximum MWac electricity generation that a solar power plant can inject to the grid
Pentagreen Capital	Pentagreen Capital Assets Pte. Ltd.
Pentagreen Facility Agreement	the Green Mezzanine Construction Loan Facility Agreement dated September 8, 2023, as amended on March 25, 2024.
PEMC.....	Philippine Electricity Market Corporation
PEP.....	Philippine Energy Plan
Performance Ratio.....	the ratio of actual and the theoretical possible energy outputs of the power plant
PEZA.....	Philippine Economic Zone Authority
PhilRatings	Philippine Rating Services, Corp.
PIOU	Private Investor-Owned Utilities
PPA	Power Purchase Agreement
PSA	Power Supply Agreement
PSALM	Power Sector Assets & Liabilities Management Corporation
PSH	Pumped storage hydro
PV.....	photovoltaic
Quezon 1 Solar Project	the 293.0MW solar power project under GEAP-2 owned by CSQ
RCOA.....	Retail Competition and Open Access
RE.....	Renewable energy

REC	Renewable Energy Certificate
REIT Law	Republic Act No. 9856 or the Real Estate Investment Trust (REIT) Act of 2009
REM	Renewable Energy Market
Renewable Energy Act/ RE Act.....	Republic Act No. 9513 or the Renewable Energy Act of the Philippines
Renewable Act IRR	Implementing Rules and Regulations of the Renewable Energy Act
REPA	Renewable Energy Purchase Agreement
RES	Retail Electricity Supply
RESA	Retail Electricity Supply Agreements
RESC	Renewable Energy Service Contract
Revised REIT IRR	SEC Memorandum Circular No. 1 series of 2020 or the Revised Implementing Rules and Regulations of the REIT Law
RoR hydro	Run-of-river hydro
RPS.....	Renewable Portfolio Standards
SEC	Philippine Securities and Exchange Commission
SEOC	Solar Energy Operating Contract
SESC	Solar Energy Service Contract
System Operator.....	NGCP
TransCo	National Transmission Corporation
Transfer Pricing Guidelines	BIR Revenue Regulations No. 2-2013
TWh	Terawatt-hours
VAT	Value-Added Tax
VRE.....	Variable Renewable Energy
WBG	World Bank Group
WESC.....	Wind Energy Service Contract
WESM.....	Wholesale Electricity Spot Market
YoY	Year-on-year
Zambales 1 Solar Project	the 90.0MW solar power project owned by Solar Power Utilities Generator Corporation

GLOSSARY OF TERMS RELATING TO THE OFFER AND TO THE ISSUER

Application	an application to subscribe for Offer Shares pursuant to the Offer
AC Energy	AC Energy Inc.
AlphaPrimus	AlphaPrimus Advisors, Inc.
AROC	Audit and Risk Oversight Committee
AUB	Asia United Bank Corporation
BDO Capital	BDO Capital & Investment Corporation
BDO Unibank	BDO Unibank, Inc.
BIR	Bureau of Internal Revenue of the Philippines
Board of Directors or Board	CREC's board of directors
BSP	<i>Bangko Sentral ng Pilipinas</i> , the central bank of the Philippines
CAGR	compound annual growth rate
CAR	Certificate Authorizing Registration, issued by the BIR
CCCS	Central Clearing and Central Settlement
CESI	Citicore Energy Solutions, Inc.
CFMI	Citicore Fund Managers, Inc.
CHII	Citicore Holdings Investment, Inc.
Chinabank	China Banking Corporation
Citicore Cebu	Citicore Solar Cebu, Inc.
Citicore Foundation	Citicore Foundation, Inc.
Citicore Negros Occidental	Citicore Solar Negros Occidental
Citicore-Megawide Group	Megawide together with CHII, CPI, subsidiaries, and affiliates
Common Shares	the common shares of CREC, par value of ₱0.07 per share
CS Pampanga 1	Citicore Solar Pampanga 1, Inc.
CS Pampanga 2	Citicore Solar Pampanga 2, Inc.
CPI	Citicore Power Inc.
CPMI	Citicore Property Managers, Inc.
CREC	Citicore Renewable Energy Corporation
CREIT	Citicore Energy REIT Corporation

CSB1	Citicore Solar Batangas 1, Inc.
CSB2	Citicore Solar Batangas 2, Inc.
CSBI	Citicore Solar Bulacan, Inc.
CSEC	Citicore Solar Energy Corporation
CSHI	Citicore Solar Holdings, Inc.
CSNO2	Citicore Solar Negros Occidental 2, Inc.
CSPI	Citicore Solar Pangasinan, Inc.
CSPI2	Citicore Solar Pangasinan 2, Inc.
CSQ	Citicore Solar Quezon, Inc.
CSSCI	Citicore Solar South Cotabato, Inc. (formerly nv vogt Philippines Solar Energy One, Inc)
CST1	Citicore Solar Tarlac 1, Inc.
CST2	Citicore Solar Tarlac 2, Inc.
DB	Deutsche Bank
Domestic Co-Lead Underwriters	PNB Capital and Investment Corporation, RCBC Capital Corporation, and SB Capital Investment Corporation
Domestic Lead Manager and Joint Bookrunner	BDO Capital & Investment Corporation
Domestic Underwriters	Domestic Lead Manager and Joint Bookrunner, Domestic Co-Lead Underwriters, and the Participating Underwriter
Domestic QIBs	Domestic Qualified Institutional Buyers
Endevor	ACE Endevor, Inc.
ESGC	the Environmental, Social, and Governance Committee of the Company
ESOP	employee stock option program
ETF	Exchange Traded Funds
ExCom	the Executive Committee of the Company
FinCom	the Finance Committee of the Company
Firm Shares	up to [1,785,715,000] Common Shares to be offered and issued by the Company
GPS1	Greencore Power Solutions 1, Inc.
GPS3	Greencore Power Solutions 3, Inc.
HSBC	The Hongkong and Shanghai Banking Corporation Limited

Institutional Offer	offer (i) outside the United States by the Sole Global Coordinator and Joint Bookrunner in offshore transactions in reliance on Regulation S of the U.S. Securities Act, (ii) within the United States through the Sole Global Coordinator and Joint Bookrunner's U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines, by the Domestic Lead Manager and Joint Bookrunner
Institutional Offer Shares	up to [1,250,000,000] Firm Shares being offered pursuant to the Institutional Offer
International Co-Lead Underwriter	CLSA Limited
International Underwriters	Sole Global Coordinator and Joint Bookrunner and the International Co-Lead Underwriter
IRO	Investor Relations Officer
Isla Lipana & Co.	Isla Lipana & Co., PwC Philippines
Labor Code	Labor Code of the Philippines
Lantau / TLG	The Lantau Group (HK) Limited
Local small investors or LSIs	local small investors under the PSE's Local Small Investors program
Manual	the Manual of Corporate Governance of the Company
Megawide	Megawide Construction Corporation
Metrobank	Metropolitan Bank & Trust Company
Metro Manila or NCR	the metropolitan area comprising the capital city Manila and the surrounding cities of Caloocan, Las Piñas, Navotas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Parañaque, Pasay, Pasig, Quezon, San Juan, Taguig and Valenzuela and the municipality of Pateros
Offer	The offer and sale of the Offer Shares on, and subject to, the terms and conditions stated herein
Offer Price	up to [₱3.88] per Offer Share
Offer Shares	the Firm Shares and the Option Shares
Option Shares	up to [267,858,000] Common Shares to be offered and sold by the Selling Shareholder pursuant to the Overallotment Option
Overallotment Option	an option granted by the Selling Shareholder to the Stabilizing Agent, exercisable within [30] calendar days from and including the Listing Date, to purchase Option Shares
Participating Underwriter	Investment & Capital Corporation of the Philippines
PCD	Philippine Central Depository
PCD Nominee	PCD Nominee Corporation
PDS	Philippine Dealing System
PDTC	The Philippine Depository and Trust Corporation

PFRS.....	Philippine Financial Reporting Standards
Philippine National.....	as defined under the Foreign Investments Act of 1991, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Revised Corporation Code of which 100% of the capital stock outstanding and the entitlement to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals; provided, that where a corporation and its non-Filipino stockholders own stocks in a Philippine SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of each of both corporations must be owned and held by citizens of the Philippines, in order that the corporation shall be considered a Philippine national.
	Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.
Philippine SEC or SEC	Securities and Exchange Commission of the Philippines
Pricing Date.....	on or about [May 13, 2024]
PHISIX	the PSE index
Preferred Shares	the preferred shares of CREC, par value of ₱1.00 per share
PSE	The Philippine Stock Exchange, Inc.
PSE EDGE	PSE Electronic Disclosure Generation Technology
PSE Listing Rules.....	PSE Consolidated Listing and Disclosure Rules
PSE Trading Participants	duly licensed securities brokers who are trading participants of the PSE
QIBs	qualified institutional buyers
RCBC	Rizal Commercial Banking Corporation
Receiving Agent.....	Stock Transfer Service, Inc.
Regulation S	Regulation S under the U.S. Securities Act
RHCC	the Remuneration and Human Capital Committee of the Company
RPTRCC.....	the Related Party Transaction Review and Compliance Committee of the Company

Rule 144A	Rule 144A under the U.S. Securities Act
SCCP	Securities Clearing Corporation of the Philippines
Selling Agents	PSE Trading Participants
Selling Shareholder	CPI
Sole Global Coordinator and Joint Bookrunner	UBS AG, Singapore Branch
SPUGC	Solar Power Utilities Generator Corporation
SRC	The Securities Regulation Code of the Philippines (Republic Act No. 8799)
SSHI	Sikat Solar Holdco., Inc.
Stabilizing Agent	UBS AG, Singapore Branch and its relevant affiliates
Stabilization Period	the period beginning on or after the Settlement Date and ending on a date no later than 30 calendar days from and including the Listing Date during which the Stabilizing Agent has an option exercisable in whole or in part for the conduct of stabilization activities
Stock Transfer Agent	Stock Transfer Service, Inc.
Trading Participants and Retail Offer	the offer for sale of the Trading Participants and Retail Offer Shares to be made in the Philippines
Trading Participants and Retail Offer Shares	up to [535,715,000] Firm Shares being offered pursuant to the Trading Participants and Retail Offer
Trading Participants and Retail Offer Settlement Date	the date on which settlement of Offer Shares is to be made, expected to be on or about [May 24, 2024]
TP Guidelines	Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Trading Participants of the PSE
UBS	UBS AG, Singapore Branch
Underwriters	Domestic Underwriters and International Underwriters
Unionbank	Union Bank of the Philippines
U.S. Securities Act	United States Securities Act of 1933, as amended
VAT	value-added tax

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Prospectus, including our audited financial statements and the notes thereto, appearing elsewhere in this Prospectus.

OVERVIEW

Citicore Renewable Energy Corporation (“CREC,” the “Company,” “we,” “us,” “our,” or the “Issuer”) is a leading pure-play renewable energy platform focused on and committed to the development and operation of renewable energy projects in the Philippines. CREC, directly and through its subsidiaries and joint venture, manages a diversified portfolio of renewable energy generation projects, power project development operations and retail electricity supply.

We are a leading pure-play renewable energy producer in the Philippines and are ranked as second largest solar energy generator in terms of installed solar capacity in the Philippines, according to Lantau. We, through our parent company, Citicore Power, Inc. (“CPI”), began our operations as a renewable energy generator in 2015 and completed three greenfield solar assets with a gross installed capacity of 103.0MW within one year. In 2018, we acquired five brownfield solar assets with a gross installed capacity of 60.0MW. In 2021, we completed the construction of solar rooftops, which delivered 6.5MW in solar energy capacity, and commissioned an additional 115.7MW solar energy capacity in 2022. From 2021 until December 31, 2023, we almost doubled our total installed capacity, having developed, operated and maintained ten operating solar assets with a combined gross installed capacity of 285.1MW¹ as of December 31, 2023.

As a testament to our project development capabilities and contribution to the Philippines’ energy mix, our generated capacity accounted for approximately 19% of the total solar installed capacity in the country of 1.5GW for the year 2022, making us the power producer with the second largest solar portfolio in the Philippines in terms of installed capacity as of December 31, 2022 according to Lantau.

In addition, as of December 31, 2023, we had a gross installed capacity pipeline of 6,446.0MW in solar power generation and 812.5MW in onshore wind power generation in various stages of development. See “Business–Renewable Energy Portfolio – Overview” on page 156 of this Prospectus. On November 28, 2023, we executed a Memorandum of Agreement covering the purchase of 100% of the shares in Rio Norte Hydropower Corporation (“RNHC”), a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela in the Luzon region. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase such shares in RNHC, which we expect to complete in the second half of 2024. This strong pipeline of renewable energy projects is in line with our goal of contributing approximately 1.0GW of ready-to-build/under construction solar energy capacity per year in the next five years (over 2024-2028), and increasing the share of renewables in the Philippine energy mix.

We are the vehicle used by CPI to pursue renewable energy platform investments in greenfield and brownfield projects, and manage the operation of power generation projects for solar, hydro and wind technologies. CPI is a direct subsidiary of Citicore Holdings Investment, Inc. (“CHII”), the parent company of one of the Philippines’ largest construction and infrastructure conglomerates, Megawide Construction Corporation (“Megawide” and together with CHII, CPI, us and our subsidiaries and affiliates, the “Citicore-Megawide Group”). We leverage on the capabilities of our affiliates to achieve a streamlined and fully vertically integrated platform for the development of our renewable energy projects.

We have a flexible offtake strategy and a diversified and high-quality customer base. In July 2023, we were awarded 792.0MWac, or approximately 23.7%, of the total solar and wind energy capacities made available through the Philippine Department of Energy’s (“DOE”) Green Energy Auction Program 2 (“GEAP-2”), which we expect to deliver in full by the end of 2026, in line with delivery schedules set out in the GEAP-2. In addition,

¹ We have seven solar operating assets, which we refer to as “our operating projects”, with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined grossed installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

we also have power supply agreements (“PSA”) with distribution utilities and electric cooperatives as well as retail electricity supply agreements (“RESA”) through our dedicated retail electricity supply arm, Citicore Energy Solutions, Inc. (“CESI”), with corporate and industrial customers, including blue-chip domestic corporations and multinational locators. CESI became a Direct Wholesale Electricity Spot Market Member of the Philippine Wholesale Electricity Spot Market (“WESM”) on February 3, 2017, giving us the flexibility to trade our excess generated capacity in the WESM and allowing us to benefit from increases in market-driven electricity prices.

In addition, CREC is one of the sponsors of Citicore Energy REIT Corporation (“CREIT”), the Philippines’ first real estate investment trust for renewable energy real estate properties, focused on the ownership of sustainable infrastructure and income-generating assets. CREIT was listed on The Philippine Stock Exchange (“PSE”) on February 22, 2022 and was awarded the Philippines’ Best IPO by the Asset Asian Awards in the same year. On March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation, which was completed on March 27, 2024 (the “**CREIT Disposition**”). As a result, our remaining effective interest in CREIT as of the date of this Prospectus is 32.88%. See “—Recent Developments – CREIT Disposition” beginning on page 152 of this Prospectus.

For the years ended December 31, 2021, 2022 and 2023 we had total revenue of ₱1,008.7 million, ₱2,790.2 million and ₱3,683.9 million (U.S.\$66.3 million), respectively, and total comprehensive net income of ₱202.5 million, ₱841.1 million and ₱898.1 million (U.S.\$16.2 million), respectively.

Our attributable net income for the years ended December 31, 2021, 2022 and 2023 was ₱192.3 million, ₱631.6 million and ₱685.0 million (U.S.\$12.3 million), respectively.

On a pro forma basis, taking into account the CREIT Disposition, for the year ended December 31, 2023, our pro forma consolidated revenue would be ₱3,683.9 million (U.S.\$66.3 million), pro forma consolidated net income would be ₱910.1 million (U.S.\$16.4 million), and pro forma consolidated net income attributable to equity holders of CREC would be ₱515.8 million (U.S.\$9.3 million). See “—Recent Developments– CREIT Disposition” beginning of page 152 of this Prospectus.

As of December 31, 2022 and 2023, we had total consolidated assets of ₱15,273.9 million and ₱22,298.6 million (U.S.\$401.3 million), respectively.

COMPETITIVE STRENGTHS

We believe that our key competitive strengths include the following:

We have a leading pure-play renewable energy platform, spearheading renewable energy development in the Philippines

We are a leading pure-play renewable energy producer with a sizeable platform focused on and committed to the development and operation of renewable energy projects in the Philippines, according to Lantau. We began our operations in 2015 through our parent company, CPI, and we are recognized as one of the pioneers of renewable energy development in the Philippines. In only one year after we began operations, we completed three greenfield solar projects, which contributed a total installed capacity of 103.0MW of renewable energy to the Philippine energy mix. Since then, we have scaled up our operations, and as of December 31, 2023, developed, operated and maintained ten operating solar assets with a combined installed capacity of 285.1MW². As a testament to our project development capabilities and contribution to the Philippines’ energy mix, our generated capacity accounted for approximately 19% of the total solar installed capacity in the country, making us the power producer with the second largest solar portfolio in the Philippines in terms of installed capacity as of December 31, 2022, according to Lantau.

Our renewable energy platform is vertically integrated with capabilities for end-to-end solutions across the entire value chain of all stages of project development. The efficiency and speed at which we are able to develop and operate our renewable energy projects are made possible through our in-house teams of specialists dedicated to

² We have seven solar operating assets, which we refer to as “our operating projects”, with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined grossed installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

designing, developing, constructing, operating, maintaining and managing our renewable energy assets. We are focused on selecting optimal sites for renewable energy projects and we ensure that our developments are aligned with the Philippine backbone transmission system and its planned expansion. To further leverage on our expertise and resources, we take a clustered approach to our solar project developments, which include both greenfield and brownfield projects, with a view to scale-up and enhance our projects within these clusters.

We have a deep understanding of the energy supply and demand landscape in the Philippines, allowing us to offer comprehensive energy solutions to our customers at favorable tariff pricing and returns. We operate a holistic renewable energy business and provide a full range of energy solutions directly to a wide range of customers, including distribution utilities, electric cooperatives, large-scale commercial and industrial players which we contract with through retail electricity supply agreements through our retail electricity subsidiary, CESI, and power supply contracts. In July 2023, we were awarded 792.0MWac, or approximately 23.7% of the total solar and wind energy capacities made available through the DOE's GEAP-2 making our generated capacity available to eligible end-users and consumers.

We are well-positioned to capitalize on the strong momentum and long-term growth opportunities for renewable energy development and transition to renewable energy, in the Philippines

We believe that we are well-positioned to capitalize on the strong momentum and long-term growth opportunities for renewable energy development in the Philippines, including the shift from conventional energy to renewable energy, the growing energy requirements of the Philippines and the focus of the Philippines on the development of renewable sources of energy.

According to Lantau, the growth in energy demand in the Philippines is driven by economic development, with gross domestic product ("GDP") and electricity consumption per capita largely rising in tandem. Lantau notes that the Philippine economy has experienced robust growth over the past decade, with real GDP growing from 5.7% in 2022 to 7.6% in 2023. In line with increased economic development, peak electricity demand for the past five years has reached an annual average growth rate of 3.5% nationally, and over the past two decades, the Philippines' peak demand has doubled from 8.3GW in 2003 to 16.6GW in 2022, according to Lantau. In comparison to regional peers in Southeast Asia and South Asia, however, levels of electricity in the Philippines is generally lower on a per capita basis, which presents an opportunity for growth within the renewable energy project development space in the country.

Based on the DOE's Philippine Energy Plan 2020-2040, the peak energy demand in the Philippines is expected to almost quadruple from 2020 to 2040, from 15,282MW in 2020 to 54,655MW in 2040. In order to meet increasing demand, growth in installed capacity is essential and has prompted the Philippine government to encourage the expansion in capacity. The 2020-2040 National Renewable Energy Program ("NREP") has set a target of reaching at least a 35% share of renewable energy in the Philippines' power generation mix by 2030 and aims to increase it to at least 50% by 2040. The NREP recognizes the need to further implement policies to drive renewable energy development in the Philippines through mandatory pathways, such as renewable portfolio standards, renewable energy market, and preferential dispatch of all renewable energy generating units in the WESM, and voluntary programs, such as net-metering, the green energy option program and the green energy auction program. In support of these aims, the Philippine government launched Competitive Renewable Energy Zones ("CREZ"), areas identified as economic renewable energy resources. The CREZ is intended to complement the National Grid Corporation of the Philippines' ("NGCP") transmission development plan, so that transmission planning and expansion can accelerate renewable energy development.

With the diversity of our renewable energy projects pipeline, including our goal of contributing 1.0GW of ready-to-build/under construction solar energy capacity in the Philippine energy mix per year in the next five years, we believe that we are well-positioned to utilize the opportunities presented by the NREP and to contribute to the implementation of the DOE's Philippine Energy Plan 2020-2040.

We are one of the leading renewable energy players in the Philippines that is well-positioned to capture the growth in the renewable energy sector with a sizable and diversified platform of projects and track record of partnerships with accomplished power industry players, operators and investors

We are one of the leading renewable energy players in the Philippines that is well-positioned to capture the growth of the renewable energy sector as it further expands according to Lantau. We have a balanced portfolio of pipeline projects that are diversified in the following key respects: (i) regions in the Philippines, (ii) technologies and (iii) stages of development, with a total expected gross installed capacity of approximately 10.4GW as of December

31, 2023. In the short term, from 2024 to 2025, we expect to commission approximately 2.3GW of gross solar installed capacity, with various projects having in the “Ready-to-Build/Under Construction” stage as of December 31, 2023. In the medium term, from 2026 to 2028, we intend to develop approximately 5.0GW of gross installed capacity comprising solar, run-of-river hydro and onshore wind. In the long-term, from 2029 onwards, we have feasible plans to incrementally add approximately 3.1GW of gross installed capacity through offshore wind energy projects.

We have a sizable and diversified platform of projects, which runs parallel to our strategic vision to spearhead the development of renewable energy projects in the Philippines and contribute meaningfully to the Philippines’ energy security and transition to sustainable forms of energy. In addition, we are confident of our ability to spearhead the investment in the latest renewable energy technologies in the Philippines. For example, we are in discussions with a leading foreign developer in the joint implementation of onshore and offshore wind pipeline projects that will allow us to pool our strengths together to be able to maximize the potential of our onshore and offshore wind pipeline projects and continuously explore potential joint venture developments and other collaborative arrangements with major energy players in the Philippines.

We operate an integrated business model which supports our best-in-class project development execution and cost competitiveness

We have a vertically integrated platform comprising end-to-end capabilities covering the entire project development cycle and dedicated in-house development teams, with over eight cumulative years of experience, covering the design, development, construction, and operation and maintenance of our renewable energy projects. Our project development strategy underpins our strong and speedy execution capabilities, promoting cost efficiency and allowing us to provide best-in-class energy solutions at competitive prices to our customers.

We have a systematic and well-defined project development cycle which allows us to efficiently set out key development milestones. This, in turn, enables us to reach the “Ready-To-Build”/ “Under Construction” stage of development for our renewable energy project within approximately 24 months from site identification for our solar energy power projects.

- *Development:* We have a deep understanding of the local property market, enhanced by the capabilities of CREIT, in which we continue to be the single largest shareholder following completion of the CREIT Disposition. We have a proven land acquisition strategy where we employ a streamlined and prudent site selection process which emphasizes solar resource potential and grid connectivity. We also ensure that we maintain good stakeholder relations which mitigates potential risks associated with renewable energy development, complemented by our strong in-house technical and legal capabilities with deep knowledge and understanding of regulatory processes and environmental considerations.
- *Construction:* We utilize an accreditation and bidding process to identify cost-effective, experienced, and skilled contractors when we award construction mandates for our renewable energy projects. We benefit from the experience of our affiliate, Megawide, which has an extensive track record and expertise in construction and engineering, and leverage on the capabilities of our affiliate, MCC-Citicore Construction, Inc. (“MCC-CCI”), for the design, procurement and construction for our projects. We have a strong research and development team who are able to identify, assess and address construction and development risks associated with each type of renewable energy resource, and stringent quality assurance and control processes to ensure the optimization of our renewable energy project assets and infrastructure. Taking this approach, we are generally able to complete the construction of a solar renewable energy project between eight months to one year from the award of the engineering, construction and procurement contract to our selected contractor.
- *Operation:* We have dedicated and project-specific teams for each of our renewable energy projects comprised of area project managers, engineers and technicians. We have technology-driven operations and maintenance capabilities, utilizing, among others, real-time SCADA plant performance monitoring technologies and computerized maintenance and management systems. Given this approach, our average plant reliability and availability has been at approximately 99% for the past three years from 2021 to 2023.

In June 2023, we inaugurated our 13,000 sq. m. central warehouse located at the First Cavite Industrial Estate where we consolidate our supplies, equipment and materials to efficiently manage and distribute our resources to our solar power plant sites across the Luzon. The central warehouse ensures seamless coordination and supply of materials, equipment, and resources required for the operation and maintenance of our renewable energy projects. We believe that this centralized approach will enhance our efficiency and allow streamlined logistics and faster project completion period.

We have a flexible offtake strategy and a diversified and high-quality customer base

We have a diversified offtake portfolio that includes (i) Government-backed power supply agreements that were signed up through the GEAP-2, (ii) power supply agreements with distribution utilities and electric cooperatives, and (iii) retail electricity supply agreements through our dedicated retail electricity supply arm, CESI, with corporate and industrial customers including blue-chip domestic corporations and multinational locators. Moreover, we have the flexibility to trade our excess generated capacity through the WESM, the Philippines' electricity spot market, which allows us to benefit from increases in market-driven electricity prices.

We have deep knowledge of the Philippines' energy supply and demand dynamics which allows us to offer comprehensive energy solutions catered to a diverse customer base. Our solid grasp of key market segments and energy regulatory processes allows us to enter into supply contracts with a wide range of customers. We also are able to leverage on our full-service energy ecosystem that allows us to address the specific needs of our customers. We capitalize on the network of our affiliate, Megawide, on both the supplier-side and the customer-side of our energy business. We access the stable and wide network of Megawide's suppliers, such as steel mills and cement plants, and its roster of high-quality clients, such as malls, condominiums, airports, hospitals, and data centers, who may have large energy requirements. As of December 31, 2023, we (including through RNHC) have secured contracts with a total capacity of 1,032.6MWac, which represents 100.0% of our projects in the "Ready-to-Build/Under Construction" stage, in RESAs and PSAs with our customers from various industries for future delivery up to December 2026. In addition, we maintain a balanced approach with respect to our offtake terms, with a mix of short-term and long-term offtake arrangements across multiple contracting channels to maximize tariff pricing and returns. As a result, we (including through RNHC) have an outstanding contract renewal rate of 95.0%, of our generated capacity as of December 31, 2023.

We monitor the quality of our offtake contracts by running an internal scoring system where we analyze relevant financial ratios and perform multi-channel background checks on our customers. We also require a standard security deposit amounting to one to two months' payments from our customers to ensure that we are able maintain a healthy collection rate. This has allowed us to avoid any instances of customer default in the past seven years.

We are led by a seasoned and visionary management team and we are supported by one of the leading construction and infrastructure groups in the Philippines

We have a strong leadership team with the vision, experience and business acumen to formidably steer and grow our Company into a leader in the renewable energy space in the Philippines. Our management team comprises individuals who have established their careers in the Philippine solar power industry and have gained valuable experience as long-time employees of the Citicore-Megawide Group.

Mr. Edgar B. Saavedra, our co-founder and Chairman founded Megawide in 1997 and has more than 20 years of engineering and construction experience. Through his leadership, Megawide has emerged as one of the top construction and infrastructure companies in the Philippines, with a consistent track record of winning competitive bids and successfully and timely completing all of its awarded contracts. Mr. Saavedra personally heads the Citicore-Megawide Group's engineering research and development team. Alongside Mr. Saavedra, Mr. Manuel Louie B. Ferrer, our co-founder and Treasurer, is experienced in infrastructure project execution. Mr. Ferrer was instrumental in transforming Megawide from a pure EPC player into an infrastructure conglomerate.

Our President and CEO, Mr. Oliver Y. Tan, who is also a co-founder of our Company, is a seasoned and visionary executive who has a formidable track record in finance and project development. Mr. Tan's leadership within the Company and deep experience within the renewable energy space has allowed us to expand and become a leading and fast-growing pure-play renewable energy company. Mr. Tan spearheaded the completion of five greenfield solar farm pipeline projects as of the date of this Prospectus with a combined installed capacity of approximately 225.0MW and led the successful acquisition of five solar assets from Armstrong Assets Pte. Ltd. and its local co-developers with a combined gross installed capacity of approximately 60.0MW, resulting in a market share of

17% and 15% of the Philippines' total solar generation output in 2020 and 2021, respectively, according to data from the DOE.

Supporting Mr. Tan is a highly experienced management team, including Ms. Mia Grace Paula S. Cortez, Chief Finance Officer, a seasoned finance professional from Megawide, who, as group controller, guided Megawide in implementing financial controls, tax management and financial reporting systems. Ms. Cortez brings the same expertise and experience to our Company.

We believe that our excellence in engineering is rooted in our DNA. We benefit from Citicore-Megawide Group's expertise, experience and long track record of delivering critical infrastructure projects including the construction of: (i) 10,000 classrooms across 2,000 locations for phases 1 and 2 of the Philippine Department of Education's Classroom Project, (ii) the Mactan Cebu International Airport, the country's second largest airport, (iii) the country's first multi-modal land port, the Parañaque Integrated Terminal Exchange, and (iv) the Clark International Airport. Megawide's pipeline of major infrastructure projects demonstrates its strong presence in the construction and infrastructure industry, as shown by the award in its favor of the Malolos-Clark Railway Project and the Manila Subway Project. It has also proved to be a pioneering force in the industry by successfully spearheading the use of new engineering technologies, such as Megawide's precast and formworks system, and undertaking notable projects such as the operation and maintenance of the Mactan Cebu International Airport, despite a lack of prior operation or utilization history.

The Citicore-Megawide Group also provides support to our renewable energy project development targets, including but not limited to, their expertise in project management, EPC capabilities, and customer-supplier relationships. The Citicore-Megawide Group's brand equity, industry prominence, and strong relationship with financial institutions provides us with access to multiple channels of financing with a funding track record to support the growth of our renewable energy platform. In September 2023, we entered into a landmark U.S.\$100 million mezzanine loan facility with Pentagreen Capital, a sustainable infrastructure debt financing company, with an initial tranche of approximately U.S.\$30.0 million.

Through CREIT, we have also ventured into innovative capital markets initiatives and green financing. On February 22, 2022, CREIT listed on the PSE as the Philippines' first real estate investment trust for renewable energy real estate properties. Since CREIT's listing, it has tripled its leasable space portfolio, through land infusions and acquisitions, from 1.99 million sq. m. to 5.12 million sq. m. within a span of one year. CREIT increased its leasable space, through land infusions and acquisitions, to 7.1 million sq. m. as of December 31, 2023.

In early 2023, CREIT also developed and established a Green Financing Framework which enables CREIT to issue green bonds and loans. These will be used to fund selected projects that are expected to contribute to the expansion of renewable energy development, improve forest conservation efforts and facilitate sustainable water and wastewater management. Sustainalytics, a globally recognized ESG research, rating, and data firm, issued a second-party opinion with an evaluation date of September 22, 2022 on the credibility of the Green Financing Framework. In February 2023, CREIT completed its ₱4.5 billion ASEAN Green Bond offering with a rating of PRS Aa+ with Stable Outlook from the Philippine Rating Services Corp.

We have a robust corporate governance framework and commitment to sustainability and best ESG practices

We believe that good corporate governance is essential to achieve our strategic goals. We, through and together with our affiliate Citicore Foundation, Inc., provide impactful value-added benefits for stakeholders and communities since 2019. We integrate sustainability principles into all aspects of our businesses and provide guidance for day-to-day operations.

We recognize the importance of working with communities to create development programs that benefit our stakeholders. Our programs are classified under three key pillars as set out in our ESG policies.

Environment

- ***Citicore AgroSolar***

Citicore AgroSolar is a banner program of Citicore Foundation launched in 2021, which melds agriculture and power generation by allowing solar power plants and vegetable farming to coexist and aims to augment and support the livelihood of our farmer-communities. We pioneered the use of

“Agrovoltaic” technology in the Philippines, which is the innovative dual-use of our solar power facilities to allow land to be accessed for farming and other agricultural activities alongside our solar panel installations. See “*Business– Corporate Social Responsibility – Environment – Citicore AgroSolar*” on page 188 of this Prospectus.

- EcoShed

The EcoShed Program converts end-of-life or defective solar panels into eco-infrastructure projects such as community waiting sheds. These waiting sheds are built in partnership with the local government units of host communities. After completing the works, these EcoSheds are then donated to these host communities. See “*Business– Corporate Social Responsibility – Environment – EcoShed*” on page 188 of this Prospectus.

- CommuniTree

We conduct tree-planting activities annually together with our employees and members of our host communities to ensure that we maintain biodiversity in and protect areas where our renewable energy projects are located. See “*Business– Corporate Social Responsibility – Environment – CommuniTree*” on page 188 of this Prospectus.

- Pailaw

The Citicore Solar Street Light Project or Pailaw encourages using of renewable energy within communities. We install solar-powered light units with individual solar panels to provide much-needed light in communities that are unable to access a stable source of light during the nighttime. See “*Business– Corporate Social Responsibility – Environment – Pailaw*” on page 189 of this Prospectus.

Education

- Usbong Scholarships

Usbong is a bridge scholarship grant program of Citicore Foundation focused on providing educational, financial, and technical support to deserving but underprivileged students from its host communities. See “*Business – Corporate Social Responsibility – Education– Usbong Scholarships*” on page 189 of this Prospectus.

- Brigada Eskwela

Through the Adopt-A-School Program, the private sector and professionals are given opportunities to contribute to the improvement of the public educational system in the country. We provide school supplies, construction materials, and other necessary tools to these schools. See “*Business – Corporate Social Responsibility – Education– Brigada Eskwela*” on page 189 of this Prospectus.

- Bantay Basa

Bantay Basa is a school-based literacy program anchored on improving reading competencies among underserved communities. See “*Business – Corporate Social Responsibility – Education– Bantay Basa*” on page 189 of this Prospectus.

- Balik-Eskwela

Balik Eskwela is our initiative to extend helping hands to public elementary school students, ensuring that they receive essential school supplies which comprise backpacks, notebooks, crayons, pencils and raincoats that serve as invaluable tools for students for a productive academic year. See “*Business – Corporate Social Responsibility – Education– Balik-Eskwela*” on page 189 of this Prospectus.

Employment

- T2E -Training-To-Employment

The T2E campaign, in collaboration with the Technical Education Skills Development Authority (“TESDA”) is a capacity-building initiative that equips residents from host communities with the necessary skills and competencies to achieve required capabilities and ensure employment after receiving the required technical training certifications. See “– Corporate Social Responsibility – Employment–T2E-Training-To-Employment” on page 189 of this Prospectus.

On November 22, 2021, CREIT became the first Southeast Asian company to receive a Dark Green rating, the highest of its kind, from CICERO Shades of Green (an S&P Global group company). The Dark Green rating recognizes that CREIT’s revenue and investments are derived from solar plants, which corresponds to the long-term vision of a low-carbon and climate-resilient future. The Dark Green rating is a testament to the environmental soundness of our and CREIT’s green projects, long-term support on low-carbon power sources and climate resiliency under CICERO Shades of Green’s evaluation standards.

BUSINESS STRATEGIES

Our key strategies are set out below:

Invest in the execution of our large and diversified pipeline of renewable energy projects

We intend to further strengthen our position as a leading solar energy power producer in the Philippines through the timely execution of our 6.4GW of solar energy power pipeline along with our commitment and target to contribute approximately 1.0GW of ready-to-build solar energy capacity each year over the next five years, contributing to increasing the share of renewables in the Philippine energy mix.

To achieve a balanced generation profile catered to our diversified market segments, we intend to further diversify our renewable energy portfolio into other forms of technologies, such as onshore wind energy. As such, we are in discussions with leading international wind energy developers to achieve this objective. We also have plans to enter the offshore wind energy space. To complement our existing and future technologies, we have started to venture into the development of a variety of energy storage solutions, such as battery energy storage systems (“BESS”) and mechanical fly wheel technologies.

In addition, we strive to continue to expand and scale up our renewable energy portfolio by replenishing our pipeline of projects alongside the execution of our current projects.

Further strengthen our in-house and end-to-end solution capabilities through knowledge acquisition, refined practices and deployment of innovative technologies

Our fully integrated renewable energy capabilities across our value chain has proven to be our main pillar in driving the success of our business model.

To sustain our momentum, we intend to further strengthen our in-house and end-to-end solution capabilities by adopting innovative tools, such as an automated photovoltaic (“PV”) panel cleaning system which will further refine and streamline our operations and management. To manage our capital expenditures in relation to PV solar panels, we have begun to diversify our supplier mix by sourcing our equipment from countries such as Vietnam, India and Malaysia, in addition to China-based suppliers.

Continue to capitalize on synergies with the broader Citicore-Megawide Group ecosystem in pursuing our growth strategy

We are committed to growing our portfolio of renewable energy operating assets, development projects and our project pipeline. We intend to capitalize on and realize further synergies within the broader Citicore-Megawide Group ecosystem in terms of engineering, procurement and construction (“EPC”) capabilities, sharing knowledge and expertise, and access to prospective commercial and industrial offtakers. Through our joint efforts, we aim to take advantage of economies of scale in procurement and other parallel workstreams.

Strategically diversify and expand our geographical footprint across the Philippines

We aim to increase our market penetration and establish a well-balanced geographic footprint to capture the growth trend in the renewable energy market in the Philippines. In particular, consistent with our project pipeline,

we are well-positioned to expand our presence into the Visayas and Mindanao regions. We recognize NGCP's plans to expand the grid and pursue inter-island interconnections, which we closely monitor and consider in pursuing our land acquisition strategy.

In pursuit of the expansion of our footprint, we intend to continue to conduct thorough site selection and value engineering processes to make informed strategic decisions before venturing into new regions. We believe that this approach mitigates risks that are customary in the development of renewable energy projects.

Maintain financial discipline and rigorous approach to investment selection, focused on returns and maximization of shareholder value, while creating a positive ESG impact

We believe that we have prudent standards with respect to financing and risk management which allows us to retain a strong balance sheet and a healthy credit profile. Leveraging on the Citicore-Megawide Group's brand equity and strong relationships with financial institutions and lenders, we expect to continue to obtain favorable financing terms to fund our renewable energy project and pipeline. We will continue to effectively manage and operate our portfolio of renewable energy assets and employ a flexible offtake strategy to continuously expand our customer base and deliver attractive financial returns. In particular, we will continue to efficiently deploy capital by developing or investing in projects which are scalable, have the potential to meet our targeted returns, long-term in nature and complement or enhance the value of our business.

In addition, we will continue to align our strategies not only to effectively manage, enhance or operate our assets to deliver attractive financial returns, but to also benefit surrounding communities and the environment while adhering to sound corporate governance principles. We will continue to implement the best health and safety practices and invest in our employee development. Our project development and operations will continue to be significantly influenced by our ESG and sustainability focus. As such, we intend to continue to develop, design, manage, and operate its assets in a socially relevant manner by working closely with the communities and other stakeholders in the areas where we operate to ensure that we continue to create a positive societal impact. Consistent with our ESG principles and policies, we will continue to invest in a variety of green initiatives in addition to our current roster of ESG projects.

RECENT DEVELOPMENTS

CREIT Disposition

On March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation for ₱4,999,997,971.6, which was completed on March 27, 2024.

Prior to the CREIT Disposition, CREC and CST1 legally and beneficially owned 3,117,641,132 common shares, or 47.63%, and 918,720,864 common shares, or 14.04%, of CREIT's outstanding capital stock, respectively. As a result of the CREIT Disposition, CST1 no longer holds any shares in CREIT and our remaining effective interest in CREIT as of the date of this Prospectus is 32.88%. We have prepared the unaudited pro forma condensed consolidated financial information as of and for the year ended December 31, 2023 as if the CREIT Disposition occurred on January 1, 2023 to show:

- the impact on the sale of CREC's and CST1's stake in CREIT on other reserves, total equity attributable to shareholders of the Parent Company and non-controlling interest ("NCI") as of December 31, 2023;
- the impact on the calculation of net income attributable to NCI of the sale of existing shares to the new investor for the year ended December 31, 2023;
- the impact on payment of dividends during 2023 and balance of dividends payable as of December 31, 2023 to NCI; and
- the impact on earnings per share calculation for the year ended December 31, 2023.

After giving effect to certain assumptions and the above pro forma adjustments, for the year ended December 31, 2023, our pro forma consolidated revenue would have been ₱3,683.9 million (U.S.\$66.3 million), pro forma consolidated net income would have been ₱910.1 million (U.S.\$16.4 million), and pro forma consolidated net income attributable to equity holders of CREC would have been ₱515.8 million (U.S.\$9.3 million). For further

details, please refer to the unaudited pro forma condensed consolidated financial information as of and for the year ended December 31, 2023 contained elsewhere in this Prospectus.

We continue to be CREIT's single largest shareholder and maintain control over CREIT because we will continue to manage its business activities, including day-to-day operations, appointing the executive officers of CREIT and through the services of CFMI and CPMI. As such, CREIT's financial results will continue to be consolidated as part of CREC's financial statements. In view of SM Investments Corporation's investment in CREIT, SM Investments Corporation has the right to appoint two directors of CREIT while we have the right to appoint three directors.

We believe that SM Investments Corporation's investment into CREIT and the resulting collaboration with our Company unlocks potential synergies between both companies. The proceeds from the CREIT Disposition are intended to contribute further to the development of our projects in "Ready-to-Build" / "Under Construction" stage.

RISKS OF INVESTING

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section entitled "*Risk Factors*" in this Prospectus and include risks relating to our businesses and operations, risks relating to the Philippines, and risks relating to the Offer and the Offer Shares.

INVESTOR RELATIONS OFFICE

The investor relations office will implement the investor relations program in order to reach out to all shareholders and keep them informed of corporate activities. The office will also handle communication of relevant information to our stakeholders as well as to the broader investor community. The investor relations office will also be responsible for receiving and responding to investor and shareholder queries relating to our Company.

Ms. Abigail Joan R. Cosico has been appointed by the Board of Directors as the Chief Investor Relations, Corporate Communications, and Branding Officer of the Company and to serve as our Investor Relations Officer ("**IRO**") along with Mr. Gideon Antonio de Villa. The IRO will ensure that we comply with and file on a timely basis all required disclosures and continuing requirements of the Philippine SEC and the PSE. In addition, the IRO will oversee most aspects of the shareholder meetings, press conferences, investor briefings, and management of the investor relations portion of our website, which will contain information, including but not limited to:

- (a) Company information (organizational structure, board of directors and management team);
- (b) Company news (analyst briefing report, press releases, latest news, newsletters (if any));
- (c) Financial report (annual and quarterly reports for the past two years);
- (d) Disclosures (recent disclosures to PSE and SEC for the past two years);
- (e) Investor FAQs;
- (f) Investor Contact (email address and phone numbers for feedback/comments, shareholder assistance and service); and
- (g) Stock Information.

COMPANY INFORMATION

We are a Philippine corporation organized under the laws of the Philippines. Our principal office address is 11th Floor, Rockwell Santolan Town Plaza, 276 Santolan Road, San Juan City, 1500, Philippines, with telephone number (632) 8826 5698. Our corporate website is www.crec.com.ph. Information in the website is not incorporated by reference into this Prospectus.

SUMMARY OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Offer Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Issuer and the Offer Shares. Each prospective investor must rely on its own appraisal of the Issuer and the Offer Shares, and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. Before the execution of the underwriting agreements, the Offer may be withdrawn at any time. The Offer may also be withdrawn at any time (i) after the execution of the underwriting agreements and before the commencement of the Offer Period, and (ii) on or after the commencement of the Offer Period and prior to the Listing Date, due to the occurrence of any of the events referred to in the section on "Withdrawal of the Offer". Further, the Joint Bookrunners reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Issuer shall subsequently notify the Philippine SEC and the PSE.

Issuer	Citicore Renewable Energy Corporation, a corporation organized under Philippine law. The trading symbol shall be "CREC."
Selling Shareholder	Citicore Power Inc.
Sole Global Coordinator and Joint Bookrunner	UBS AG, Singapore Branch ("UBS").
Domestic Lead Manager and Joint Bookrunner	BDO Capital & Investment Corporation ("BDO Capital").
Joint Bookrunners	UBS and BDO Capital.
International Co-Lead Underwriter	CLSA Limited
International Underwriters...	Sole Global Coordinator and Joint Bookrunner and the International Co-Lead Underwriter
Domestic Co-Lead Underwriters	PNB Capital and Investment Corporation, RCBC Capital Corporation, and SB Capital Investment Corporation
Participating Underwriter	Investment & Capital Corporation of the Philippines
Domestic Underwriters.....	Domestic Lead Manager and Joint Bookrunner, Domestic Co-Lead Underwriters, and the Participating Underwriter
Underwriters	Domestic Underwriters and International Underwriters
Financial Advisor	AlphaPrimus.
Offer Shares.....	The Firm Shares and the Option Shares.
The Offer	Offer of up to [1,785,715,000] Firm Shares, with an offer of up to [267,858,000] Option Shares pursuant to the Overallotment Option (as described below). The Firm Shares comprise Common Shares to be issued and offered by the Issuer. The Option Shares will comprise Common Shares to be offered by the Selling Shareholder pursuant to the Overallotment Option.
Institutional Offer	Up to [1,250,000,000] Firm Shares, or approximately [70]% of the Firm Shares, are being offered for sale (i) outside the United States by the

International Underwriters in offshore transactions in reliance on Regulation S under the U.S. Securities Act, (ii) within the United States through the International Underwriters' U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to Domestic QIBs and other investors in the Philippines by the Domestic Underwriters. The Option Shares will form part of the Institutional Offer.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Issuer and the Joint Bookrunners as well as oversubscription or undersubscription of either or both the Trading Participants and Retail Offer and the Institutional Offer. See “—*Reallocation*” below.

**Trading Participants and
Retail Offer**

[535,715,000] Firm Shares, or approximately [30]% of the Firm Shares, (the “**Trading Participants and Retail Offer Shares**”) are being offered in the Trading Participants and Retail Offer in the Philippines at the Offer Price.

[357,143,000] Trading Participants and Retail Offer Shares (approximately [20]% of the Firm Shares) are being allocated to all of the [122] PSE Trading Participants at the Offer Price and [178,572,000] Trading Participants and Retail Offer Shares (approximately [10]% of the Firm Shares) are being allocated at the Offer Price to local small investors (“**LSIs**”).

Each PSE Trading Participant shall initially be allocated [2,927,000] Firm Shares. Based on the initial allocation for each PSE Trading Participant, there will be a total of [49,000] residual Firm Shares to be allocated as may be determined by the Domestic Lead Manager and Joint Bookrunner.

Each LSI applicant may subscribe up to a minimum of [●] Common Shares at the Offer Price. The Domestic Underwriters shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer or otherwise not taken up by the PSE Trading Participants or clients of the Domestic Underwriters or the general public in the Philippines pursuant to the terms and conditions of the Domestic Underwriting Agreement.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Issuer and the Joint Bookrunners as well as oversubscription or undersubscription of either or both the Trading Participants and Retail Offer and the Institutional Offer. See “—*Reallocation*” below.

Eligible Investors

The Trading Participants and Retail Offer Shares may be purchased by any natural person of legal age regardless of nationality, or any corporation, association, partnership, trust account, fund, or entity residing in and organized under the laws of the Philippines, regardless of nationality, subject to the restrictions on ownership, as described below, and in consultation with the Joint Bookrunners, the Issuer's right to reject an Application or reduce the number of the Firm Shares applied for subscription.

The Institutional Offer Shares are being offered for sale for sale (i) outside the United States by the International Underwriters in offshore transactions in reliance on Regulation S under the U.S. Securities Act, (ii) within the United States through the International Underwriters' U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to Domestic QIBs and other investors in the Philippines by the Domestic Underwriters.

Purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. All potential investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

Offer Price Up to ₱[3.88] per Offer Share. The Offer Price will be determined based on a book building process and discussions between the Issuer, the Selling Shareholder and the Joint Bookrunners.

Stabilizing Agent UBS and its affiliates.

Overallotment Option [Subject to the approval of the Philippine SEC, the Selling Shareholder has granted the Stabilizing Agent an option, exercisable in whole or in part, to purchase up to [267,858,000] Option Shares at the Offer Price, on the same terms and conditions as the Firm Shares as set out in this Prospectus, and effect price stabilization transactions. The Overallotment Option is exercisable from and including 30 calendar days after the Listing Date. See the section entitled “*Plan of Distribution – The Overallotment Option and Undertaking to Purchase*” in this Prospectus.]

Restriction on Ownership The Offer Shares may be subscribed by any individual of legal age, or by any corporation, association, partnership, or trust, regardless of citizenship or nationality, subject to nationality limits under Philippine law.

The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities or those who own land. The Issuer does not own any parcels of land. However, the Issuer has future plans to acquire parcels of land directly or through its subsidiaries, including through Citicore Land Holdings, Inc.

In addition, the Issuer intends to acquire Rio Norte Hydropower Corporation in the second half of 2024, which is engaging in nationalized or partly nationalized activities in the Philippines, and is, therefore, subject to the foreign equity requirements under the law. For more details and information relating to restrictions on the ownership of the Common Shares, please see the sections entitled “*Risk Factors*,” “*Business*,” and “*Regulatory and Environmental Matters—Other Laws—Nationality Restriction*,” “*Regulatory and Environmental Matters—Energy Laws—Electrical Power Industry Reform Act*” in this Prospectus. In the event that foreign ownership of the Issuer’s outstanding capital stock will exceed such allowable maximum percentage, the Issuer has the right to reject a transfer request by a stockholder to persons other than Philippine Nationals and the right not to record such purchases in the Issuer’s books.

Moreover, if any share is inadvertently issued and/or transferred in violation of the said restriction, the shares issued and/or transferred in excess of the allowable maximum percentage shall be null and void, and the Issuer may immediately proceed to cancel and demand the surrender of the certificate of stock covering such shares. Should any stockholder acquire shares in excess of the foregoing restriction, such stockholder shall not be considered a stockholder and shall have no right with respect to such shares, except to demand payment therefor from us or transferor, as the case may be, or to dispose of the same to qualified shareholders within 30 days of receipt of notice from the Issuer.

Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. All potential investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

Offer Period The Offer Period shall begin at [9:00 a.m.] (Manila time) on [May 20], 2024 and end at [12:00 noon] (Manila time) on [May 24], 2024. The Issuer and the [Joint Bookrunners] reserve the right to extend or shorten the Offer Period, subject to the approval of the PSE and the Philippine SEC.

Applications must be received by the Receiving Agent not later than [12:00 noon], Manila Time on [May 24], 2024 whether filed through a participating PSE Trading Participant or the [Domestic Lead Manager and Joint Bookrunner] or filed directly with the Receiving Agent or through PSE EASy for LSI applications. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to the Receiving Agent, and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the Application. The actual subscription and/or purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE.

Minimum Subscription..... Each application must be for a minimum of [1,000] Common Shares, and thereafter, in multiples of [1,000] Common Shares. Applications for multiples of any other number of Common Shares may be rejected or adjusted to conform to the required multiple, at the Issuer's discretion.

Use of Proceeds..... The Issuer intends to use the net proceeds from the Offer for the Group's capital expenditure and pipeline development requirements.

See the section entitled "*Use of Proceeds*" in this Prospectus for further details.

Reallocation The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as may be determined by the Joint Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. Unless otherwise agreed by the Joint Bookrunners the reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand.

Lock-up Under the PSE Consolidated Listing and Disclosure Rules, as amended (the "**PSE Listing Rules**"), existing shareholders who own an equivalent of at least 10% of the issued and outstanding Common Shares of the Issuer as of the Listing Date cannot sell, assign or in any manner dispose of their shares for a minimum period of 180 days, or if the Issuer is exempt from the track record and operating history requirements, a minimum period of 365 days, after the Listing Date.

In addition, under the PSE Listing Rules, if there is any issuance or transfer of shares (i.e., private placements, asset for shares swaps, or similar

transactions) or instruments which lead to the issuance or transfer of shares (i.e., convertible bonds, warrants, or similar instruments) done and fully paid for within 180 calendar days prior to the commencement of the offer period, and the transaction price is lower than that of the offer price in the initial public offering, all such shares issued or transferred shall be subject to a lock-up period of at least 365 calendar days from the full payment of the aforesaid shares.

The following stockholder is covered by the 180-day lock-up requirement from Listing Date (if the Overallotment Option is not exercised):

Shareholder	No. of Shares
Citicore Power Inc.	7,142,857,136 Common Shares
TOTAL	7,142,857,136 Common Shares

The following stockholder is covered by the 180-day lock-up requirement from Listing Date (if the Overallotment Option is fully exercised):

Shareholder	No. of Shares
Citicore Power Inc.	6,874,999,136 Common Shares
TOTAL	6,874,999,136 Common Shares

The Amended Articles of Incorporation of the Issuer provides that the Issuer shall comply with the lock-up requirements of the PSE Listing Rules, as may be amended from time to time, subject to any waiver or exemption as may be granted by the PSE in respect of such lock-up requirement.

To implement this lock-up requirement, the Issuer and [the Selling Shareholder], shall enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

See the sections entitled “*Principal Shareholders*” and “*Plan of Distribution – Lock-Up*” in this Prospectus.

[The Issuer and the Selling Shareholder have agreed with the Underwriters that, except in connection with the Overallotment Option, they will not, without the prior written consent of the Joint Bookrunners, issue, offer, sell, contract to sell, pledge, or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any common shares or securities convertible or exchangeable into or exercisable for any common shares or warrants or other rights to purchase common shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of [180] calendar days after the listing of the Common Shares.]

Registration, Listing, and Trading

The Issuer has filed an application with the Philippine SEC for the registration, and an application with the PSE for the listing, of all its outstanding capital stock (including the Offer Shares). The Philippine SEC [is expected to issue/issued] an Order of Registration and Permit to Sell [prior to the commencement of the Offer Period]/[on [●]] and the PSE issued the Notice of Approval on January 29, 2024.

The Offer Shares are expected to be listed on the PSE Main Board under the symbol “[CREC],” on or about [May 31], 2024. Trading of the Issuer’s issued and outstanding Common Shares that are not subject to lock-up is expected to commence on the same date.

Dividends and Dividend Policy

The Issuer is authorized to declare dividends. The Issuer may pay dividends in cash, property, or by the issuance of shares of stock. The distribution of cash and property dividends are subject to the availability of unrestricted

retained earnings and approval of the Board, while the distribution of stock dividends, in addition to the availability of unrestricted retained earnings and approval by the Board, also requires the approval of stockholders representing at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose. Additionally, Philippine SEC approval is required for property dividends or if the issuance of stock dividends requires an increase in authorized capital stock. Dividends may be declared only from available unrestricted retained earnings, representing the net accumulated earnings of the Issuer with its unimpaired capital, which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. The Board may not declare dividends that will impair the Issuer's capital pursuant to the trust fund doctrine, which considers the subscribed capital as a trust fund for the payment of the debts of the corporation, to which the creditors may look for satisfaction. Until the liquidation of the corporation, no part of the subscribed capital may be returned or released to the stockholder (except in the redemption of redeemable shares) without violating this doctrine (*National Telecommunications Commission v. Honorable Court of Appeals*, G.R. No. 127937 (1999)).

The Board will periodically review the amount of dividends to be paid and the frequency of dividend payment in light of the Issuer's earnings, financial condition, cash flows, capital requirements and other considerations while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Issuer can operate on a standalone basis.

Please see the section entitled "*Dividends and Dividend Policy*" in this Prospectus for further details.

**Procedure for Application for
the Trading Participants
and Retail Offer**

For PSE Trading Participants

"Application to Purchase" forms and specimen signature cards (the "**Application**") may be obtained from any of the Domestic Underwriters and the participating PSE Trading Participants, and shall be made available for download on the Issuer's website.

Applicants shall complete the application form, indicating all pertinent information such as the applicant's name, address, taxpayer's identification number, citizenship, and all other information as may be required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of the Offer Shares. Failure to complete the application form may result in the rejection of the Application.

All Applications shall be evidenced by the application to purchase form, in quadruplicate, duly executed by the applicants themselves or by the authorized signatory(ies) of the applicant (in the case of an applicant that is not a natural person), and accompanied by two completed specimen signature cards, which for applicants other than a natural person, should be authenticated by the corporate secretary (or its equivalent), and the corresponding payment for the Offer Shares covered by the Application and all other required documents.

If the applicant is an individual person, the Application should be submitted in quadruplicate and accompanied by the following documents:

- the required attachments as enumerated in the Application;

- two (2) duly executed specimen signature cards, duly authenticated by the Applicant's nominated PDTTC Participant (as defined below) or the Domestic Lead Manager and Joint Bookrunner (if the Applicant is a client of the Domestic Lead Manager and Joint Bookrunner);
- photocopy of two (2) valid and current government-issued IDs (e.g., SSS, GSIS, Driver's License, Passport or PRC) (Note: For joint applications (i.e., multiple Applicants in one Application), one (1) valid and current government-issued IDs of each applicant/investor will be required);
- proof of payment; and
- such other documents as may be reasonably required by the relevant Domestic Underwriter in compliance with its internal policies regarding "knowing your customer," anti-money laundering, and combating financing of terrorism, among others.

If the applicant is a corporation, partnership, trust account, or any other legal person, the Application must be accompanied by the following documents:

- two (2) duly executed specimen signature cards of the authorized signatory(ies), duly authenticated by the Applicant's corporate secretary (or the equivalent corporate officer);
- a certified true copy of the applicant's latest articles of incorporation and by-laws (or the equivalent documents) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or the equivalent corporate officer authorized to provide such certification);
- a certified true copy of the applicant's certificate of registration issued by the relevant regulating body of the applicant's country of incorporation or organization duly certified by its corporate secretary (or the equivalent corporate officer authorized to provide such certification);
- a duly notarized corporate secretary's certificate (or the equivalent document) setting forth the resolutions of the applicant's board of directors or equivalent body, namely: (i) authorizing the purchase of the Offer Shares indicated in the Application, (ii) identifying the list of designated signatory(ies) authorized for the purpose mentioned in (i), including each signatory's specimen signature, and (iii) certifying the percentage of the applicant's capital or capital stock held by Philippine nationals;
- a photocopy of two (2) valid and current government-issued IDs (e.g., SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the Corporate Secretary, duly certified as true copy by an authorized officer of the corporation;
- proof of payment;
- if applicable, a Notarized Affidavit of Undertaking to Submit Original Copies of the Documents ("**Undertaking to**

Submit”), attached as [Annex D] to the Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Trading Participants of the PSE (the “**TP Guidelines**”), within five (5) business days from the submission of the electronic mail of the scanned copies; and

- such other documents as may be reasonably required by the relevant Domestic Underwriter in compliance with their respective internal policies regarding “knowing your customer,” anti-money laundering, and combating financing of terrorism, among others.

In addition, PSE Trading Participants must submit the following:

- properly accomplished sales report in excel and pdf format, duly certified by the respective authorized signatories of the PSE Trading Participant. For physical copies, there must be four (4) copies each bearing the wet ink signature of the certifying authorized signatories of the PSE Trading Participant;
- a certified true copy of the applicant’s Philippine BIR certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership); and
- the PSE Trading Participant’s notarized Endorsement and Certification, attached as [Annex C], to the TP Guidelines.

For all corporate and institutional Applicants, in addition to the foregoing documents, a certification, in quadruplicate, representing and warranting that their investing in the Offer Shares subject of the Application will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.

For Local Small Investors:

Applications to purchase the Trading Participants and Retail Offer Shares must be done online through the PSE EASy. The system will generate a reference number and payment instruction. Applications for the Offer Shares must be settled within the Offer Period.

An LSI applicant should nominate in the Application the PSE Trading Participant through which its shares will be lodged. Otherwise, the Application shall not be accepted.

In the event that an LSI Applicant does not have a PSE Trading Participant, the LSI Applicant may open a trade account with the Domestic Lead Manager and Joint Bookrunner’s affiliated broker, [BDO Securities Corporation], and nominate said entity as its endorsing PSE Trading Participant by accomplishing an account opening form and submitting the same (done through <https://www.bdo.com.ph/securities/opening-account> for [BDO Securities Corporation]), together with any required attachments, to the relevant broker prior to submission of the Application.

LSI applications will be processed on a first-come, first-served basis while final allocation of the Trading Participants and Retail Offer Shares will be determined pursuant to allocation mechanics. This section should be read in conjunction with the Offer Implementing Guidelines which will be

published on the PSE Electronic Disclosure Generation Technology (“PSE EDGE”) website.

Payment Terms for the Trading Participants and Retail Offer

[The purchase price must be paid in full in Philippine Pesos upon the submission of the duly completed and signed application form and specimen signature card together with the requisite attachments.

For the Institutional Offer, payment for the Offer Shares shall be made either by: (i) a personal or corporate check drawn against an account with a BSP-authorized bank having a clearing period of no more than one business day, or (ii) a manager’s or cashier’s check issued by a BSP-authorized bank having a clearing period of no more than one business day.

For the PSE Trading Participants, payment for the Offer Shares shall be made through over-the-counter cash or check deposit payment in [name of bank or other agent] under the account “[●].”

For the LSIs, payment for the Offer Shares shall be made either by: (i) over-the-counter cash or check deposit payment in any [name of bank or other agent] under the account “[●]” [or (ii) online payment via internet banking under the biller account “[●]”]. Applicants participating in the Retail Offer may contact the Receiving Agent for alternative modes of payment.

For check payments, only personal or corporate checks, and manager’s or cashier’s checks with a clearing period of not more than one business day and drawn against any BSP-authorized agent bank will be accepted as a valid mode of payment. The check must be dated as of the date of submission of the Application, made payable to “[●],” and crossed “Payee’s Account Only.” Checks subject to clearing periods of over one (1) business day shall not be accepted.

The applications and required documents (including proof of payments) shall be transmitted to the Receiving Agent by electronic mail at [●] on or before the end of the offer period, with the physical copies delivered to the Receiving Agent’s address at [●] no later than [12:00 noon] [two (2)] business days after the end of the offer period.]

For more details on the Procedure for Application for the Offer, please refer to the Offer Implementing Guidelines which will be published on the PSE EDGE website prior to the start of the Trading Participants and Retail Offer Period.

Acceptance or Rejection of Applications for the Trading Participants and Retail Offer

Applications for the Trading Participants and Retail Offer Shares are subject to confirmation by the Domestic Lead Manager and Joint Bookrunner and the final approval of the Issuer. The Issuer and the Selling Shareholder, in consultation with the Joint Bookrunners and Domestic Lead Manager and Joint Bookrunner, reserves the right to accept, reject, or scale down the number and amount of Trading Participants and Retail Offer Shares covered by any application. The Issuer, the Selling Shareholder and the Domestic Lead Manager and Joint Bookrunner have the right to reallocate available Offer Shares in the event that the Offer Shares are insufficient to satisfy the total applications received. The Offer Shares will be allotted in such a manner as the Issuer, the Selling Shareholder and the Domestic Lead Manager and Joint Bookrunner may, in their sole discretion, deem appropriate, subject to distribution guidelines of the PSE.

Applications may be rejected if (i) the subscription price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentment; (iii) the Applications are not received by the Receiving Agent or the Domestic Lead Manager and Joint Bookrunner on or before the end of the Offer Period; (iv) the number of Offer Shares

subscribed is less than the minimum amount of subscription; (v) the Applications do not comply with the terms of the Offer; (vi) the sale of the offer Shares will result in a violation of foreign ownership and single entity ownership restrictions; (vii) the Applicant is not an Eligible Investor; (viii) the Applications do not have sufficient information as required in the application form or are not supported by the required documents; (ix) the underwriting agreement is suspended, terminated or cancelled on or before the Listing Date; (x) Applications received beyond the Offer Period on [12:00 noon] of [May 24], 2024; (xi) there exists a legal restriction prohibiting the acceptance or consummation of the Application; (xii) the Issuer will suffer actual or potential prejudice if the Application, by itself or together with any other Application, is accepted; (xiii) the Applicant is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council the European Union, His Majesty’s Treasury, or other relevant sanctions authority; (xiv) the Applicant, to the knowledge of any of the Domestic Underwriters, (a) used any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (b) made or committed an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government or regulatory official or employee, including of any government-owned or controlled entity, or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (c) violated or is in a violation of any provision of the Anti-Graft and Corrupt Practices Act (Republic Act No. 3019), Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”) or the rules or regulations thereunder, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom, or any other applicable anti-bribery or anti- corruption laws; or (d) made, offered, agreed, requested or committed an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit, or (xv) as otherwise set out in the Offer Implementing Guidelines.

Notwithstanding the acceptance of any application, the actual acquisition of or subscription to the Trading Participants and Retail Offer Shares by an applicant will be effective only upon the crossing and listing of the Trading Participants and Retail Offer Shares on the PSE.

**Withdrawal of the
Offer**

Before the execution of the underwriting agreements, the Offer may be withdrawn at any time, in which event the Company shall make the necessary disclosures to the SEC and PSE.

At any time (i) after the execution of the underwriting agreements and before the commencement of the Offer Period, and (ii) on or after the commencement of the Offer Period and prior to the Listing Date, the Offer may be withdrawn due to the occurrence of any of the events listed below:

- a. An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature;

or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Prospectus, or would have a material and adverse effect on the Philippine economy or on the securities or other financial or currency markets of the Philippines or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Company's or any Domestic Underwriter's inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the Domestic Underwriters, or any other entity/ person to take up any shares remaining after the Offer Period;

- b. Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, the BSP, the Philippine SEC or the PSE;
- c. Cancellation, revocation or termination of the PSE Notice of Approval, the Philippine SEC pre-effective clearance, the SEC Order of Registration, the Philippine SEC Permit to Sell or the BSP Approval;
- d. Cancellation or suspension of trading in the PSE for at least three (3) consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;
- e. A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Company to engage in the business it is presently engaged in; or (b) the capacity and due authorization of the Company to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, or (ii) would render illegal the performance by any of the underwriters of its underwriting obligations hereunder;
- f. Any significant, adverse, and unforeseeable change or development in the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- g. The Company decides to or is compelled to stop its operations which is not remedied within five (5) business days;
- h. The Company shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its

indebtedness or any class thereof; or (ii) the Company shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Company shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Company; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Company; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

- i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- j. Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against the any of the Underwriters in connection with or with respect to the issuance or sale by the Company of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;
- k. Any event occurs which makes it impossible for any of the Underwriters to perform their underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting any of the Underwriters, or directing any of the Underwriters to cease, from performing their underwriting obligations;
- l. Any representation, warranty or statement of the Company in the Prospectus shall prove to be untrue or misleading in any material respect or the Company shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to the Underwriters on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;
- m. Unavailability of PDTC and PSE facilities used for the Offer and/or listing of the Offer Shares and such unavailability impacts the ability of the Issuer and underwriters to fully comply with the listing requirements of PSE; and
- n. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Company shall not withdraw, cancel, suspend, or terminate the Offer solely by reason of the Company's or any of the Underwriter's inability to sell or market the Offer Shares or refusal or failure to comply with any commitment by the Company, the Underwriters, or any other entity/person to take up any shares remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an applicant shall take place only upon the listing of the Offer Shares on the PSE. Subject to the foregoing withdrawal and termination discussion, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

The PSE is a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may impose appropriate and reasonable sanctions and penalties on the relevant party, in accordance with applicable rules and regulations, if the PSE determines that the cancellation or termination of the offer and/or the underwriting commitment or the underwriting agreement was not warranted based on the facts gathered by PSE and as properly evaluated by the PSE after due and proper proceedings initiated by the PSE not later than five (5) banking days after such cancellation or termination.

**Refunds for the Trading
Participants and Retail
Offer**

In the event that the number of Offer Shares to be received by an Applicant, as confirmed by the Domestic Lead Manager and Joint Bookrunner, is less than the number covered by its Application, or if an Application is rejected by the Issuer, then the Receiving Agent shall refund, without interest, within [five (5) business days] from the end of the Offer Period, all or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent, at the Applicant's risk.

Check refunds shall be available for pick-up at the office of the Receiving Agent within five (5) business days after the end of the Offer Period. If such check refunds are not claimed after 30 days following the beginning of the refund period, such checks shall be mailed to the Applicant's registered address at the Applicant's risk.

For LSIs, all refunds shall be made directly to the LSI Applicants unless respective LSI Applicants' nominated PSE Trading Participants consented to process LSI refunds. In that case, all refunds may be made through the nominated PSE Trading Participant, at the LSI Applicant's risk. The refunds will be processed by the Receiving Agent directly to the nominated PSE Trading Participant by transferring immediately available funds to the relevant bank account of, or via check to, each relevant nominated PSE Trading Participant in such amount representing the total refund due to all the clients of the relevant PSE Trading Participant on or before the fifth (5th) Banking Day after the end of the Offer Period. The affected LSI Applicants may coordinate directly with their respective nominated PSE Trading Participant, as indicated in the submitted LSI Application.

**Registration and Lodgment of
Shares with PDTC**

The Offer Shares will be in scripless form and are required to be lodged with the PDTC upon listing. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC.

Investors may maintain the Offer Shares in scripless form or opt, at their own cost and expense, to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the Offer Shares are listed on the PSE.

Registration of Foreign Investments..... The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See the section entitled “*Regulatory and Environmental Matters—Other Laws—Registration of Foreign Investments and Exchange Controls*” in this Prospectus.

Tax Considerations See the section entitled “*Taxation*” in this Prospectus for information on the Philippine tax consequences of the purchase, ownership, and disposal of the Offer Shares.

Expected Timetable The timetable of the Offer is expected to be as follows:

Pricing Date	[May 13], 2024
Notice of final Offer Price to the PSE and SEC	[May 13], 2024
Receipt of Permit to Sell from the SEC	[May 14], 2024
Offer Period	[May 20] to [May 24], 2024
Submission of Firm Order and Commitments by PSE Trading Participants	12 noon on [May 22], 2024
Trading Participants and Retail Offer Settlement Date	[May 24], 2024
Settlement Date and Listing Date of Shares on the PSE	[May 31], 2024

The dates included above are subject to the approval of the PSE and the SEC, market, and other conditions, and may be changed.

If, for any reason, any day of the above periods or dates is a not a business day, then such period or date may be extended or moved, as the case may be, to the next immediately succeeding business day, or such other date as may be agreed upon by the Issuer and the Joint Bookrunners. Notice of any adjustment to the Listing Date shall be made by publication by the Issuer in two newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the PSE.

Stock Transfer Agent..... Stock Transfer Service, Inc.

Receiving Agent..... Stock Transfer Service, Inc.

Escrow Agent for Escrow of Funds and Monitoring Use of Funds BDO Unibank, Inc. – Trust and Investments Group.

Escrow Agent for Lock-up of Shares..... Development Bank of the Philippines – Trust Banking Group.

Philippine Counsel for the Issuer	Romulo Mabanta Buenaventura Sayoc & de los Angeles.
International Counsel for the Issuer	Latham & Watkins LLP.
Philippine Counsel for the Underwriters	Angara Abello Concepcion Regala & Cruz Law Offices.
International Counsel for the Underwriters	Milbank (Hong Kong) LLP.
Independent Auditors	Isla Lipana & Co., PwC Philippines.
Risks of Investing	Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. These risks are discussed in the section entitled “ <i>Risk Factors</i> ” in this Prospectus and include: (i) risks relating to us and our businesses; (ii) risks relating to the Philippines; (iii) risks relating to the Offer and the Offer Shares; and (iv) risks relating to the certain information in this Prospectus

SUMMARY FINANCIAL INFORMATION

The following tables present the summary of financial information and should be read in conjunction with the independent auditors' reports and our financial statements, including the notes thereto, included elsewhere in this Prospectus, and the section entitled "Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations." The summary financial information as of and for the years ended December 31, 2021, 2022 and 2023 were derived from our audited financial statements, which were prepared in accordance with PFRS and were audited by Isla Lipana & Co. in accordance with the PSA.

The summary financial information below is not necessarily indicative of the results of future operations. Furthermore, the translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of December 29, 2023 of ₱55.57 = U.S.\$1.00.

SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31,			
	(in million, except for earnings per share)			
	2021	2022	2023	2023
	(Audited) ₱	(Audited) ₱	(Audited) ₱	(Unaudited) U.S.\$
Revenues				
Sale of electricity.....	991.7	2,097.8	2,962.6	53.3
Lease income.....	—	648.1	664.4	12.0
Service fees.....	17.0	44.3	56.9	1.0
	1,008.7	2,790.2	3,683.9	66.3
Cost of services.....	(490.7)	(1,597.7)	(2,398.2)	(43.2)
Gross profit.....	518.0	1,192.5	1,285.7	23.1
Operating expenses.....	(167.6)	(215.8)	(211.3)	(3.8)
Share in net income (loss) of a joint venture.....	(2.5)	206.7	218.1	3.9
Income from operations.....	348.0	1,183.4	1,292.5	23.3
Finance costs.....	(223.2)	(367.5)	(412.0)	(7.4)
Other income, net.....	59.4	27.6	55.4	1.0
Income before income tax.....	184.2	843.5	935.9	16.8
Income tax expense (benefit).....	(8.1)	9.9	25.8	0.4
Net income for the year.....	192.3	833.6	910.1	16.4
Other comprehensive (loss) income				
Other comprehensive (loss) income that will not be subsequently reclassified to profit or loss				
Remeasurement (loss) gain on retirement benefits, net of tax.	10.2	7.5	(12.1)	(0.2)
Total comprehensive income for the year.....	202.5	841.1	898.1	16.2
Net income attributable to:				
Shareholders of the Parent Company.....	192.3	631.6	685.0	12.3
Non-controlling interest.....	—	202.0	225.2	4.1
	192.3	833.6	910.1	16.4
Total comprehensive income attributable to:				
Shareholders of the Parent Company.....	202.5	639.1	672.9	12.1
Non-controlling interest.....	—	202.0	225.2	4.1
	202.5	841.1	898.1	16.2
Earnings per share				
Basic and diluted.....	0.0269	0.0884	0.0959	N/A

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	(in millions)		
	2022	2023	2023
	(Audited) ₱	(Audited) ₱	(Unaudited) U.S.\$
ASSETS			

	As of December 31,		
	(in millions)		
	2022	2023	2023
	(Audited)	(Audited)	(Unaudited)
	₱	₱	U.S.\$
Current assets			
Cash and cash equivalents	1,473.2	2,403.3	43.2
Trade and other receivables, net.....	6,958.2	4,818.1	86.7
Prepayments and other current assets.....	142.2	508.9	9.2
Total current assets	8,573.6	7,730.3	139.1
Non-current assets			
Trade receivables, net of current portion.....	240.9	207.8	3.7
Advances to contractor.....	—	1,677.5	30.2
Property, plant and equipment, net.....	3,233.6	9,307.7	167.5
Investment properties, net	132.2	124.9	2.2
Right-of-use assets, net.....	97.9	470.4	8.5
Investment in a joint venture and deposits.....	893.9	1,162.0	20.9
Deferred income tax assets, net.....	0.2	3.1	0.1
Goodwill	1,279.1	1,279.1	23.0
Other non-current assets.....	822.4	335.8	6.0
Total non-current assets.....	6,700.4	14,568.3	262.2
Total assets	15,273.9	22,298.6	401.3
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables.....	735.8	993.0	17.9
Dividends payable.....	102.8	124.6	2.2
Loans payable, current portion	395.9	453.6	8.2
Lease liabilities, current portion	4.9	9.5	0.2
Income tax payable	0.8	-	-
Total current liabilities	1,240.2	1,580.7	28.4
Non-current liabilities			
Loans payable, net of current portion.....	5,447.1	7,306.9	131.5
Lease liabilities, net of current portion.....	235.6	594.7	10.7
Bonds payable	—	3,959.9	71.3
Deposits and deferred rent income	104.8	192.0	3.5
Retirement benefit obligation.....	19.0	40.6	0.7
Deferred income tax liabilities, net.....	4.6	4.8	0.1
Total non-current liabilities	5,811.0	12,098.9	217.7
Total liabilities	7,051.2	13,679.6	246.2
Equity			
Share capital	500.0	500.0	9.0
Share premium	925.2	925.2	16.6
Other reserves.....	4,409.9	4,397.9	79.1
Retained earnings.....	996.5	1,671.5	30.1
Total equity attributable to shareholders of the Parent Company.....	6,831.7	7,494.6	134.9
Non-controlling interest.....	1,391.0	1,124.4	20.2
Total equity.....	8,222.7	8,619.0	155.1
Total liabilities and equity	15,273.9	22,298.6	401.3

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended			
	December 31			
	(in million)			
	2021	2022	2023	2023
	(Audited)	(Audited)	(Audited)	(Unaudited)
	₱	₱	₱	U.S.\$
Cash flows from operating activities				
Income before income tax	184.2	843.5	935.9	16.8
Adjustments for:				
Finance costs.....	223.2	367.5	412.0	7.4
Depreciation and amortization.....	148.2	159.2	161.1	2.9
Retirement benefit expense.....	3.3	11.5	7.0	0.1
Provision for (Reversal of) doubtful accounts.....	7.8	(2.8)	(1.1)	—
Unrealized foreign exchange loss, net.....	0.1	0.1	—	—
Gain on loss of control of a subsidiary	(3.9)	—	—	—

For the years ended December 31 (in million)				
	2021 (Audited) P	2022 (Audited) P	2023 (Audited) P	2023 (Unaudited) U.S.\$
Gain on termination and assignment of lease	(8.0)	—	—	—
Gain on compromise settlement of due to government agencies	(25.2)	—	—	—
Interest income	(15.4)	(17.7)	(50.1)	(0.9)
Share in net (income) loss of a joint venture	2.5	(206.7)	(218.1)	(3.9)
Operating income before working capital changes	516.7	1,154.5	1,246.7	22.4
Changes in working capital:				
Trade and other receivables	(196.6)	(263.3)	(89.6)	(1.6)
Prepayments and other current assets	(29.6)	4.5	(399.6)	(7.2)
Other non-current assets	(15.8)	(23.1)	(159.8)	(2.9)
Trade and other payables	76.6	78.8	176.6	3.2
Deposits and deferred rent income	9.1	48.4	86.2	1.6
Net cash generated from operations	360.2	1,000.0	860.5	15.5
Interest received	0.6	11.7	45.0	0.8
Income taxes paid	(2.1)	(0.2)	(0.4)	—
Net cash provided by operating activities	358.8	1,011.5	905.1	16.3
Cash flows from investing activities				
Additions in due from related parties	—	(4,954.3)	(1,282.0)	(23.1)
Decrease in due from related parties	333.3	2,841.4	3,546.0	63.8
Deposits for future shares subscriptions	—	(687.2)	(50.0)	(0.9)
Collections of loans from joint venture ...	—	155.2	—	—
Interest received from loans to a joint venture	14.1	2.6	—	—
Loans to joint venture	(155.2)	—	—	—
Advances to contractor	—	—	(1,677.5)	(30.2)
Downpayments to land owners	—	(748.8)	(98.2)	(1.8)
Additions to property, plant and equipment	(29.2)	(2.4)	(5,178.4)	(93.2)
Additions to intangible assets	—	(1.6)	(5.5)	(0.1)
Proceeds from sale of property, plant and equipment	44.0	30.6	—	—
Cash balance of deconsolidated subsidiary	(78.9)	—	—	—
Net cash provided by (used in) investing activities	128.0	(3,364.6)	(4,745.6)	(85.4)
Cash flows from financing activities				
Proceeds from bond issuance	—	—	4,000.0	72.0
Interest payments on bonds payable	—	—	(212.9)	(3.8)
Payments of bond issuance costs	—	(6.3)	(41.0)	(0.7)
Availment of loans	—	—	2,400.1	43.2
Principal payment of loans from banks ...	(316.2)	(1,643.0)	(395.9)	(7.1)
Interest payments on loans from banks ...	(205.6)	(376.5)	(373.4)	(6.7)
Payments of debt issuance costs	—	—	(87.1)	(1.6)
Loan pre-termination payment	—	(24.2)	—	—
Proceeds on sale of part interest of subsidiary	—	3,534.9	—	—
Proceeds from sale of shares of subsidiary	—	2,566.7	—	—
Interest payments on lease liabilities	(11.7)	(10.8)	(30.6)	(0.5)
Principal payments of lease liabilities	(2.8)	(23.5)	(8.7)	(0.2)
Payments of share offering cost of a subsidiary	(35.7)	—	—	—
Dividends paid to non-controlling interest and owner	—	(316.1)	(480.0)	(8.6)
Net cash provided by (used in) financing activities	(572.0)	3,701.2	4,770.6	85.8
Net increase (decrease) in cash and cash equivalents	(85.2)	1,348.1	930.1	16.7
Effects of foreign exchange rate changes in cash and cash equivalents	—	0.1	—	—
Cash and cash equivalents, beginning	210.2	125.0	1,473.2	125.0
Cash and cash equivalents, ending	125.0	1,473.2	2,403.3	43.2

SUMMARY OF SELECTED OPERATING DATA

	As of and for the years ended December 31,		
	2021	2022	2023
Net Income (₱ millions).....	192.3	833.6	910.1
EBITDA ⁽¹⁾ (₱ millions).....	555.5	1,370.2	1,509.0
EBITDA Margin ⁽²⁾	55%	49%	41%
Return-on-Assets ⁽³⁾	3.01%	5.87%	3.65%
Debt-to-Equity Ratio ⁽⁴⁾	2.24:1	0.71:1	1.36:1
Current Ratio ⁽⁵⁾	1.52	6.91	4.89
Asset-to-Equity Ratio ⁽⁶⁾	3.67	1.86	2.59
Return-on-Equity ⁽⁷⁾	12.04%	12.73%	8.13%

Notes:

(1) EBITDA is calculated as net income + interest cost + depreciation and amortization + income tax expense (benefit).

(2) Calculated as EBITDA / revenue.

(3) Calculated as net income/ average total assets. Average total assets is calculated as the sum of the amounts at the beginning and end of the period divided by two.

(4) Calculated as loans and bonds payable/shareholders' equity.

(5) Calculated as current assets/current liabilities.

(6) Calculated as total assets/shareholder's equity.

(7) Calculated as net income/average shareholders' equity. Average shareholders' equity is calculated as the sum of the amounts at the beginning and end of the period divided by two.

CALCULATION OF EBITDA

The following table presents a reconciliation of EBITDA from net income for each of the periods indicated.

	For the years ended 31 December			
	2021	2022	2023	2023
	(in millions)			
	₱	₱	₱	U.S.\$
Net Income.....	192.3	833.6	910.1	16.4
Add/(Deduct):				
Finance costs.....	223.2	367.5	412.0	7.4
Depreciation and amortization.....	148.1	159.2	161.1	2.9
Income tax expense (benefit)	(8.1)	9.9	25.8	0.5
EBITDA	555.5	1,370.2	1,509.0	27.2

SUMMARY OF PRO FORMA FINANCIAL INFORMATION

The following tables present summary pro forma financial information for the Company based on the audited financial statements of the Company, adjusted to give pro forma effect to the disposition of a portion of the Company's effective interest in CREIT (see "Business—Recent Developments—CREIT Disposition") and should be read in conjunction with the independent auditors' reports and the Company's audited financial statements and pro forma condensed consolidated financial information, including the notes thereto, included elsewhere in this Prospectus.

The unaudited pro forma consolidated information has been prepared in accordance with Section 9, Part II of Rule 68 of the Revised Securities Regulation Code. The unaudited pro forma condensed consolidated financial information was derived from the audited consolidated financial statements of the Company, which were audited by Isla Lipana & Co., each prepared in compliance with PFRS.

The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The summary pro forma financial information does not purport to represent what the results of operations and financial position of the Company and its subsidiaries would have been had the CREIT Disposition in fact occurred as of January 1, 2023 nor do they purport to project the results of operations of the Company and its subsidiaries for any future period or date. Isla Lipana & Co. has reviewed the pro forma adjustments reflecting the transactions described in the unaudited pro forma condensed consolidated financial information and the application of those adjustments to the historical amounts in accordance with PFRS.

The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of December 29, 2023 of ₱55.57 = U.S.\$1.00.

SUMMARY PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31, 2023			
	(in millions, except for earnings per share)			
	2023	2023	2023	2023
	Actual	Actual	Pro Forma	Pro Forma
	(audited)	(unaudited)	(unaudited)	(unaudited)
	₱	U.S.\$	₱	U.S.\$
Revenues				
Sale of electricity.....	2,962.6	53.3	2,962.6	53.3
Lease income.....	664.4	12.0	664.4	12.0
Service fees	56.9	1.0	56.9	1.0
	3,683.9	66.3	3,683.9	66.3
Cost of services.....	(2,398.2)	(43.2)	(2,398.2)	(43.2)
Gross profit	1,285.7	23.1	1,285.7	23.1
Operating expenses	(211.3)	(3.8)	(211.3)	(3.8)
Share in net income (loss) of a joint venture	218.1	3.9	218.1	3.9
Income from operations	1,292.5	23.2	1,292.5	23.2
Finance costs.....	(412.0)	(7.4)	(412.0)	(7.4)
Other income, net.....	55.4	1.0	55.4	1.0
Income before income tax	935.9	16.8	935.9	16.8
Income tax expense (benefit).....	(25.8)	(0.4)	(25.8)	(0.4)
Net income for the year	910.1	16.4	910.1	16.4
Other comprehensive (loss) income				
Other comprehensive (loss) income that will not be subsequently reclassified to profit or loss				
Remeasurement (loss) gain on retirement benefits, net of tax.	(12.1)	(0.2)	(12.1)	(0.2)
Total comprehensive income for the year	898.1	16.2	898.1	16.2
Net income attributable to:				
Shareholders of the Parent Company	685.0	12.3	515.8	9.2
Non-controlling interest	225.2	4.1	394.3	7.1
	910.1	16.4	910.1	16.4
Total comprehensive income attributable to:				
Shareholders of the Parent Company.....	672.9	12.1	503.8	9.1

For the year ended December 31, 2023			
	(in millions, except for earnings per share)		
	2023	2023	2023
	Actual (audited) ₱	Actual (unaudited) U.S.\$	Pro Forma (unaudited) ₱
			Pro Forma (unaudited) U.S.\$
Non-controlling interest.....	225.2	4.1	394.3
	898.1	16.2	898.1
Earnings per share			
Basic and diluted.....	0.0959	N/A	0.0722
			N/A

SUMMARY PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023			
	(in millions)		
	2023	2023	2023
	Actual (audited) ₱	Actual (unaudited) U.S.\$	Pro Forma (unaudited) ₱
			Pro Forma (unaudited) U.S.\$
ASSETS			
Current assets			
Cash and cash equivalents...	2,403.3	43.2	7,086.5
Trade and other receivables, net.....	4,818.1	86.7	5,187.4
Prepayments and other current assets	508.9	9.2	508.9
Total current assets	7,730.3	139.1	12,782.8
Non-current assets			
Trade receivables, net of current portion.....	207.8	3.7	207.8
Advances to contractor	1,677.5	30.2	1,677.5
Property, plant and equipment, net.....	9,307.7	167.5	9,307.7
Investment properties, net ...	124.9	2.2	124.9
Right-of-use assets, net.....	470.4	8.5	470.4
Investment in a joint venture and deposits	1,162.0	20.9	1,162.0
Deferred income tax assets, net.....	3.1	0.1	3.1
Goodwill.....	1,279.1	23.0	1,279.1
Other non-current assets.....	335.8	6.0	335.8
Total non-current assets.....	14,568.3	262.2	14,568.3
Total assets.....	22,298.6	401.3	27,351.1
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	993.0	17.9	993.0
Dividends payable	124.6	2.2	210.6
Loans payable, current portion.....	453.6	8.2	453.6
Lease liabilities, current portion.....	9.5	0.2	9.5
Income tax payable.....	-	-	-
Total current liabilities.....	1,580.7	28.4	1,666.7
Non-current liabilities			
Loans payable, net of current portion.....	7,306.9	131.5	7,306.9
Lease liabilities, net of current portion.....	594.7	10.7	594.7
Bonds payable.....	3,959.9	71.3	3,959.9
Deposits and deferred rent income	192.0	3.5	192.0
Retirement benefit obligation.....	40.6	0.7	40.6
Deferred income tax liabilities, net.....	4.8	0.1	4.8
Total non-current liabilities.....	12,098.9	217.7	12,098.9

As of December 31, 2023				
	<i>(in millions)</i>			
	2023	2023	2023	2023
	Actual	Actual	Pro Forma	Pro Forma
	(audited)	(unaudited)	(unaudited)	(unaudited)
	₱	U.S.\$	₱	U.S.\$
Total liabilities.....	13,679.6	246.2	13,765.6	247.7
Equity				
Share capital	500.0	9.0	500.0	9.0
Share premium	925.2	16.6	925.2	16.6
Other reserves	4,397.9	79.1	6,719.1	120.9
Retained earnings.....	1,671.5	30.1	1,871.7	33.7
Total equity attributable to shareholders of the Parent Company.....	7,494.6	134.9	10,016.0	180.2
Non-controlling interest	1,124.4	20.2	3,569.5	64.2
Total equity	8,619.0	155.1	13,585.5	244.5
Total liabilities and equity	22,298.6	401.3	27,351.1	492.2

SUMMARY PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31				
	<i>(in millions)</i>			
	2023	2023	2023	2023
	Actual	Actual	Pro Forma	Pro Forma
	(audited)	(unaudited)	(unaudited)	(unaudited)
	₱	U.S.\$	₱	U.S.\$
Net cash provided by operating activities	905.1	16.3	905.1	16.3
Net cash used in investing activities.....	(4,745.6)	(85.4)	(4,745.6)	(85.4)
Net cash provided by financing activities	4,770.6	85.8	9,453.7	170.1
Net increase in cash and cash equivalents.....	930.1	16.7	5,613.3	101.0
Effects of foreign exchange rate changes in cash and cash equivalents	—	—	—	—
Cash and cash equivalents, beginning.....	1,473.2	26.5	1,473.2	26.5
Cash and cash equivalents, ending.....	2,403.3	43.2	7,086.5	127.5

RISK FACTORS

An investment in the Offer Shares involves a number of risks. You should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on our business, prospects, financial condition, results of operations, the market price of the Offer Shares and our ability to make dividend distributions to our shareholders. All or part of an investment in the Offer Shares could be lost. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Our past performance is not a guide to our future performance. There may be a large difference between the buying price and the selling price of the Offer Shares. For investors that deal in a range of investments, each investment carries a different level of risk.

This section does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Investors should undertake independent research and study the trading of securities before commencing any trading activity. You should seek professional advice if you are uncertain of, or have not understood, any aspect of this Offer or the nature of risks involved in purchasing, holding and trading the Offer Shares. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of an investment in the Offer Shares.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition and prospects.

RISKS RELATING TO US AND OUR BUSINESSES

Risks and delays relating to the development of greenfield power projects could have a material adverse effect on our operations and financial performance.

We have ten operating solar assets with a combined gross installed capacity of 285.1MW³ as of December 31, 2023. We also have a significant pipeline of renewable greenfield energy projects with a gross capacity of 6,446.0MW in solar power generation and 812.5MW in onshore wind power generation in various stages of development that have yet to commence commercial operations or construction. See “Business – Renewable Energy Portfolio – Overview” on page 156 of this Prospectus. On November 28, 2023, we executed a Memorandum of Agreement covering the purchase of 100% of the shares in Rio Norte Hydropower Corporation (“RNHC”), a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela in the Luzon region. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase such shares in RNHC, which we expect to complete in the second half of 2024.

The development of greenfield power projects involves substantial risks that could give rise to delays, cost overruns, unsatisfactory construction or development of our projects. As further discussed below, such risks include those associated with land selection and acquisition for our projects, system impact studies and other grid connection requirements, land conversion, the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, and unforeseen engineering and environmental problems such as inaccuracy of wind and hydro data and inability to realize expected irradiance, among others. Any such delays, cost overruns,

³ We have seven solar operating assets, which we refer to as “our operating projects”, with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined gross installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

unsatisfactory construction or development could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, a significant number of our projects have not yet commenced operations. For our projects in the “Ready-to-Build/Under Construction”, “Advanced Development”, “Under Development” and “Identified Pipeline” stages of development, the estimated time frame and budget for the completion of critical tasks may be materially different from the actual completion date and costs, which may delay the date of commercial operations of the projects as well as delivery of our contracted capacity under various offtake agreements, and could result in cost overruns, increased capital expenditure requirements, lost revenues, and energy replacement costs, reducing the economic benefits of such projects. As we have obtained, and intend to obtain, project financing for all of our projects under construction, in the event of a delay in the commercial operation date of any such projects, we will be required to make payments under such project financing agreements even if the relevant project is not yet generating revenue and, in some circumstances, a delay in the commercial operation date beyond a specified long-stop date under the relevant project financing agreement may constitute an event of default.

We are expanding our power generation operations and there are a number of projects in our renewable energy portfolio in the “Ready-to-Build/Under Construction” stage. See “*Business—Renewable Energy Portfolio*” on page 156 of this Prospectus. These projects involve environmental, engineering, procurement, construction and commission risks, which may result in cost overruns, delays or performance that is below expected levels of output or efficiency. In addition, projects under construction may be affected by issues associated with connection to the grid, the timing of the issuance of permits and licenses by government agencies, any litigation or disputes, inclement weather, natural disasters, accidents or unforeseen circumstances, manufacturing and delivery schedules for key equipment, defect in design or construction, and supply and cost of equipment and materials. Project delays or cancellations or adjustments to the scope of work may also occur from time to time due to incidents of force majeure or legal impediments.

Further, the operation, construction and expansion of renewable energy projects may disrupt the activities and livelihood of local communities where such power plants are located and may be subject to opposition from the local communities. Power plant projects may be subject to opposition, such as through litigation or by other means from public interest groups, local communities, and non-governmental organizations in relation to their environmental impact or in relation to land acquisition, use of rights-of way and construction activities, building access roads, and the impact thereof on the livelihood of affected communities. Such opposition may result in delays and disruptions to our business.

Depending on the severity and duration of the relevant events or circumstances, these risks may significantly delay the commencement of new projects, reduce the economic benefit from such projects, including higher capital expenditure requirements and loss of revenues, which in turn could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our current and future operations may have significant consequences on the ecosystem of the areas where our renewable energy power projects are located.

Our current and future operations may also have significant consequences on the ecosystem of the areas where our renewable energy power projects are located.

Environmental damage may result from the development and operation of our solar and onshore and offshore wind energy projects, including run-of-river hydro power projects (through RNHC which we expect to acquire in the second half of 2024). For example, equipment, such as wind turbines can be a source of environmental concern, including noise pollution, damage to the soil as a result of oil spillage, and peril to certain migratory birds and animals that live on, feed on, fly over, or cross the project site. The construction of onshore and offshore wind power projects involves, among other things, land or seabed excavation and the installation of concrete foundations. The installation of large-scale solar farms may interfere with land use and disrupt vegetation. Moreover, the construction of run-of-river hydro power projects through RNHC, which we expect to acquire in the second half of 2024, involve flattening land to build access roads, as well as the diversion of river flow that may impact the surrounding landscape, aquatic ecosystems and, in turn, fish population and the health of the river overall.

Additionally, environmental regulators may impose restrictions on our operations, which may limit our ability to obtain the appropriate permits for our solar or onshore and offshore wind energy projects, including any future run-of-river hydro projects we may develop. We may also be subject to significant financial penalties or civil

liabilities for any significant environmental damage to the areas where our power projects are located. Financial losses and liabilities that may result from environmental damage could have a material adverse effect on our business, financial condition, results of operations and growth prospects. See “– *Environmental regulations may cause our relevant operating companies to incur significant costs and liabilities*” on page 39 of this Prospectus.

We are reliant on existing and future power transmission infrastructure operated by NGCP.

We are reliant on the existing power transmission infrastructure operated by the National Grid Corporation of the Philippines (“NGCP”) as well as its future grid upgrade or expansion plans. As such, the speed at which the NGCP is able to execute these planned upgrades and expansions could cause delays in our project execution and could set back our growth and expansion strategies. In addition, we are reliant on NGCP’s maintenance and repair of existing power transmission infrastructure. Any delay in such maintenance or repair could materially and adversely affect the operations of our operating solar projects.

Generally, in respect of the distribution of electricity from a power plant to the customer in the Philippines, the governing law is Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act (“EPIRA”), which segregated and privatized generation, transmission and distribution. The power producer declares its available capacity and bids “blocks” of energy generation to the grid which is operated by NGCP as the transmission system operator. The Wholesale Electricity Spot Market (“WESM”), through a price stacking mechanism, determines the required energy volume (by stacking demand from distribution utilities and directly connected loads) and gives a dispatch signal to all plants. The energy is transmitted via high voltage lines to distribution utilities and electric cooperatives which through lower voltage lines and transformers, transmit electricity to consumers.

The principal function of NGCP is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code (“Grid Code”). The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or the National Transmission Corporation (“TransCo”); (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or the Philippine Electricity Market Corporation (“PEMC”). These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the Philippine Energy Regulatory Commission (“ERC”).

In addition, from time to time, national grid operators curtail the energy generation for a number of reasons, including line congestions and during the instances that dispatch schedules of power plants are not implementable (i.e., if the grid operators foresee that the dispatch schedules may place the grid system at risk). In such circumstances, a power project’s access to the grid and thus its generation dispatch can be reduced. Such reductions result in a corresponding reduction in revenue, which, if prolonged or numerous could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our long-term success is dependent upon our ability to attract and retain key personnel and highly skilled labor in sufficient numbers.

We depend on our senior executives and key management members to implement our projects and business strategies. If any of these individuals resigns or discontinues their service, it is possible that a suitable replacement may not be found in a timely manner or at all. If this were to happen, there could be a material adverse effect on our ability to successfully operate our power projects and implement our business strategies.

Our operations involve the use of highly technical and complex machinery and processes. Given the nature of our operations, we require highly skilled labor. We face competition for talent from other renewable energy companies who may offer increased compensation packages and other benefits to potential hires. In order to acquire or retain highly skilled labor, we will have to incur additional expenses to match or exceed our competitors’ offers. Our inability to retain or hire highly skilled labor due to shortages in the labor market may have a material adverse effect on our business, financial condition results of operations and prospects.

In addition, our growth to-date has placed, and the anticipated further expansion of our operations may continue to place, a significant strain on our management, systems and resources. In addition to training, managing and integrating our workforce, we will need to continue to develop our financial and management controls. We can

provide no assurance that we will be able to efficiently or effectively manage the growth and integration of our operations and any failure to do so may materially and adversely affect our business, financial condition, results of operations and prospects. In addition, if general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, we may decide to delay, modify or forego some aspects of our growth strategies, and our future growth prospects could be adversely affected.

We may be unable to negotiate acceptable offtake agreements, which may result in our exposure to WESM price fluctuations.

While we have secured offtake agreements for some of our operating projects and all of our projects under construction, we have a number of pipeline projects for which we have not secured offtake contracts. If we are unable to enter into new, or renew offtake agreements for our operating projects, or negotiate acceptable offtake agreements for our pipeline projects in the future, we would be exposed to market-driven price fluctuations in the WESM, which may have a material adverse effect on our business, financial condition and results of operations. For example, we may have difficulty in negotiating terms on change of circumstances and pre-termination for contracts with our offtakers. We may also have difficulty in negotiating terms on guaranteed supply and delivery of supply for our contracts with suppliers.

Apart from securing agreements with distribution utilities, other offtakers, and contestable customers through retail electricity suppliers, our offtake track record includes our sale of generated electricity to the WESM, which is equivalent to approximately 2.1% of our revenue from our sale of electricity for the year ended December 31, 2023.

Market prices for electric power fluctuate substantially. As electric power can only be stored on a very limited basis and generally must be produced concurrently with its use, frequent supply and demand imbalances result in power prices that are subject to significant volatility. Electricity prices may also fluctuate substantially due to other factors outside of our control, including, but not limited to:

- changes in the generation capacity in the markets, including additional new supply of power from development or expansion of power plants, and decreased supply from closure of existing power plants;
- additional transmission capacity;
- electric supply disruptions, such as power plant outages and transmission disruptions;
- changes in power demand or in patterns of power usage, including the potential development of demand-side management tools and practices;
- the authority of the ERC to review and adjust the prices on the WESM;
- climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks and other catastrophic events;
- availability of competitively priced alternative power sources; and
- changes in the power market and environmental regulations and legislation.

These factors may have a material adverse effect on our business, financial condition and operations.

We face increased competition in the power industry, including competition resulting from legislative, regulatory and industry developments.

Our success depends on our ability to identify, invest in and develop new renewable energy power projects and to sell the power that we generate at acceptable prices, and we face competition in acquiring future rights to develop renewable energy power projects and to generate and sell power. No assurance can be given that we will be able to successfully acquire or invest in new renewable energy power projects and to sell such power at profitable prices.

The Government has sought to implement measures designed to establish a competitive power market. These measures include the implementation of retail competition and open access and changes in foreign ownership limitation in renewable energy generation. In addition, in 2021, the DOE issued the Green Energy Auction Program (“GEAP”) guidelines (“GEAP Guidelines”) that establish the framework to facilitate the selection of eligible renewable energy plants through a competitive process or auction. The recent moves towards a more competitive environment could result in the emergence of new and numerous competitors. Some of these competitors may have greater financial resources, and have more extensive experience than us, giving them the

ability to respond to operational, technological, financial and other challenges more quickly than us. These competitors may therefore be more successful than us in acquiring existing and developing power generation facilities or in obtaining financing for and the construction of new power generation facilities. The type of technology that competitors use for their generation facilities may also allow them to produce electricity at a lower cost and to sell electricity at a lower price. We may therefore be unable to meet the competitive challenges we will face which may have a significant impact on our results of operations.

Moreover, competition has a direct effect on our ability to negotiate power supply agreements (“PSAs”) with new and existing offtakers, and also sell excess capacity in the WESM or compete for contestable customers for retail supply agreements. Competition in the Philippine energy markets typically results in lower selling prices in the WESM and under offtake agreements. Despite the demand for power in the Philippines, it has become necessary for power producers to keep their power rates competitive in order to sell on the WESM and attract new offtakers. Our ability to effectively manage the competitive landscape for our uncontracted capacity will have a significant impact on our results of operations.

We may not be able to adapt to changes or advances in new renewable energy technologies.

As the renewable energy space has been constantly evolving over the years with the introduction of new technologies such as photovoltaic (“PV”) module upgrades, run-of-river hydro and wind-related technologies and advancements in battery energy storage systems, we are exposed to the risk of competing against potential market players that have the capacity and expertise to implement such technologies and in turn offer at par or more compelling value proposition for the same cost level. While we have an experienced in-house team of engineers who are continuously exploring and evaluating new technologies that complement and benefit our business, our inability to adopt such new technologies may impact our competitiveness, which would in turn, negatively affect our business, results of operations, financial condition, and prospects. Further, our future growth and plans to scale our operations up may be adversely affected if we are unable to adapt to such changes.

The operations of our power projects are subject to significant government regulation, including regulated tariffs such as FIT and GEAP, and permitting and licensing requirements, and our margins and results of operations could be adversely affected by changes in the law or regulatory schemes.

Our operations are subject to significant government regulation, which undergoes continuous revisions, updates and other changes. In addition, our inability to predict, influence or respond appropriately to changes in law or regulatory schemes, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact our results of operations and cash flow. Furthermore, changes in laws or regulations or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located (particularly utilities where electricity tariffs are subject to regulatory review or approval), could adversely affect our business, including, but not limited to:

- changes in the timing of tariff increases or in the calculation of tariff incentives;
- change in existing subsidies and other changes in the regulatory determinations under the relevant concessions;
- other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business;
- the possibility that our renewable energy service contracts will expire, be terminated or not renewed;
- adverse changes in tax law; and
- other changes that have retroactive effect and/or take account of revenues previously received and expose power projects to additional compliance costs or interfere with our existing financial and business planning.

In particular, our business is affected by the support of the Government for the renewable energy sector. Under Republic Act 9513 or the Renewable Energy Act of 2008, the National Renewable Energy Board is mandated to formulate and promulgate feed-in tariff (“FIT”) system rules, which cover, among others, priority connections to the grid for electricity generated from emerging renewable energy resources within the Philippines and priority purchase and transmission of, and guaranteed fixed tariffs or payments for, such electricity by the grid system operators. Moreover, our business is affected by policy issuances by the Government including renewable energy

regulations such as the GEAP Guidelines which covers, among others, the imposition of a set ceiling price which is the maximum price offer of supply for a specific renewable energy technology, the determination of the “Green Energy Tariff” and eligible renewable energy facilities through the “Green Energy Auction”.

The revocation, reduction, modification, elimination or lack of government mandates and economic incentives could materially and adversely affect the growth of the renewable energy industry or result in increased price competition, either of which could cause our revenues to decline and materially and adversely affect our results of operations. For example, while the Philippine Department of Energy (“DOE”) issued Department Circular No. DC2023-06-0020 or “The Policy and Administrative Framework for the Efficient and Optimal Development of the Country’s Offshore Wind Resources” in June 2023 to streamline the requirements, processes and procedures for offshore wind energy service contracts, the same requires the cooperation of all involved regulatory agencies before the implementation of the “Energy Virtual One-Stop Shop,” which is intended to expedite the approval process for the issuance of permits, licenses and clearances that would allow offshore wind energy producers to begin the development of their projects. As such, even though we have been awarded offshore wind energy service contracts for a number of our pipeline projects, we are unable to proceed with our development process without a clear framework for the relevant permitting and licensing regime. See “*Regulatory and Environmental Matters*” on page 257 of this Prospectus.

During the life of a project, the relevant government authority may unilaterally impose additional restrictions on a project’s tariff rates, subject to the regulatory frameworks applicable in each jurisdiction. Future tariffs may not permit a project to maintain current operating margins, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, we have faced in the past, and may face in the future, challenges in securing the necessary permits and licenses that could delay the development and operation of our renewable energy power projects. For example, we have experienced delays in the issuance of land conversion approvals and issuance of certain licenses and permits, including the ongoing re-application of wastewater discharge permits to the Philippine Department of Environment and Natural Resources (“DENR”) for certain of our operating projects due to an amendment to the wastewater discharge permit application form. While we have a dedicated team with experience in securing these regulatory approvals, there can be no assurance that all such necessary approvals, licenses and permits will be issued in a timely manner or at all and will not impede our development and operations of our renewable energy power projects.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect our results of operations.

Our operations are expected to be covered by certain tax exemptions and incentives, the loss of which could increase our tax liability and decrease our consolidated net income.

All our power plants registered with the Philippine Board of Investments (“BOI”), including those that are under construction, benefit from certain tax incentives from the Philippine Bureau of Internal Revenue (“BIR”), such as zero value added tax (“VAT”) rating, an income tax holiday for the first seven years of its commercial operations (after which it shall be subject to a statutory income tax rate of 10% on its renewable energy operations), and a tax exemption from the sale of carbon emission credits. We also benefit from other incentives from our registration with the BOI, such as exemption from local business taxes, simplified customs procedures, simplified employment for foreign nationals, exemption from wharfage dues, and tax credits. As of March 31, 2024, 15 of our renewable energy power plants were registered with the BOI and avail of the tax incentives. See “*Description of Permits and Licenses*” on page 202 of this Prospectus.

If any of our renewable energy power plants is unable to obtain such tax exemptions or incentives, or any such tax exemptions or incentives are reduced or cancelled, our income would be subject to the corporate income tax rate, which is currently fixed at 10% of net taxable income, and which will reduce its profitability. There is no assurance that our power plants will be able to obtain preferential tax rates, or our future power plants will be able to obtain similar tax incentives.

Failure to obtain financing on reasonable terms or at all could adversely impact the execution of our expansion and growth plans.

Our expansion and growth plans are expected to require significant fund raising. Our continued access to debt and equity financing as a source of funding for new projects, acquisitions and investments, and for refinancing

maturing debt is subject to many factors, including: (i) laws, regulations, and internal bank policies limiting bank exposure (including single borrower limits) to a single borrower or related group of borrowers; (ii) our compliance with existing debt covenants; (iii) our ability to service new debt; (iv) the macroeconomic fundamentals driving credit ratings of the Philippines; (v) any reputation damage that we may sustain from non-governmental organizations or other stakeholder; and (vi) perceptions in the capital markets regarding us and the industries and regions in which we operate and other factors, some of which may be outside of our control, including general conditions in the debt and equity capital markets, political instability, an economic downturn, social unrest, changes in the regulatory environments where any power projects are located or the bankruptcy of an unrelated company operating in one or more of the same industries as us, any of which could increase borrowing costs or restrict our ability to obtain debt or equity financing.

There is no assurance that we will be able to arrange financing on acceptable terms, if at all. Any inability to obtain financing from banks and other financial institutions or from capital markets would adversely affect our ability to execute its expansion and growth strategies.

The administration and operation of power generation projects by our operating companies involve significant risks.

The administration and/or operation of power generation projects by our operating companies involve significant risks, including:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unscheduled or unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- material changes in legal, regulatory or licensing requirements;
- human errors in the operation of equipment or operator error;
- performance below expected levels of output or efficiency;
- actions affecting power generation assets owned or managed by us, our joint ventures, affiliates or its contractual counterparties;
- force majeure and catastrophic events including fires, explosions, earthquakes, typhoons, volcanic eruptions, pandemics, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or the cancelation of required regulatory permits and approvals;
- opposition from local communities and special interest groups; and
- lease agreement pre-termination due to external factors such as expropriation or the land being considered for other economic development purposes.

There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate revenues derived by us, our joint ventures and affiliates from their power projects.

Environmental regulations may cause our relevant operating companies to incur significant costs and liabilities.

The operations of our operating companies are subject to environmental laws and regulations by central and local authorities in the areas in which the projects operate. These include laws and regulations pertaining to pollution, the protection of human health and the environment, air emissions, wastewater discharges, occupational safety and health, and the generation, handling, treatment, remediation, use, storage, release and exposure to hazardous substances and wastes. These requirements are complex, subject to frequent change and have tended to become more stringent over time. Our operating companies have incurred, and will continue to incur, costs and capital expenditures in complying with these laws and regulations and in obtaining and maintaining all necessary permits.

While our operating companies have procedures in place to allow them to comply with environmental laws and regulations, there can be no assurance that these will at all times be in compliance with all of their respective obligations in the future or that they will be able to obtain or renew all licenses, consents or other permits necessary to continue operations. Any failure to comply with such laws and regulations could subject the relevant operating company to significant fines, penalties and other liabilities, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, environmental laws and regulations, and their interpretations, are constantly evolving and it is difficult to predict accurately the effect that changes in these laws and regulations, or their interpretation, may have upon our business, financial condition, results of operations or prospects. If environmental laws and regulations, or their interpretation, become more stringent, the costs of compliance could increase. If we cannot pass along future costs to customers, any increases could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our renewable energy power project development operations and the operations of our renewable energy power projects are subject to inherent operational risks and occupational hazards, which could cause an unexpected suspension of operations and/or incur substantial costs.

Due to the nature of the business of power project development and operations, we and our operating companies engage or may engage in certain inherently hazardous activities, including operations at height, use of heavy machinery and working with flammable and explosive materials. These operations involve many risks and hazards, including the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment, labor disturbances, natural disasters, environmental hazards and industrial accidents. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of the development or operations of any of the power projects or even imposition of civil or criminal penalties, which could in turn cause us or the relevant project companies to incur substantial costs and reputational damage and may have a material adverse effect on our business, financial condition and results of operations.

In addition, our operating solar energy power projects are exposed to unscheduled, unplanned and prolonged internal and external outages resulting in potential loss in revenues. Unscheduled or unplanned internal plant outages refers to unexpected breakdown of major equipment resulting in substantial or total power plant shutdown until such equipment is replaced or restored. On the other hand, unscheduled external outages refer to electricity grid outages at the regional or national level that disrupt the transmission of electricity and could result in curtailment of energy offtake below expected levels. For example, there could be failures in the transmission towers, power conductors or insulators of distribution utilities. The occurrence of any prolonged unscheduled internal or external outages of any of our renewable energy power plants under development would reduce our revenue, which could result in a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We are subject to market limitations set by EPIRA.

The EPIRA mandates that no generation company is allowed to own more than 30% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of the EPIRA. As such, we will not be able to consolidate more generating capacity than the stated ceilings in the EPIRA. According to Lantau, the installed generating capacities of the Luzon, Visayas, or Mindanao grids are 19.8GW, 4.0GW and 4.5GW, respectively, adding up to a total national installed generating capacity of 28.3GW as of December 31, 2022. Further, our sale of generated capacity to distribution utilities averaged approximately 37.4MWac for the year ended December 31, 2023. While we believe that we are not close to exceeding these thresholds, our existing projects and pipeline of renewable energy projects are extensive and there can be no assurance that these ceilings imposed by the EPIRA will not affect our growth strategies.

PSAs are subject to approval of the ERC.

PSAs entered into by us and a distribution utility or electric cooperative are subject to the approval of the ERC. The ERC governs the approval process for PSAs between distribution utilities and power suppliers, including the approval of certain capital and operations and maintenance expenses and costs for the determination of the appropriate rates on the basis of full recovery of prudent and reasonable economic costs incurred.

Pursuant to DOE Department Circular No. DC2015-06-0008 or “Mandating All Distribution Utilities to Undergo Competitive Selection Process (CSP) in Securing Power Supply Agreements (PSA)”, all distribution utilities shall procure PSAs only through Competitive Selection Process (“CSP”). DC2015-06-0008 took effect immediately on June 30, 2015 upon publication. In DOE-ERC Joint Resolution No. 1, Series of 2015, the DOE and ERC agreed that the ERC shall issue the appropriate regulations to implement the CSP. The ERC issued ERC Resolution No. 13, Series of 2015 (the “**CSP Guidelines**”), which directed all distribution utilities to conduct CSP in the procurement of their power supply for their captive markets. The CSP Guidelines provides that CSP shall not apply to PSAs already filed with the ERC as of the effectivity date, and changed the effectivity date from June 30, 2015 to November 7, 2015. The effectivity date was further changed to April 30, 2016 pursuant to ERC Resolution No. 1, Series of 2016 (the “**ERC Clarificatory Resolution**”). For further details, see “*Regulatory and Environmental Matters – Energy Laws – Government Approval Process*,” on page 263 of this Prospectus.

Under ERC Resolution No. 38, Series of 2006, Rule 20 (B), the ERC specified that the procedures for Applications for Approval of Power Supply Contract other than those covered by the Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Rates (ERC Res. No. 11, Series of 2005). Aside from the regulatory certificates from the SEC, BOI, DOE, and the like, the ERC also requires additional documentary support for PSA approval. For instance, they require financial data such as debt-to-equity ratios, project costs, annual interests, weighted average cost of capital, bank loans, to name a few. The ERC also requires a specification of the cash flow on the initial costs, operating & maintenance expenses, minimum energy offtake, fuel costs, and the like. In addition, technical and economic characteristics of the generating plant such as the kWh generation (basis of maintenance allowance), installed capacity, mode of operation, and dependable capacity, also need to be presented for ERC approval.

There is no assurance that our PSAs, including the escalation clauses for energy rates, will continue to be approved by the ERC on a timely manner or at all. In case of delay, lenders may not finance such power projects as they may deem the lack of approval of a PSA as a factor against the bankability of a project. The lack of financing may lead to delays in the project which may materially and adversely affect our results of operations, financial condition and prospects. Additionally, if the ERC fails to approve expenses and costs that are due to us, we may not be able to fully recover our financial outlays, which may materially and adversely affect our results of operations, financial condition and prospects.

Some of our operations are, or will be, affected by seasonal weather changes.

The amount of electricity generated and sold by our solar, onshore wind and offshore wind power plants, and run-of-river hydro (through RNHC) is dependent upon irradiance and weather conditions generally. Irradiance and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. While we have an extensive database of actual irradiance for our existing solar energy projects, the assumed and actual irradiance for our solar energy pipeline projects located elsewhere may vary due to weather pattern changes. RNHC’s run-of-river hydro power projects are dependent on river flows and require minimum flow in both wet and dry seasons. Seasonal factors also affect our onshore and offshore wind prospects, as certain wind densities are required to turn wind turbines and generate energy.

We have carefully selected the locations of our solar plants in our renewable energy portfolio as those receiving solar irradiation between 4.7 kWh/m²/day and 5.5 kWh/m²/day based on the long-term historical irradiation data of the National Renewable Energy Laboratory. Moreover, our site selection process for onshore wind and offshore wind power plants, including run-of-river hydro power plants (through RNHC which we expect to acquire in the second half of 2024) takes into account available wind and water data showing weather patterns to ensure the feasibility and productivity of such locations. However, there can be no assurance that the solar, run-of-river hydro (through RNHC which we expect to acquire in the second half of 2024), onshore wind and offshore wind power projects will not be adversely affected by seasonal weather changes, which could materially and adversely affect our results of operations, financial condition and prospects.

The loss of any of our key customers or their failure to honor or renew existing contracts could have an adverse effect on our financial condition and result of operations.

As of December 31, 2023, our top five customers, excluding WESM, comprise 59.3%, which is equivalent to 86.0MWac, of the total peak generated capacity of our solar power plants, respectively. As such, we have a limited number of key customers with whom we have entered into PSAs and retail electricity supply agreements

(“RESAs”). Accordingly, our financial condition and results of operations may be adversely affected by the bankruptcy or insolvency of, or any other disruption to, such key customers. In addition, if a key customer decides not to honor, not to renew or to terminate a PSA or RESA before it expires, while subject to considerable pre-termination payments due to us, our financial condition and results of operations may be adversely affected which therefore may have an adverse effect on our financial condition and result of operations. Our results of operations may also be affected if we are unable to supply the minimum contracted energy under our PSAs and RESAs. In addition, our ability to grow our future revenue from our renewable energy business will depend, in part, on our ability to successfully renew our various power supply agreements and contract out our additional or excess capacity to new and existing offtakers (subject to the terms of our current agreements), and the agreed prices and rates (including any escalation rates) at which we are able to sell our capacity.

We enter into transactions with related parties.

In the ordinary course of business, we transact with our related parties, such as our subsidiaries and certain of our associates and joint ventures, and affiliates enter into transactions with each other. These transactions have principally consisted of, among others, advances, sale of electricity, purchase of electricity, operation and maintenance services, sublease agreements with CREIT for certain properties where certain of our renewable energy projects are located, and engineering, procurement and construction contracts with our affiliate, MCC-CCI, for the development of our pipeline power projects. While we believe that all past related party transactions have been conducted at arm’s length on commercially reasonable terms, these related party transactions may involve conflicts of interest, which, although not contrary to law, may be detrimental to us. The failure of our related parties to act on fair and equitable terms may adversely affect our business and results of operation. For further information on our related party transactions, see “*Related Party Transactions*” on page 295 of this Prospectus.

In addition, on January 23, 2013, the BIR issued Revenue Regulations No. 2-2013 on Transfer Pricing Guidelines (the “**Transfer Pricing Guidelines**”) which adheres to the arm’s length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Guidelines are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Guidelines define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises. The arm’s length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm’s length. In such a case, the BIR can make the necessary adjustments to the taxable profits of the related parties so as to reflect the true value that would otherwise be derived on an arm’s length basis. There is no assurance if the BIR will view our transactions with our related parties as arm’s length on the basis of the Transfer Pricing Guidelines. There can be no assurance that our related party transactions, if questioned, will not have an adverse effect on our business or results of operations.

We are exposed to credit and collection risks.

As in other businesses, the power business, including our RES business, is exposed to credit and collection risks related to its customers. These include TransCo, contestable customers as well as electric cooperatives that have varying credit ratings and private distribution utilities. For example, we experienced defaults in collecting our receivables from our customers arising from the COVID-19 pandemic, and had deferred payments due to us as a result of the implementation of Republic Act No. 11494 or the Bayanihan 2 Act. Nevertheless, we were able to impose interest charges on such defaults. Since then, there have not been any significant customer defaults. There can, however, be no assurance that all customers will pay us in a timely manner or at all. In such circumstances, our working capital needs would increase, which could, in turn, divert resources away from our other projects. If a large amount of our customers are unable or unwilling to pay us, our financial condition would be materially and adversely affected.

Exchange rate and/or interest rate fluctuations may have a significant adverse impact on our business, financial condition, results of operations and prospects.

Our debt and equity financing are, and our future sales and cash inflows will be, denominated in Philippine Peso, while purchases on certain imported equipment are in currencies other than Philippine Peso, mostly the U.S. dollar and Chinese Yuan. The movements in exchange rates between the Philippine Peso and foreign currencies between

the time that we receive funds in Philippine Pesos and the time we spend them in foreign currencies could have an adverse effect on our results of operations and financial condition.

The insurance coverage of (i) our power projects, whose operators may not be the named beneficiaries of our insurance policies, and (ii) our centralized warehouse, may not be adequate.

Our power projects and our centralized warehouse maintain levels of insurance, which we believe are typical for their respective business structures and in amounts that we believe to be commercially appropriate. However, a power project or our warehouse may become subject to liabilities against which we have not insured adequately or at all, or we are unable to insure. In addition, insurance policies contain certain exclusions and limitations on coverage, which may result in claims not being honored to the extent of losses or damages suffered. Further, such insurance policies may not continue to be available at economically acceptable premiums, or at all.

The occurrence of a significant adverse event, the risks of which are not fully covered or honored by such insurers, could have a material adverse effect on our supply management at our warehouse and a power project's business, financial condition, results of operations and prospects. In addition, under some of the power project's debt agreements, the power project is required to name the lenders under such debt agreements as a beneficiary or a loss payee under some of its insurance policies, or assign the benefit of various insurance policies to the lenders. Therefore, even if insurance proceeds were to be payable under such policies, any such insurance proceeds may be paid directly to the relevant lenders instead of to the power project. Moreover, some of our operating companies which we have insured are not named as beneficiaries under their respective policies, particularly in respect of those which are subject to project financing.

If an insurable loss has a material effect on a power project's operations, such power project's lenders may not be required to pay any insurance proceeds or to compensate the power project for loss of profits or for liabilities resulting from business interruption, and this could have a material adverse effect on our business, financial condition, results of operations and prospects.

CREIT is publicly traded. In addition, certain of our subsidiaries may become publicly listed and traded companies in the future. The trading price of our Common Shares may be affected by the trading prices of the securities of CREIT and any other subsidiary that becomes publicly listed.

CREIT is publicly traded. In addition, certain of our subsidiaries may become publicly listed and traded companies in the future in compliance with applicable law and regulations. The trading prices of listed securities have generally fluctuated significantly in the past. The market value of a publicly listed company varies with its financial condition and results of operations, the market values of companies engaging in similar businesses, as well as investor sentiment in the Philippines and capital markets in general. If the market prices and trading volumes of the securities of CREIT, or any of our other subsidiaries that becomes publicly listed in the future, fluctuates significantly, the trading price of our Common Shares may be affected.

On March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation, which was completed on March 27, 2024. As a result, our remaining effective interest in CREIT as of the date of this Prospectus is 32.88%. See “—We are a holding company and primarily depend on dividends and distributions from our subsidiaries and joint ventures” and “Business – Recent Developments – CREIT Disposition” on pages 45 and 152 of this Prospectus, respectively.

Our company faces risks associated with debt financing and refinancing activities.

As of December 31, 2023, our Company had ₱11.7 billion in outstanding loans and bonds payables. These debt financing arrangements also require us and our subsidiaries to comply with various affirmative and negative covenants that are typical of such types of facilities, including the maintenance of certain financial ratios and compliance with certain negative covenants which may, for example, affect our ability to declare or pay dividends under certain circumstances. The covenants are customary and monitored on a periodic basis or as frequent as necessary to ensure compliance at all times. See “Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Liquidity and Capital Resources – Indebtedness,” on page 105 of this Prospectus.

In particular, under the terms of an Omnibus Loan and Security Agreement dated October 19, 2018 and as amended on April 19, 2023 (the “**DBP OLSA**”) that we entered into, as borrower, with the Development Bank of

the Philippines (“DBP”) as lender, we are required to maintain a debt-to-equity ratio of not more than 3:1 beginning 2019 and a debt service coverage ratio of not less than 1.10:1 beginning 2020. In 2020 and 2021, we obtained from DBP a formal waiver of our noncompliance with these ratios, which we continue to be currently compliant with. Under the terms of the DBP OLSA, we and CPI are also required to obtain the written consent of DBP prior to the sale by CPI of its shares in CREC, which are currently pledged to DBP as a customary security arrangement for the DBP OLSA, and which could form part of the Option Shares in this Offer. We are confident that we will be able to secure approval for the inclusion of the pledged shares as part of the Option Shares for this Offer.

In addition, some of our financing documents, include various security and collateral arrangements. For example, for the DBP OLSA, we agreed to provide certain collateral security for the payment of our obligations in favor of DBP including security interests in our shares, an assignment of various debt service accounts and an assignment of certain receivables.

For our Green Mezzanine Construction Loan Facility Agreement with Pentagreen Capital Assets Pte. Ltd. (“Pentagreen Capital”) as arranger, security agent and original lender, in the amount of up to U.S. \$100 million (the “Pentagreen Facility Agreement”), we likewise pledged our shares in CSEC and second-ranking security interests over its shares in several of CSEC’s project companies.

In addition, we may refinance existing facilities or obtain financing in the future that would involve a similar collateral package.

A breach in any of our obligations or default on our debt covenants under existing and future facility agreements could trigger prepayment and/or entitle the applicable lenders to exercise remedies that may be available to them under the relevant facility agreements, including their right to declare an event of default, which could result in our debts being accelerated, or enforce on the respective security interests comprising, among others, our shares in certain of our subsidiaries, put in place for the relevant loans. Any such acceleration, foreclosure of assets, event of default may result in a material adverse effect on our liquidity, business, financial condition, prospects or results of operations, including possibly triggering cross default or cross acceleration provisions in our other financing agreements.

We are required to maintain a minimum public ownership of 20.0% following the listing of our Common Shares.

Pursuant to PSE Circular No. 2020-0076, we are required to maintain a minimum public ownership (“MPO”) of 20.0% of its total issued and outstanding shares following the listing of our Common Shares. Listed companies that become non-compliant with the MPO requirement will be suspended from trading for a period of not more than six months and will automatically be delisted if they remain non-compliant with the MPO requirement after the lapse of the suspension period. Suspended or delisted shares will not be traded on the Philippine Stock Exchange (“PSE”). In addition, the sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax. See “The Philippine Stock Market—Amended Rule on Minimum Public Ownership” on page 311 of this Prospectus.

The failure of one or more of our joint venture and/or strategic partnerships may negatively impact our business, financial condition, results of operations and prospects.

We derive a portion of our income from investments in our joint ventures. While we generally have joint control with our joint venture partners, which promotes cooperation with each other and alignment of our shared goals, these relationships involve certain risks, including the possibility that these partners:

- may have economic interests or business goals that are different from ours;
- may be unable or unwilling to fulfill their obligations under relevant agreements, including shareholder agreements under which we have certain voting rights in respect of key strategic, operating, and financial matters;
- may take actions or omit to take any actions contrary to, or inconsistent with, our policies or objectives or prevailing laws;
- may have disputes with us as to the scope of their responsibilities and obligations; and/or

- may have difficulties in respect of seeking funds for the development or construction of projects.

The success of these partnerships depends significantly on the satisfactory performance by the partners and the fulfillment of their obligations. If we or a joint venture and/or strategic partner fails to perform its obligations satisfactorily, or at all, the partnership may be unable to perform adequately. As a result, cooperation among our partners or consensus with other shareholders in these entities is crucial to these businesses' sound operation and financial success. Our business, financial condition, results of operations and prospects may be materially adversely affected if disagreements develop with our strategic partners and are not resolved in a timely manner.

In addition, if any of our joint venture and/or strategic partners discontinues its arrangement with us, is unable to provide expected resources or assistance, or competes with us on business opportunities, we may not be able to find a substitute for such joint venture and/or strategic partner. Failure of one or more of our partners to perform their obligations may have a material adverse effect on our business, financial condition, results of operations and prospects.

We are a holding company and primarily depend on dividends and distributions from our subsidiaries and joint ventures.

We are a holding company and conduct no significant business operations, apart from our operation of the Clark Solar Power Project. The majority of our operating projects are held by the various operating companies and joint ventures, which we hold or are invested in. See “*Business—Corporate Structure*” on page 155 of this Prospectus.

As a holding company, we expect to depend upon the dividends and distributions from our operating companies (including CREIT) and joint ventures for our cash flow. The majority of our assets are held by, and our earnings and cash flows are ultimately attributable to our operating companies and joint ventures. Our liquidity, ability to pay expenses, and meet obligations, are primarily dependent upon the flow of funds from these operating companies and joint ventures.

The ability of our operating companies and joint ventures to pay dividends to us is subject to applicable laws (including remittance laws), restrictions contained in their loans, debt instruments, and/or joint venture agreements, and may also be subject to taxes.

Under Philippine law, dividends may be declared by a corporation's board of directors. However, any stock dividend declaration requires the approval of shareholders holding at least two-thirds of such corporation's total outstanding capital stock. Additionally, Philippine SEC approval is required if the issuance of stock dividends requires an increase in such corporation's authorized capital stock. There can be no assurance that the operating companies and joint ventures will generate sufficient cash flows to pay dividends or otherwise distribute sufficient funds to us to enable us to meet our financial obligations and declare dividends to our shareholders.

In addition, some of our operating companies and joint ventures may be subject to certain debt covenants in their loan agreements, which may affect their ability to declare or pay dividends under certain circumstances, such as in the event of default or if any such payments would result in an event of default, or if certain financial ratios are not maintained. While certain of these loan agreements contain provisions that permit recourse to us, such recourse is limited to the recovery of project cost overruns, and such recourse falls away once the project is completed. Failure to comply with these covenants could result in the debt becoming immediately due and payable. This could adversely affect our liquidity and ability to generally fund our day-to-day operations. In the event this occurs, it may be difficult to repay or refinance such debt on acceptable terms or at all.

Any restriction or prohibition on the ability of the operating companies and joint ventures to distribute dividends or make other distributions to us, either due to regulatory restrictions, debt covenants, contractual undertakings, operating or financial difficulties or other limitations, could have a negative effect on our cash flow, prospects and financial condition.

In addition, on March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation, which was completed on March 27, 2024. As a result, our remaining effective interest in CREIT as of the date of this Prospectus is 32.88% and moving forward, our share in dividends from CREIT and resulting cash flow will necessarily decrease. See “*Business – Recent Developments – CREIT Disposition*” on page 152 of this Prospectus.

Competition for the acquisition of land for our solar energy pipeline projects may adversely affect our business.

Our future growth and development are dependent, in part, on our ability to acquire additional tracts of contiguous land suitable specifically for our solar energy project pipeline. There is a high level of scarcity for land, including contiguous land, in the Philippines, which will affect our ability to secure additional land for the expansion of our footprint. When we locate sites for our solar power projects which require large tracts of land, we may experience difficulty in securing contiguous land of suitable size in locations and at prices acceptable to us. We also engage the services of third-party agents and brokers for sourcing potential project sites for us. We may experience instances where these third-party agents and brokers are unable to provide us with suitable potential project sites in a timely manner or at all or act contrary to our interests.

We may also face challenges in obtaining clean titles over the parcels of land, and completing land registration and titling for untitled parcels of land for our site acquisitions. The Philippines implements a land registration system that establishes conclusive proof of land ownership for all individuals. Once land is registered, the title to that registered land becomes impervious to challenge after one year from the decree of registration, except in cases involving claims specified on the Certificate of Title. Registered land titles cannot be invalidated through adverse possession or the passage of time. Presidential Decree No. 1529, as amended, also known as the Property Registration Decree, compiles the regulations governing land registration, aligning them with the widely accepted principles that underlie the Torrens System.

The act of registration of land through a Certificate of Title is the operative act to convey or affect the land insofar as third persons are concerned. Registration is made in the office of the Registry of Deeds for the province or city where the land lies. Further, every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land, if filed or entered in the office of the Registry of Deeds for the province or city where the land is located, is constructive notice to all persons from the time it is registered, filed, or entered in the records of the Registry of Deeds. Any subsequent transfer or encumbrance of the land should be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of documents and payment of fees and taxes.

However, property records in the Philippines are generally maintained at the local level and through physical records at the Registry of Deeds. As such, property records may not be available online for inspection or updated in a timely manner. Property records could also be inaccurate and kept in poor condition, which may impede title investigation or our ability to rely on such records for the purposes of land banking of our renewable energy projects under development.

Furthermore, the land we acquired may have third-party claims, pre-existing tenants or obligations that prevent immediate commencement of construction. In the event that we are unable to acquire suitable land at prices and in locations that are attractive to us, or at all, our growth prospects could be limited and our business and results of operations could be adversely affected.

We rely on specialized equipment imported from overseas suppliers for our solar energy power projects.

The majority of our suppliers for components such as PV modules, inverters and other peripherals are sourced from overseas suppliers such as China. If one or more of our current sources of supply became unavailable, we believe we would generally be able to obtain alternative sources, including other countries such as Vietnam, India and Malaysia, but this could increase our costs and supply chain lead time and expenses, and result in a delay in the completion of our projects. In addition, while we employ a vetting process on our suppliers to ensure that we source our equipment sustainably, there is no guarantee that our suppliers comply with our requirements in their own sourcing processes, which are beyond our control.

Our costs associated with procuring supplies from our overseas suppliers are significant. For the year ended December 31, 2023, the procurement of our PV modules accounted for approximately 48.0% of our capital expenditures, respectively. Price volatility and changes in the flow of these equipment are often due to reasons beyond our control, such as a result of political or civil unrest, acts of war, disruptive global political events (for example, geopolitical tensions involving the Philippines and China, and the current conflict between Russia and Ukraine, and Israel and Hamas), currency fluctuations, disruptions in maritime lanes, port labor disputes, economic conditions and instability in countries in which foreign suppliers are located, the availability and cost of equipment, pandemic outbreaks, equipment quality or safety issues, transport availability and cost, increases in wage rates and taxes, transport security, inflation, and other factors relating to our suppliers and the countries in which they are located or from which they import. Such changes could adversely affect our operations, including our supply chain, and profitability. While we are negotiating lock-in volume and price agreements with our suppliers and enter into hedging contracts, there can be no assurance that we will be able to completely eliminate

the negative impact of price and volume volatility and our inability to do so could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have no significant operating history in developing or commercializing onshore and offshore wind technologies for our renewable energy power projects.

We have a proven track record in developing solar energy power projects, but we have no significant history or experience in developing or commercializing onshore and offshore wind energy technologies that can be used to evaluate our potential prospects for success. We may not be successful in developing or commercializing these new technologies or would otherwise not be able to do so without incurring unexpected and/or substantial costs and expenses and/or failing to generate any substantial incremental revenues. In pursuing our onshore and offshore wind energy power projects, we would have to devote a significant amount of time and resources to acquire the technical know-how from third-party consultants, manufacturers or providers of such technologies to develop a better understanding and knowledge of how to operate and maintain these renewable energy projects. These factors could disrupt our ongoing business, distract our management and employees and increase our expenses and/or capital expenditures. Moreover, our ability to meet our performance expectations with these new technologies is subject to the risks inherent in newly constructed facilities, including, but not limited to, system failures, outages and design and/or construction flaws, latent defects and degradation of equipment in excess of our expectations.

In addition, while there are several onshore wind energy projects that have been commissioned by other renewable energy companies, offshore wind energy projects utilize technologies with a relatively limited history and regulatory support in the Philippines. As such, we will need to innovate in order to keep pace with industry developments and market expectations.

As a result, our failure to address all of these risks, to fully develop and commercialize our onshore and offshore wind energy technologies or to integrate them effectively into our renewable energy portfolio could have a material adverse effect on our business, financial condition and operating results.

We may encounter delays and increased developmental costs in securing viable project locations, including right of way, for future expansions of our onshore wind energy projects.

Suitable project sites for onshore wind energy power projects require long stretches of land which may cause us to incur increased development costs. Such costs include building suitable access roads, bridges, and other basic infrastructure to establish right of way for such projects. For example, we encountered instances where private individuals were not keen to provide right of way access for our projects, prompting us to adjust and identify suitable route changes to complete the required right of way for our projects. Further, as we progress with the development of our onshore wind energy power projects, grid connection infrastructure and transmission lines necessary to deliver generated energy will have to be constructed at these site locations and we may likewise incur additional development costs.

As a result, our failure to secure viable project locations, including the necessary right of way for our onshore wind energy projects, could have a material adverse effect on our business, financial condition and operating results.

We rely on overseas suppliers for the supply of equipment for the development of our onshore and offshore wind projects.

In procuring equipment for our pipeline onshore and offshore wind energy projects, European wind turbine manufacturers command significant global market share. However, demand from European wind energy power producers alone takes up substantially all the available supply, resulting in long queues for procurement and delivery. While we anticipate that we would be able to obtain alternative sources of supplies for our since we believe that China is able fill the supply gap for wind turbines and other related equipment, there can be no assurance that we will be able to secure such equipment at favorable commercial terms or at all. If we are unable to procure the required equipment for our pipeline onshore and offshore wind energy projects, our business, financial condition, results of operations and cash flows would be materially and adversely affected.

In addition, while we employ a vetting process on our suppliers to ensure that we source our equipment sustainably, there is no guarantee that our suppliers comply with our requirements in their own sourcing processes, which is beyond our control.

The efficiency of RNHC's run-of-river hydropower plant under construction will be dependent on water volume and hydrology.

On November 28, 2023, we executed a Memorandum of Agreement covering the purchase of 100% of the shares in RNHC, a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela in the Luzon region. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase such shares in RNHC, which we expect to complete in the second half of 2024.

Hydropower energy production is dependent on the hydrological science of computing the head, the water flow rate of the available water, and the given watershed area. The amount of water consumed is directly proportional to the amount of electricity generated. While we (through RNHC) have sufficient river flow data to determine the viability of our run-of-river hydro plant, there can be no assurance that the volume and velocity of water will be as expected. If the deviation from expected volume and velocity is significant, our business operations, financial condition, and results of operations, when we have completed the acquisition of RNHC, may be adversely affected.

We have no significant operating history in utilizing run-of-river hydro power technologies for our renewable energy power projects.

We (through RNHC which we intend to acquire in the second half of 2024) have no operating history in developing and commercializing run-of-river hydro power technologies upon which an evaluation of our future success or failure can be made. We may not be successful in developing or commercializing these new technologies or would otherwise not be able to do so without incurring unexpected and/or substantial costs and expenses and/or failing to generate any substantial incremental revenues. In developing run-of-river hydro power projects through RNHC, we would have to rely on third-party consultants, manufacturers or providers of such technologies to be able to effectively operate and maintain run-of-river hydro power technologies. Moreover, our ability to meet our performance expectations with these new technologies is subject to the risks inherent in newly constructed facilities, including, but not limited to, system failures, outages and design and/or construction flaws, latent defects and degradation of equipment in excess of our expectations.

As a result, our failure to address all of these risks, to fully develop and commercialize run-of-river hydro power technologies or to integrate them effectively into our renewable energy portfolio upon completion of the acquisition of RNHC, could have a material adverse effect on our business, financial condition and operating results.

We are effectively controlled by CPI and its interests may differ significantly from the interests of other shareholders.

As of December 31, 2023, CPI beneficially owned approximately 100.0% of our issued share capital. Upon completion of the Offer and assuming full exercise of the Overallotment Option, CPI is expected to beneficially hold at least 66.1% of our issued share capital. As a result, CPI effectively controls us.

In addition, there is no assurance that CPI, which is also a renewable energy developer and owns three operating solar assets, will not engage in businesses that directly or indirectly compete with us with respect to such assets. Further, our affiliate, MCC-CCI, whom we rely on for engineering, procurement and construction services for the development of our pipeline power projects, is controlled by CPI. Therefore, there can be no assurance that, given CPI's interests both within and outside the group, conflicts of interest will not arise and that our business, results of operations and financial condition may not be materially and adversely affected by CPI.

We primarily rely on MCC-CCI for the engineering, procurement, and construction requirements of our pipeline power projects.

While we utilize an accreditation and bidding process to identify cost-effective, experienced, and skilled contractors, we primarily rely on our affiliate, MCC-CCI, for engineering, procurement and construction services for the development of our pipeline power projects, feasibility studies and technical support for permits. As of December 31, 2023, these services include design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of solar photovoltaic power generation plants in several provinces in the Philippines such as Pampanga, Zambales, Pangasinan, Quezon, Batangas and Negros

Occidental. Moreover, effective December 1, 2023, CREC's project-based and project management team employees, while continuing to perform their respective functions as to their assigned projects, were transferred to MCC-CCI. See “*Business—Competitive Strengths – We operate an integrated business model which supports our best-in-class project development execution and cost competitiveness*” and “*Related Party Transactions*” on pages 147 and 295, respectively, of this Prospectus.

If MCC-CCI is unable to accomplish key milestones relating to our pipeline power projects, or otherwise complete our pipeline power projects, in a cost-effective and timely manner, our ability to generate revenues, adhere to the terms of our offtake agreements, and service our debts may be materially and adversely affected, which, in turn, would materially and adversely affect our results of operations and financial condition.

Further, with our significant number of pipeline projects, MCC-CCI may need to scale its operations, personnel, and equipment to be able to ensure that it continues to have sufficient capacity to meet our project requirements. The inability of MCC-CCI to scale, or any lack of capacity of MCC-CCI to meet our project requirements, may cause delays in project execution and cost overruns which may adversely affect our growth strategy, and will materially and adversely affect our results of operations and financial condition.

A decrease in the cost-competitiveness of solar energy, the development of new technologies to generate solar power and changes to Government laws and applicable rules and regulations may expose us to stranded-asset risk.

As of December 31, 2023, our renewable energy portfolio consists entirely of operating solar power plants. As such, we are subject to risks inherent in the solar power generation industry. These risks include the reduction or removal of subsidies and economic incentives for solar energy projects, the loss of tax exemptions and incentives, new technological innovations and changes to societal attitudes about existing solar power generation technologies.

There can be no assurance that reduced Government support of the solar energy industry, the adoption of new technologies, changes to environmental laws and regulations or other developments in the future will not result in us having to incur additional capital expenditures or operating expenses to upgrade, supplement or relocate our solar energy projects. In particular, developments in the downstream energy sector, such as in residential solar PV technologies and electricity storage, could materially and adversely affect the growth of solar energy companies operating in the centralized electricity generation market, materially and adversely affect our results of operations. Thus, a significant portion of the captive market may shift away from solar power plants utilizing existing solar power generation technologies towards those relying on other types of renewable energy technologies or even non-renewable energy sources, which may expose our businesses to stranded-asset risk (i.e., the hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

We face litigation risks and regulatory disputes in the ordinary course of our business.

In the ordinary course of our business, claims and disputes may be brought against and involve us, our directors or officers, subsidiaries, employees, customers, suppliers, and regulatory authorities in connection with our business. Claims may be brought for breach of contract, law, or regulation.

There are two separate arbitration proceedings pending before the Singapore International Arbitration Centre (“SIAC”) involving some of our subsidiaries. In the first arbitration proceeding, a notice of arbitration was filed against CSSCI, CST1 and CST2 in relation to a Technical Consultancy and Services Agreement. As of March 25, 2024, a sole arbitrator was appointed. Further, the parties have signed a Compromise Agreement and have requested for a Consent Award from the tribunal. In the second arbitration proceeding, a notice of arbitration was filed against CREIT in relation to Settlement Agreements on a Services Agreement. As of December 31, 2023, a sole arbitrator was appointed. On February 23, 2024, CREIT filed its Witness Statements. There is also one arbitration proceeding pending before the Construction Industry Arbitration Commission (“CIAC”). On February 20, 2024, Asiatech Development Builders Corp. filed a notice of request for arbitration against RNHC, Megawide and MCC-CCI in relation to alleged unpaid work, cost of acquiring rights of way, return of retention money and damages for a total aggregate amount of ₱47,633,723.63. As of March 18, 2024, RNHC, Megawide and MCC-CCI filed their answers to the notice of request for arbitration. We may also engage in disputes with regulatory authorities on various matters, such as tax-related disputes involving our business and operations. See “*Business – Legal Proceedings*” on page 190 of this Prospectus.

Any such claims and disputes, even if unfounded, may result in legal or other proceedings, and may result in substantial costs and diversion of resources and management attention. In addition, if any such matter, including future or potential legal or other proceedings, were to be determined against us, we would have to incur a charge against earnings to the extent a reserve had not been established for the matter in our accounts, or to the extent that the claims are not adequately covered by insurance, which could have an adverse effect on our business, financial condition, prospects and results of operations.

RISKS RELATING TO THE PHILIPPINES

Political instability in the Philippines may have a negative effect on the general economic conditions in the Philippines which could have a material adverse impact on our results of operations and financial condition.

The Philippines has from time to time experienced political and military instability. In recent history, there has been political instability in the Philippines, including impeachment proceedings against two former presidents and the chief justice of the Supreme Court of the Philippines, the nullification of the appointment of another chief justice, hearings on graft and corruption issues against various government officials, and public and military protests arising from alleged misconduct by previous and current administrations. There can be no assurance that acts of election-related or other political violence will not occur in the future, and any such events could negatively impact the Philippine economy.

In addition, we may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Any major deviation from the policies of the previous administration or fundamental change of direction, including a change in the form of government, may lead to an increase in political or social uncertainty and instability. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact our business.

There is no assurance that the political environment in the Philippines will be stable or that the current or any future government will adopt economic policies that are conducive to sustained economic growth or which do not materially and adversely impact the current regulatory environment for power generation companies. An unstable political or social environment in the Philippines could negatively affect the general economic conditions and business environment in the Philippines which, in turn, could have a material and adverse impact on our business, prospects, financial position and financial performance.

No assurance can be given that any changes in such regulations or policies imposed by the Government from time to time or the future political environment in the Philippines will be stable or that current or future administrations will adopt economic policies conducive to sustaining economic growth. Political instability in the future could reduce consumer demand for retail and consumer goods to our disadvantage, or result in inconsistent or sudden changes in regulations and policies that affect our business operations, which could have a material adverse impact on our results of operations and financial condition.

All of our business activities and assets are based in the Philippines, which exposes us to risks associated with the country, including the performance of the Philippine economy.

Historically, we have derived a substantial portion of our operating income and operating profits from the Philippines and, as such, we are highly dependent on the state of the Philippine economy. Demand for our services and products are directly related to the strength of the Philippine economy (including its overall growth and income levels), the overall levels of business activity in the Philippines as well as the amount of remittances received from overseas Filipinos. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of its currency and the imposition of exchange controls. Other factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- foreign exchange rate fluctuations;
- foreign exchange controls;

- inflation or increase in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies;
- Government budget deficits;
- public health epidemics or outbreaks of diseases, such as a worsening or resurgence of the COVID-19 pandemic, a re-emergence of polio, SARS, bird flu, or H1N1, or the emergence of other similar diseases in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- geopolitical tensions between the Philippines and other claimant countries concerning disputed territories in the West Philippine Sea;
- delays in obtaining government approvals and permits;
- a downgrade in the long-term foreign and local currency sovereign credit ratings of the Philippines or the related outlook for such ratings;
- political instability, territorial disputes, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

Any future deterioration in economic conditions in the Philippines due to these or other factors could materially and adversely affect our customers and contractual counterparties. This, in turn, could materially and adversely affect our financial position and results of operations, including our ability to grow our asset portfolio, the quality of our assets and our ability to implement our business strategy. Therefore, changes in the conditions of the Philippine economy could materially and adversely affect our business, financial condition or results of operations.

Natural or other catastrophes, including severe weather conditions, may materially disrupt our operations and result in losses not covered by our insurance.

The Philippines, which is located along the Pacific Ring of Fire and a typhoon belt, has experienced a number of major natural catastrophes over the years, including typhoons, droughts, floods, volcanic eruptions and earthquakes.

In January 2020, the Taal Volcano entered into a period of intense unrest beginning with phreatic or steam-driven activity in several points inside the Main Crater that progressed into magmatic eruption. The Philippine Institute of Volcanology and Seismology (“PHIVOLCS”) raised the alert level to Alert Level 4 on January 12, 2020. Pursuant to such events, PHIVOLCS ordered the total evacuation of the Volcano Island and high-risk areas within a 14-kilometer radius from the Taal Main Crater. PHIVOLCS has thereafter lowered the Alert Level covering Taal to Level 1, but subsequently raised it to Alert Level 3 in March 2022 when Taal Volcano erupted again. While Taal Volcano currently has a classification of Alert Level 1, in September 2023, it spewed above average sulfur dioxide and volcanic smog, prompting authorities to close schools in dozens of cities and towns and to urge people to stay indoors. There can be no assurance that the Taal Volcano will not increase seismic activity or erupt in the future.

In November 2020, two typhoons, Super Typhoon Rolly/Goni and Typhoon Ulysses/Vamco, and in December 2021 and September 2022, Super Typhoon Odette/Rai and Super Typhoon Karding/Noru, respectively, brought strong winds and rain to the Philippines. In October 2022, Tropical Storm Paeng brought strong winds and heavy rains in Mindanao which caused flooding and landslides.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt our operations. These factors, which are not within our control, could potentially have significant effects on our operations. While we carry insurance for certain catastrophic events, in amounts and with deductibles that we believe are in line with general industry practices in the Philippines, there are losses for which we cannot obtain

insurance at a reasonable cost or at all. See “Risk Factors—The insurance coverage of (i) our power projects, whose operators may not be named beneficiaries of our insurance policies, and (ii) our centralized warehouse may not be adequate,” on page 43 of this Prospectus. However, should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect our business, financial position and results of operations.

Acts of terrorism could destabilize the country and could have a material adverse effect on our business, financial position and results of operations.

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine army has been in conflict with the Abu Sayyaf organization which has been identified as being responsible for kidnapping and terrorist activities in the Philippines, and is also alleged to have ties to the Al-Qaeda terrorist network and, along with certain other organizations, has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines.

Furthermore, the Government and the Armed Forces of the Philippines (“AFP”) have been in conflict with members of several separatist groups seeking greater autonomy, including the Moro Islamic Liberation Front (“MILF”), the MNLF and the New People’s Army (“NPA”). There have been numerous bombing incidents in Mindanao and elsewhere in the Philippines, which have resulted in death and injury to the civilian population as well as military and security personnel.

An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to our business and materially and adversely affect our business, financial condition, and results of operations.

These continued conflicts between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the AFP, which could destabilize parts of the Philippines and adversely affect the Philippine economy. There can be no assurance that the Philippines will not be subject to further acts of terrorism or violent crimes in the future, which could have a material adverse effect on our business, financial condition, and results of operations.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of longstanding territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea (“UNCLOS”). Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. Actions taken by both sides have threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, a temporary suspension of tours to the Philippines by Chinese travel agencies and the rejection by China of the Philippines’ request for arbitral proceedings administered in accordance with the UNCLOS to resolve the disputes.

In 2016, the Permanent Court of Arbitration ruled in favor of the Philippines against China over territorial disputes in the West Philippine Sea. The arbitral tribunal unanimously ruled, among others, that (a) China has “no historical rights” to the resources within the sea areas falling within the “nine-dash line;” (b) Chinese reclamation activity in the West Philippine Sea has caused irreparable damage to the environment, obligating the Chinese government to stop further activities in the West Philippine Sea; and (c) China has violated the Philippines’ sovereign rights in its exclusive economic zone by interfering with Philippine fishing and petroleum exploration, constructing artificial islands, and failing to prevent Chinese fishermen from fishing in the zone. However, China has said it will not recognize the ruling. With no formal enforcement mechanism in place, the territorial dispute in the West Philippine Sea remains contentious and unresolved.

The Government, under the Duterte administration, has taken action to de-escalate tensions concerning the territorial dispute with China. On June 9, 2019, a fishing boat manned by Filipino fishermen was rammed by a Chinese vessel at Recto Bank, an underwater reef formation being claimed by both the Philippines and China in

the portion of the South China Sea portion that Manila calls the West Philippine Sea. The Filipino fishermen were abandoned in open sea and were eventually rescued by a Vietnamese vessel. This incident increased tensions between China and the Philippines. The owners of the Chinese vessel have since apologized to the Filipino fishermen and remuneration is being arranged for the fishermen.

In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defied a diplomatic protest and a demand for the vessels to leave the area issued by then Philippine Defense Secretary Delfin Lorenzana.

In February 2023, a Chinese Coast Guard ship purportedly harassed a Philippine Coast Guard vessel in the Ayungin Shoal in the West Philippine Sea. In September 2023, the Philippine Coast Guard reported that the Chinese Coast Guard has installed a floating barrier near the Bajo de Masinloc (Scarborough Shoal) in the West Philippine Sea in an attempt to prevent Filipino fishermen from entering the Scarborough Shoal. In a special operation conducted thereafter, the floating barrier was eventually removed by the Philippine Coast Guard.

In March 2024, at least two Chinese Coast Guard ships used water cannons against a smaller military-contracted vessel during a resupply mission to Ayungin Shoal in the West Philippine Sea. Four Filipinos on board the vessel sustained minor injuries during this incident. On March 5, 2024, the Philippines' Department of Foreign Affairs demanded that the Chinese vessels leave the vicinity of Ayungin Shoal immediately.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and our operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighboring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and our business and financial standing may be adversely affected. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect our business, financial condition, and results of operations.

Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.

Although a principal objective of Philippine securities laws is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies than is regularly made available by public companies in the U.S. and other countries. As a result, our public shareholders may not have access to the same amount of information or have access to information in as timely of a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although we comply with the requirements of the Philippine SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions.

Volatility in the value of the Philippine Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect our businesses.

The Philippine economy has experienced volatility in the value of the Philippine Peso and also limitations to the availability of foreign exchange.

The value of the Philippine Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Philippine Peso against the U.S. Dollar and other currencies. As of December 31, 2022, according to the BSP reference exchange rate bulletin, the Philippine Peso was at ₱56.1200 per U.S.\$1.00 from ₱50.7740 per U.S.\$1.00 as of December 31, 2021. As of December 29, 2023, the Philippine Peso was at ₱55.57 against the U.S. dollar.

Investors may face difficulties enforcing judgments against us.

Considering that we are organized under the laws of the Republic of the Philippines, it may be difficult for investors to enforce judgments against us obtained outside of the Philippines. In addition, majority of our directors and officers are residents of the Philippines, and all or a substantial portion of the assets of such persons are located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is party to the United Nations Convention on Recognition and Enforcement of Foreign Arbitral Awards, but it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, the Philippine Rules of Civil Procedure provide that a final and conclusive judgment of a foreign court is enforceable in the Philippines through an independent action for the enforcement of a foreign judgment or final order, and without re-trial or re-examination of the issues, only if: (i) such judgment was obtained by collusion or fraud, (ii) the foreign court rendering such judgment did not have jurisdiction, (iii) such order or judgment is contrary to good customs, public order, or public policy of the Philippines, (iv) the party against whom the enforcement is sought did not receive notice of the proceedings before the foreign court, or (v) such judgment was based upon a clear mistake of law or fact.

Developments outside of the Philippines, including U.S. policies related to global trade and tariffs could adversely affect our business, financial condition and results of operations.

The current international political environment, including existing and potential changes to U.S. policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. Since 2018, the U.S. began to increase or impose tariffs on many products, particularly from China, including, but not limited to, solar panels, steel and aluminum products, consumer electronics, and industrial chemicals. In response, the European Union, China and other affected jurisdictions have introduced tariffs on U.S. goods. An escalating trade war may have material adverse effects on the power industry and our business may be impacted by these tariffs. Any further expansion in the types or levels of tariffs implemented has the potential to negatively impact our business, financial condition and results of operations. Additionally, there is a risk that the U.S. tariffs on imports are met with tariffs on U.S. produced exports and that a broader trade conflict could ensue, which has the potential to significantly impact global trade and economic conditions. Potential costs and any attendant impact on pricing arising from these tariffs and any further expansion in the types or levels of tariffs implemented could adversely affect our business, financial condition and results of operations. While there are ongoing discussions between the U.S. and China to reduce tariffs in phases, there is no certainty as to the timing and scale of the reduction in tariffs, and overall impact on global markets.

Economic disruption in other countries, even in countries in which we do not currently conduct business or have operations, could also adversely affect our businesses and results. Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices and concerns about European stagnation as well as diverging monetary policies among the major economies have affected financial markets and the economy.

In addition to the macroeconomic factors discussed above, other events beyond our control, including terrorist attacks, cyber attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on our businesses and results.

There can be no assurance that the uncertainties affecting global markets will not negatively impact credit markets in Asia, including in the Philippines. These developments may adversely affect trade volumes with potentially negative effects on the Philippines.

Any economic slowdown or deterioration in economic conditions in the Philippines may adversely affect our business and operations in the Philippines.

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and electricity shortages and blackouts. The Philippine Department of Finance has reported that the inflation rate in February 2024 saw a modest uptick to 3.4% from 2.8% in January 2024, within the BSP's forecast of 2.8% to 3.6% for the month.

Public health epidemics, such as the COVID-19 pandemic, and outbreaks of diseases along with measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

In April 2009, an outbreak of the H1N1 virus, commonly referred to as “swine flu,” occurred in Mexico and spread to other countries, including the Philippines. In August 2014, the World Health Organization (“WHO”) declared the Ebola outbreak that originated in West Africa as an international health emergency in view of the rising death toll due to the disease. That month, a Filipino seaman in Togo was quarantined for exhibiting symptoms of Ebola virus infection but was later released after testing negative for the disease. While still Ebola-free, the Philippines, however, remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of overseas Filipino workers in the Ebola-hit West African countries; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In March 2016, the Director-General of WHO terminated the Public Health Emergency of International Concern on the Ebola Virus Disease outbreak.

In February 2015, a Filipina nurse who arrived from Saudi Arabia tested positive for the MERS-CoV (i.e., the Middle East Respiratory Syndrome-Corona virus). She was quarantined, received medical treatment, and later discharged and cleared of the disease by the Department of Health. All known contacts of the said nurse, including some passengers in the same flight that arrived from Saudi Arabia, were also cleared of the infection, putting the country once again free of an active case of the disease.

In March 2016, reports of an American woman who stayed in the Philippines for four weeks in January 2016, tested positive for the Zika virus upon returning home, indicating the local transmission of the disease through the *Aedes aegypti* mosquito. In May 2016, a South Korean national was reported to have acquired the infection while visiting the Philippines, following earlier reports of two other confirmed cases of the viral infection in the country. All of the patients had recovered, indicating that the Zika viral infection acquired in the country was self-limiting. In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans. In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control area surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus.

In late 2019, COVID-19, an infectious disease that was first reported to have been transmitted to humans in 2019 has spread globally over the course of 2020, and in March 2020, it was declared as a pandemic by the World Health Organization. While the WHO has declared the COVID-19 pandemic to be over in May 2023, there are still active and recurring cases globally, including in the Philippines. In July 2023, the President of the Philippines issued Presidential Proclamation No. 297 effectively lifting the State of Public Health Emergency throughout the Philippines brought about by the COVID-19 pandemic.

The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities and may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

Since early May 2022, cases of monkeypox have been reported from countries where the disease is not endemic, and continue to be reported in several endemic countries. In July 2022, WHO Director-General Tedros Adhanom Ghebreyesus declared the ongoing monkeypox outbreak a Public Health Emergency of International Concern.

In 2023, an outbreak of the Nipah virus was reported in India. According to the WHO, patients who contracted the Nipah virus have a 40% to 75% mortality rate depending on the public health response to the virus. In September 2023, the Department of Health confirmed that there are no cases of Nipah virus in the Philippines.

If the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu, polio, COVID-19, monkeypox, Nipah virus, or any public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect our business, financial condition and results of operations.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including our Company.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("S&P"), to BBB+ with stable outlook, while Fitch Ratings ("Fitch"), and Moody's Investors Service ("Moody's"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. In May 2020, S&P and Moody's affirmed their ratings of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. In November 2022, S&P's affirmed its rating of BBB+, with stable outlook, for the Philippines' long-term foreign currency-denominated debt. In February 2022, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, with a negative outlook. In September 2022, Moody's affirmed its rating of Baa2, with stable outlook.

The Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including us, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

RISKS RELATING TO THE OFFER AND THE OFFER SHARES

Upon listing with the PSE, the Common Shares will be subject to PSE rules and regulations, which amendments thereto may adversely affect the Common Shares.

From time to time, the PSE may issue changes to rules and regulations applicable to us which may affect the trading of the Common Shares. The PSE has recently proposed amendments to, among others, revise the criteria on what constitutes public and non-public shares by removing "purpose of investment" as a criterion, and categorically characterizing 10% ownership of the outstanding common shares in a listed company as "significant shareholdings". Given this, the shares held by investors that constitute at least 10% of the outstanding common shares in a listed company may now be deemed privately held, regardless of the purpose of such investment in the listed company. This change increases the exposure of the Company to breach the requirement on MPO, which may result in suspension of trading and, if not rectified by us, automatic delisting. In turn, this also exposes investors to risks of being unable to trade their shares, and limits the extent of their potential investments, considering that there is now a proposed quantifiable threshold that may determine whether shares are publicly or privately held.

There has been no prior market for the Common Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

There has been no prior trading in the Common Shares and there can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained.

The Offer Price has been determined after taking into consideration a number of factors including, but not limited to, our prospects, the market prices for shares of companies engaged in related businesses similar to that of our business and prevailing market conditions. The price at which the Common Shares will trade on the PSE at any point in time after the Offer may vary significantly from the Offer Price.

The market price of the Common Shares may be volatile, which could cause the value of investors' investments in the Common Shares to decline.

The Philippine securities markets are substantially smaller, less liquid, and more volatile relative to major securities markets in the United States and other jurisdictions, and are not as highly regulated or supervised as some of these other markets are. The Offer Price could differ significantly from the price at which the Common

Shares will trade subsequent to completion of the Offer. There is no assurance that investors may sell the Offer Shares at prices or at times deemed appropriate.

The market price of the Common Shares could be affected by several factors, including: volatility in stock market prices and volume; fluctuations in our consolidated revenue, cash flow and earnings; general market, political and economic conditions; changes in earnings estimates and recommendations by financial analysts; differences between our actual financial and operating results and those expected by investors and financial analysts; changes in market valuations of listed stocks in general and other retail stocks in particular; the market value of our assets; market news and rumors; changes to Government policy, legislation or regulations; changes in our relationships with regulators; our dividend policy; future sales of our equity or equity-linked securities; and general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Common Shares.

In part as a result of recent global economic downturns, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these could adversely affect the market price of the Common Shares. There is no assurance that we will be able to manage such risk.

The PSE recently announced the immediate effectivity of its guidelines for short selling transactions, following regulatory support by the SEC. Pursuant to this development, investors may opt to take advantage of declining market prices of eligible securities. These eligible securities, however, only includes member companies of the PSE index and exchange traded funds, which criteria may be subject to review and amendment by the PSE from time to time.

There can be no guarantee that the Offer Shares will be listed on the PSE, or that there will be no regulatory action that could delay or affect the Offer.

Purchasers of the Trading Participants and Retail Offer Shares will be required to pay for such Offer Shares on the Trading Participants and Retail Offer Settlement Date, which is expected to be on or about [May 24, 2024] and purchasers of the Institutional Offer Shares will be required to pay on the Institutional Offer Settlement Date, which is expected to be on or about [May 31, 2024]. There can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

The Offer Shares may not be a suitable investment for all investors.

Each prospective investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of our Company and our business, the merits and risks of investing in the Offer Shares and the information contained in this Prospectus; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for purchasing and receiving dividends on the Offer Shares is different from the potential investor's currency; (iv) understand and (v) be familiar with the behavior of any relevant financial markets; and be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Moreover, potential investors should note that offers by the International Underwriters of the Offer Shares will be made to persons located outside the Philippines and therefore, would not be governed by Philippine laws. As such, the type and level of due diligence that is conducted by the International Underwriters, and any conflict-of-interest considerations to which they may be subject, may be different from those applicable to the Domestic Underwriters. There is, therefore, no assurance that the due diligence conducted by the International Underwriters and the standard of avoidance of conflict of interest maintained by the same as regards the Issuer would be with the same as the Domestic Underwriters, which is subject to the supervision of the Philippine SEC.

Future sales of shares in the public market could adversely affect the prevailing market price of the Common Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of our business and operations, the Board will consider the funding options available to them at the time, which may include the issuance of new shares. Pursuant to an amendment to the Articles of Incorporation approved by the Board of Directors and the stockholders on April 20, 2023, our stockholders shall have no pre-emptive right to subscribe to any issue or disposition of shares of any class. While the Revised Corporation Code of the Philippines and the listing rules of the PSE provide for some degree of minority shareholders' protection, if additional funds are raised by us through the issuance of new equity or equity-linked securities other than on a *pro rata* basis to existing shareholders such as through a share rights offer, the percentage ownership of existing shareholders may be reduced, shareholders may experience subsequent dilution or such securities may have rights, preferences and privileges senior to those of the Offer Shares.

Further, the market price of the Common Shares could decline as a result of future sales of substantial amounts of the Common Shares in the public market or significant sales, including by our shareholders, or the issuance of new shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Common Shares or our ability to raise capital in the future at a time and at a price we deem appropriate.

The PSE rules require existing shareholders owning at least 10% of the outstanding shares of a company not to sell, assign or in any manner dispose of their shares for a period of 180 days after the listing of the company's common shares. In addition, all shares issued or transferred within 180 days prior to the commencement of the offer at an issue price less than the price per offer share shall be subject to a lock-up period of at least 365 days from the date that full payment is made on such common shares, as required by the PSE. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

Moreover, a listed company on the PSE shall be prohibited from offering additional securities, except offerings for stock dividends and employee stock option plans, within 180 calendar days from the date of initial listing.

Except for such restrictions, there is no restriction on our ability to issue Common Shares or the ability of any of our shareholders to dispose of, encumber or pledge, their Common Shares, and there can be no assurance that we will not issue shares or that such shareholders will not dispose of, encumber or pledge, their common shares.

Investors may incur immediate and substantial dilution as a result of purchasing Common Shares in the Offer.

The issue price of the Common Shares in the Offer may be substantially higher than the net tangible book value of net assets per share of the outstanding Common Shares. Therefore, purchasers of Common Shares in the Offer may experience immediate and substantial dilution and our existing shareholders may experience a material increase in the net tangible book value of net assets per share of the Common Shares they own. See "*Dilution*" on page 72 of this Prospectus.

The relative volatility and illiquidity of the Philippine securities market may substantially limit investors' ability to sell the Offer Shares at a suitable price or at a time they desire.

The Philippine securities markets are substantially smaller, less liquid, and more volatile relative to major securities markets in the United States and other jurisdictions, and are not as highly regulated or supervised as some of these other markets are. The Offer Price could differ significantly from the price at which the Common Shares will trade subsequent to completion of the Offer. There is no assurance that investors may sell the Offer Shares at prices or at times deemed appropriate.

In recent years, stock markets, including the PSE, have experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our Common Shares. There is no assurance that we will be able to manage such risk.

Shareholders may be subject to limitations on minority shareholders' rights and regulations may differ from those in more developed countries.

Our corporate affairs are governed by our Articles of Incorporation and By-Laws and the Revised Corporation Code of the Philippines. The laws of the Philippines relating to the protection of interests of minority shareholders differ in some respects from those established under the laws of more developed countries. Such differences may mean that our minority shareholders may have less protection than they would have under the laws of more developed countries. The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or the United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Revised Corporation Code of the Philippines, however, provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds our outstanding capital stock is required. The Revised Corporation Code of the Philippines also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

There can be no assurance that we will be able to pay dividends or maintain any given level of dividends.

We are a holding company and conduct no significant business operations, apart from our operation of the Clark Solar Power Project. The majority of our operating projects are held by the various operating companies and joint ventures, which we hold or are invested in. See “*Business —Corporate Structure*” on page 155 of this Prospectus. We expect to depend upon the dividends and distributions from our operating companies and joint ventures for our cash flow. The majority of our assets are held by, and our earnings and cash flows are ultimately attributable to, the operating companies and joint ventures. As a holding company, our income, on a standalone basis, is primarily derived from dividends and distributions from the operating companies and joint ventures. Our liquidity, ability to pay expenses, and meet obligations, are primarily dependent upon the flow of funds from our operating companies and joint ventures. If we do not generate sufficient net operating profit, our income and resulting ability to pay dividends will be adversely affected. Dividends shall be declared and paid out of our unrestricted retained earnings, which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. However, our Board of Directors, in its discretion, may decide to declare dividends to be payable in property or shares. The declaration of dividends is subject to the requirements of applicable laws and regulations, and circumstances which restrict the payment of dividends.

Our Board of Directors may, at any time, modify any dividend policy taking into consideration various factors including: the level of our cash earnings, return on equity and retained earnings; our results for, and our financial condition at the end of, the year in respect of which the dividend is to be paid and its expected financial performance; the projected levels of capital expenditure and other investment plans; restrictions of payment of dividends that may be imposed on us by any of our financing arrangements and current and prospective debt service requirements; and such other factors as our Board of Directors deems appropriate. See “*Dividends and Dividend Policy*” on page 66 of this Prospectus.

No assurance can be given as to our ability to make or maintain dividends. Nor is there any assurance that the level of dividends will increase over time, or that we will generate adequate income available for dividends to shareholders. See also “*—We are a holding company and primarily depend on dividends and distributions from our subsidiaries and joint ventures.*”

The Common Shares are subject to Philippine foreign ownership limitations.

The Common Shares are subject to Philippine foreign ownership limitations. The Philippine Constitution and related statutes set restrictions on foreign ownership in companies engaged in certain activities.

The Philippine Constitution provides that the exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens.

In 2009, the DOE promulgated Department Circular No. DC2009-05-0008 or the Implementing Rules and Regulations of the Renewal Energy Act or Republic Act No. 9513. In the said Department Circular No. DC2009-05-0008, the DOE interpreted the Constitutional restriction to apply to “potential energy sources such as kinetic

energy from water, marine current and wind, thermal energy from solar, ocean, geothermal and biomass.” The exploration, development and utilization of renewable energy resources, namely, solar, wind, hydropower, geothermal and ocean or tidal energy was reserved to Filipino citizens and corporations or associations at least sixty percent (60%) of whose capital is owned by Filipinos.

In 2022, the DOE promulgated Department Circular No. DC2022-11-0034 amending Department Circular No. DC2009-05-0008. In Department Circular No. DC2022-11-0034, the DOE recognized that the Renewable Energy Act contains no provision imposing the afore-cited ownership restriction. Thus, the DOE amended Department Circular No. DC2009-05-0008 and confirmed that the State may enter into renewable energy service or operating contracts with Filipino and/or foreign citizens or Filipino and/or foreign-owned corporations or associations.

Following this amendment, foreign investors may now own up to 100% of renewable energy companies. However, with respect to hydropower or hydroelectric power, the Department of Justice clarified in Department of Justice Opinion No. 23, series of 2022, that the “generation of hydroelectric power entails the use of a dam or diversion structure to alter the flow of a river or any inland body of water to generate kinetic energy from the wash of water as it flows downstream through the dam”, and under the Water Code, “only Filipino citizens and entities can directly appropriate such waters, such as by the use of a dam, for purposes of power generation.” Thus, if an entity must appropriate waters to generate hydroelectric energy, the entity that constructs the dam (or any similar edifice) to divert the water, must be Filipino, i.e., with 60% of its capital owned by Filipinos. This limitation only applies to the entity that appropriates the water, since as per the Department of Justice, “once the water passes through the dam and rushes downstream, the energy produced by it is considered kinetic energy” and the entity to harness this energy is not subject to foreign ownership restrictions.

Further, the Philippine Constitution reserves the ownership of private lands in the Philippines to Filipino citizens and corporations and associations at least 60% of whose capital is owned by Filipino citizens. As of the date of this Prospectus, we are in the process of acquiring certain parcels of land in the Philippines in the ordinary course of our business activities. Given the foregoing, foreign shareholdings in our company may not exceed 40% of the total issued and outstanding capital stock. We cannot allow the issuance or the transfer of shares to persons other than Philippine Nationals and cannot record transfers in our books if such issuance or transfer would result in us ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership.

These restrictions may adversely affect the liquidity and market price of the Common Shares to the extent international investors are not permitted to purchase Common Shares in normal secondary transactions. As of the date of this Prospectus, we are compliant with all conditions for foreign shareholder ownership under the prevailing provisions of applicable laws. See “*Principal Shareholders*” on page 293 of this Prospectus.

Future changes in the value of the Philippine Peso against the U.S. dollar and other currencies will affect the foreign currency equivalent of the value of the Common Shares and any dividends.

Fluctuations in the exchange rate between the Philippine Peso and other currencies will affect the foreign currency equivalent of the Philippine Peso price of the Common Shares on the PSE. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in Philippine Pesos by us on, and the Philippine Peso proceeds received from any sales of, the Common Shares.

The Philippine economy has experienced volatility in the value of the Philippine Peso and also limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Philippine Peso can be traded and valued freely on the market. As a result, the value of the Philippine Peso underwent significant fluctuations between July 1997 and December 2004 and the Philippine Peso declined from approximately ₱29.00 to U.S.\$1.00 in July 1997 to ₱56.18 to U.S.\$1.00 by December 2004. As of December 31, 2022, according to the BSP reference exchange rate bulletin, the Philippine Peso was at ₱56.1200 per U.S.\$1.00 from ₱50.7740 per U.S.\$1.00 as of December 31, 2021. As of December 29, 2023, the Philippine Peso was at ₱55.5670 against the U.S. dollar. See “*Exchange Rates*” on page 69 of this Prospectus.

The transfer of Offer Shares is restricted in certain jurisdictions which may adversely affect their liquidity and the price at which they may be sold.

The Offer Shares have not been registered under, and we are not obligated to register the Offer Shares under, the U.S. Securities Act or the securities laws of any jurisdiction (other than the Philippines) and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws. See “*Plan of Distribution*” on page 319 of

this Prospectus. We have not agreed to or otherwise undertaken to register the Offer Shares in such under the U.S. Securities Act or under the securities laws of any jurisdiction (other than in the Philippines), and we have no intention of doing so.

Overseas shareholders may not be able to participate in our future rights offerings or certain other equity issues.

If we offer or cause to be offered to holders of the Offer Shares rights to subscribe for Common Shares or any right of any other nature, we will have discretion as to the procedure to follow in making such rights available to holders of the Offer Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For example, such rights may not be offered to holders of the Common Shares who are U.S. persons (as defined in Regulation S) or have a registered address in the U.S. unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for the Issuer to offer such rights to holders and sell the securities represented by such rights; or (ii) the offer and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act.

We have no obligation to prepare or file any registration statement outside of the Philippines if the offer and sale of rights to subscribe for securities or the underlying securities are exempted from the applicable registration requirements. Accordingly, shareholders who are subject to similar restrictions may be unable to participate in rights offerings and may experience a dilution in their holdings.

Overseas shareholders may be subject to restrictions on repatriation of Philippine Pesos received with respect to the Common Shares.

Under BSP regulations, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange within the Philippine banking system. In particular, a foreign investment must be registered with the BSP if foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon is sourced from the Philippine banking system. See “Regulatory and Environmental Matters – Other Laws – Registration of Foreign Investments and Exchange Controls” on page 281 of this Prospectus.

Developments in other markets and countries may adversely affect the Philippine economy and, therefore, the market price of the Common Shares.

In the past, the Philippine economy and the securities of Philippine companies have been, to varying degrees, influenced by economic and market conditions in other countries, especially other countries in Southeast Asia, as well as investors’ responses to those conditions. Although economic conditions are different in each country, investors’ reactions to adverse developments in one country may affect the market price of securities of companies in other countries, including the Philippines. Accordingly, adverse developments in the global economy could lead to a reduction in the demand for, and market price of, the Common Shares. There is no assurance that we will be able to manage such risk.

The intended use of the proceeds of the Offer may be delayed or may not materialize.

The net proceeds from the sale of the Firm Shares are intended to be used for the purposes and in the manner set out in “Use of Proceeds”. In particular, the net proceeds from the sale of the Firm Shares shall be used by us to fund our capital expenditures and pipeline project development.

As we progress with the expansion of our renewable energy portfolio, we may encounter certain unforeseen events that may delay the commencement of construction or operation. Moreover, our management will have discretion over the detailed use and investment of the net proceeds of the Offer and we may not use the proceeds from the sale of the Firm Shares in the exact manner set out in “Use of Proceeds”.

RISKS RELATING TO CERTAIN INFORMATION IN THE PROSPECTUS

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus relating to the Philippines, the power transmission business and the power industry and market, generally, including statistics relating to market size, is derived from various Government and private publications. This Prospectus also contains industry information which was prepared from available public sources and independent market research conducted by Lantau. The information contained in that section may not be consistent with other information regarding our industry. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by us, the Underwriters, or any of their respective affiliates or advisors, and may not be accurate, complete, up to date or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

The presentation of certain financial information in this Prospectus may be of limited use to investors and may not be indicative of future results.

This Prospectus contains certain unaudited pro forma condensed consolidated financial information. Such pro forma condensed consolidated financial information includes the pro forma condensed consolidated financial information as of and for the year ended December 31, 2023, to illustrate the effects on our financial statements had the CREIT Disposition occurred as of January 1, 2023 for the purposes of the pro forma condensed consolidated statements of financial position, total comprehensive income, changes in equity and cash flows. For further details, see Note 2 of the unaudited pro forma condensed consolidated financial statements as of and for the year ended December 31, 2023, and the notes thereto, included elsewhere in this Prospectus. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The pro forma condensed consolidated financial information does not purport to represent what our results of operations and financial position would actually have been had the CREIT Disposition in fact occurred as of January 1, 2023, nor is it indicative of our results of operations for any future period or date, and should not be relied upon as being so indicative.

USE OF PROCEEDS

Our gross proceeds from the sale of Firm Shares will be ₱[6,928.6] million (U.S.\$[124.7] million). We estimate that the net proceeds from the sale of Firm Shares will be approximately ₱[6,559.8] million (U.S.\$[118.0] million) after deducting the applicable underwriting fees, costs and expenses for the Offer payable by us. We will not receive any proceeds from the sale by the Selling Shareholders of any Option Shares, to the extent the Overallotment Option is exercised.

ESTIMATED EXPENSES

Based on an Offer Price of up to ₱[3.88] per Offer Share, we estimate that the total proceeds from the offer of Firm Shares, total expenses for the offer of Firm Shares and the net proceeds from the offer of Firm Shares will be:

	Estimated Amounts (₱ millions)
Estimated Total proceeds from the offer of Firm Shares	[6,928.6]
Estimated Expenses:	
Underwriting fees for the offer of the Firm Shares:	
International Underwriters fees	[121.3]
Domestic Underwriters fees	[38.1]
Fees to be paid to the PSE Trading Participants ⁽¹⁾	[13.9]
Documentary Stamp Tax to be paid	[69.3]
Philippine SEC Registration, Filing and Legal Research Fees.....	[6.1]
PSE Filing Fee	[30.1]
Estimated professional fees:	
Legal fees ⁽²⁾	[46.7]
Audit fees	[5.0]
Financial Advisory fees ⁽³⁾	[14.5]
Other professional fees:	
Independent Market Research Consultant fees ⁽⁴⁾	[7.9]
Third-Party Rating Consultant fees ⁽⁵⁾	[3.1]
Public Relations Consultant fees ⁽⁶⁾	[6.7]
Escrow Agency Fees	[2.5]
Receiving Agency Fees	[0.7]
Estimated other expenses ⁽⁷⁾	[3.0]
Total estimated expenses from the offer of Firm Shares	[368.8]
Estimated net proceeds from the offer of Firm Shares	[6,559.8]

Notes:

- (1) The 1.00% selling commission of the PSE Trading Participants on the final take-up of the Firm Shares shall be paid directly by the Issuer, through the Receiving and Paying Agent, and will not form part of the underwriting fees. The selling commission of PSE Trading Participants shall be inclusive of VAT. Estimated selling agent fees are based on the assumption that the PSE Trading Participants take up the 20% tranche allocated to them in the Offer.
- (2) Includes the fees for Legal Advisers engaged in relation to the Offer, which refers to (i) the fees for the Issuer's Philippine and foreign counsel, Romulo Mabanta Buenaventura Sayoc & de los Angeles and Latham & Watkins LLP, respectively, and (ii) fees for the legal opinion delivered by Adarlo Caoile and Associates Law Firm in respect of the Group's material permits and licenses.
- (3) The Company engaged AlphaPrimus as financial advisor, which was responsible for providing overall financial advice to the Company in respect of the Offer. See "*Independent Auditors and Other Experts – Independent Market Research Consultant*" on page 329 of this Prospectus.
- (4) The Company engaged Lantau to prepare the industry report included in this Prospectus. See "*Independent Auditors and Other Experts – Financial Advisor*" on page 329 of this Prospectus.
- (5) The Company engaged Sustainalytics as its third-party rating consultant to conduct an independent ESG risk rating and Corporate ESG assessment.
- (6) The Company engaged Ashbury Communications as its public relations consultant in connection with the Company's plans to become a public company. Ashbury Communications is a strategic communications consultancy specializing in sustainable finance and technology.

- (7) Estimated other expenses include fees for printing, publication, shipping and other miscellaneous expenses that the Company expects to incur in relation to the Offer.

If the Over-allotment option is exercised, and based on an Offer Price of up to ₱[3.88] per Offer Share, we estimate that the total proceeds from the offer of Option Shares, total expenses for the offer of Option Shares and the net proceeds from the offer of Offer Shares will be:

	Estimated Amounts (₱ millions)
Estimated Total proceeds from the offer of Option Shares.....	[1,039.3]
Estimated Expenses:	
Selling fees for the offer of the Option Shares (including the Underwriters' fees).....	[26.0]
Stock Transaction Tax to be paid	[6.2]
Crossing expenses.....	[5.2]
Total estimated expenses from the offer of Option Shares	[37.4]
Estimated net proceeds from the offer of Option Shares.....	[1,001.9]

We will not receive any proceeds from the sale by the Selling Shareholders of any Option Shares, to the extent the Overallotment Option is exercised.

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts. The estimated expenses set forth in the table above reflect the estimated expenses relating to the Offer and are presented in this Prospectus for convenience only.

USE OF PROCEEDS

Details on the proposed use of proceeds from the sale of Firm Shares, based on the Offer Price of up to ₱[3.88] per Offer Share, are as follows:

Use of Proceeds	Total Estimated Amounts	Estimated Timing of Disbursement	
	₱ millions	Year	Estimated Amount in ₱ millions per year
Capital Expenditures and Pipeline Development (solar energy plants)	[5,320.8]	2024	[3,505.5]
Capital Expenditures and Pipeline Development (BESS).....	[939.0]	2025	[1,815.3]
		2024	[939.0]
For general corporate purposes.....	[300.0]	2024 – 2025	[300.0]
Estimated Net Proceeds	[6,559.8]		

In the event that the net proceeds from the sale of Firm Shares is less than the expected amount, we intend to allocate the proceeds in order of priority as follows:

- (a) capital expenditures and pipeline development (solar energy plants) for the year 2024;
- (b) capital expenditures and pipeline development (solar energy plants) for the year 2025; and
- (c) capital expenditures and pipeline development (BESS) for the year 2024.

Approximately [P6,259.7] million or [95.4]% of the net proceeds from the sale of Firm Shares will be used to fund the capital expenditures and pipeline development for solar energy power plants and BESS of the Issuer. Please see “*Business – Renewable Energy Portfolio – Overview – Projects that are Ready-to-Build/Under Construction*” and “*—Projects in Advanced Development*” on pages 159 and 160, respectively, of this Prospectus. The balance of our funding requirements shall be sourced from internally generated cash and project financing facilities with certain banks.

The Issuer will require [P300.0] million for general corporate purposes which include, but are not limited to, expenses related to business development, general working capital requirements, corporate office overhead, administrative expenses and other costs shouldered by the Issuer in the normal course of business operations not specifically related to any single project.

The proposed use of proceeds described above represents best estimates of the use of net proceeds of the Firm Shares based on our current plans and expenditures. Other than as described above, no part of the net proceeds from the Firm Shares shall be used to acquire assets outside of the ordinary course of business or finance the acquisition of other businesses, or to reimburse any officer, director, employee or shareholder of the Company for services rendered, assets previously transferred, money loaned or advanced, or otherwise, or repay any of our debt obligations with any of the Underwriters. The actual amount and timing of disbursement of the net proceeds from the Firm Shares for the uses stated above will depend on various factors which include, among others, changing market conditions or new information regarding the cost or feasibility of our expansion projects. Our cost estimates may change as we develop our plans, and actual costs may be different from our budgeted costs. To the extent that the net proceeds from the Firm Shares are not immediately applied to the above purposes, we will invest the net proceeds in interest-bearing short term demand deposits and/or money market instruments.

We undertake not to use the net proceeds from the Offer for any purpose, other than discussed above. In the event of any deviation, adjustment or reallocation in the planned use of proceeds, we shall inform the PSE and the SEC in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board of Directors and disclosed to the PSE and the SEC. In addition, we shall submit via the PSE’s Electronic Disclosure Generation Technology (“**PSE EDGE**”) the following disclosures to ensure transparency in the use of proceeds:

- (a) material disbursements made in connection with the planned use of proceeds from the Firm Shares;
- (b) quarterly progress reports on the application of the proceeds from the Firm Shares on or before the first 15 days of the following quarter; the quarterly progress reports should be certified by our Chief Financial Officer or Treasurer and external auditor;
- (c) annual summary of the application of the proceeds on or before January 31 of the following year, which will be certified by our Chief Financial Officer or Treasurer and external auditor; and
- (d) approval by the Board of Directors of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items (b) and (c) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in this Prospectus, if any. The detailed explanation must state the approval of the Board of Directors as required in item (d) above. We will submit an external auditor’s certification of the accuracy of the information reported by us to the PSE and the SEC in our quarterly and annual reports.

DIVIDENDS AND DIVIDEND POLICY

LIMITATIONS AND REQUIREMENTS

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. We are permitted under Philippine law to declare cash, property and stock dividends, subject to certain requirements. See “*Description of the Common Shares—Rights Relating to Shares—Dividend Rights of the Common Shares*” on page 299 of this Prospectus.

The approval of the board of directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the total outstanding capital stock (which refers to the total shares of stock subscribed by, under binding subscription agreements with, subscribers or stockholders, whether paid in full or in part, except treasury shares) at a regular or special meeting duly called for the purpose.

The Revised Corporation Code of the Philippines generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation; (ii) when the required consent of any financing institution or creditor to such distribution has not been secured; (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

RECORD DATE AND PAYMENT DATE

Pursuant to existing Philippine SEC rules, any declaration of cash dividends must have a record date not less than 10 nor more than 30 days from the date of declaration. For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders’ approval. In either case, the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC. In case no record date is specified for the cash and stock dividend declaration, then the same shall be deemed fixed at 15 days from such declaration.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment by such foreign shareholder was first registered with the BSP.

Pursuant to the “Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends” of the Philippine SEC and the PSE disclosure rules, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than 18 trading days after the record date (the “**Payment Date**”); provided that in the case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends’ listing date.

DIVIDEND POLICY

Our annual dividend declaration is at 30.0% of the prior year’s net profit so that we may deploy our excess cash to support our expansion plans. Subject to future requirements, the Board of Directors may adjust the dividend declaration threshold.

The Board of Directors, may, at any time, implement and modify the dividend policy depending upon the results of operations and future projects and plans and other considerations. In addition, the Group is subject to certain debt covenants in its loan agreements, which may affect their ability to declare or pay dividends under certain circumstances, such as in the event of default or if any such payments would result in an event of default, or if certain financial ratios are not maintained.

Dividends, if any, shall be declared and paid out of our unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of the outstanding stock held by them. Unless otherwise required by law, the Board of Directors, has sole discretion, to determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- (1) the level of our earnings, cash flow, return on equity and retained earnings;
- (2) our results for and financial condition at the end of the year in respect of which the dividend is to be paid and expected financial performance;
- (3) the projected levels of capital expenditures and other investment programs;
- (4) restrictions on payments of dividends that may be imposed on us by any current or future financing arrangements and current or prospective debt service requirements;
- (5) dividend payment obligations under relevant shareholder agreements, if any; and
- (6) such other factors as the Board of Directors deems appropriate.

We may also in the future enter into certain financing agreements that would restrict our ability to pay dividends.

HISTORY OF DIVIDEND PAYMENT

On December 15, 2023, we declared special cash dividends in the aggregate amount of ₱10.0 million or approximately ₱0.0014 per share, payable to stockholders of record as of December 27, 2023 and were distributed on January 23, 2024.

Apart from the foregoing, no other dividends were declared and distributed to stockholders since our incorporation.

DIVIDEND POLICIES OF SUBSIDIARIES

Citicore Solar Batangas 1, Inc., Citicore Solar Batangas 2, Inc. and Greencore Power Solutions 3, Inc.

The respective Board of Directors of Citicore Solar Batangas 1, Inc., Citicore Solar Batangas 2, Inc. and Greencore Power Solutions 3, Inc. periodically reviews the amount of dividends to be paid and the frequency of dividend payments in light of earnings, financial condition, cash flows, capital requirements, and other considerations that the Board of Directors may deem appropriate. Dividends are declared and paid out of unrestricted retained earnings, which are payable in cash to all shareholders based on the class of outstanding stock held by them.

Unless otherwise required by law, the Board of Directors, at its sole discretion, determines the amount, and the date of payment of dividends to the shareholders, provided that for as long as there exists unrestricted retained earnings. The Board of Directors shall resolve to declare the maximum amount of dividends distributable on a quarterly basis, taking into consideration a range of factors, including, but not limited to:

- The level of earnings, cash flow, return on equity, return of capital, shareholder advances, and retained earnings;
- The results for financial projects and/or financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- The projected levels of capital expenditures, operating expenditures which should not be more than three-month's worth), and other investment programs;
- Restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and/or
- Other factors that the Board of Directors may deem appropriate.

CREIT

CREIT has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which CREIT's shareholders may be entitled to receive at least 90% of the REIT's annual Distributable Income (as

defined under the REIT Law). CREIT intends to declare and pay out at least 95% of its Distributable Income, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings; the terms and conditions of CREIT's outstanding loan facilities in the event it incurs indebtedness; and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, when there is a need for special reserve for probable contingencies. CREIT intends to declare and pay out dividends on a quarterly basis each year.

The remaining subsidiaries are still in the process of establishing formal dividend policies. The Board and Senior Management will periodically review the financial condition of each company and consider the adoption of a more definitive dividend policy, taking into consideration, among others, such company's earnings, financial condition, cash flows, and capital requirements.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

There were no securities sold by the Company within the past three years which were not registered under the SRC, except for the amendment to our Articles of Incorporation to reduce the par value of the Common Shares from ₱1.00 to ₱0.07 per share, resulting in an increase in the number of subscribed Common Shares from 500,000,000 Common Shares to 7,142,857,142 Common Shares.

EXCHANGE RATES

Fluctuations in the exchange rates between the Philippine Peso and the U.S. dollar and other foreign currencies will affect the equivalent in U.S. dollars or other foreign currencies of the Philippine Peso price of the Offer Shares on the PSE, of dividends distributed in Philippine Pesos by the Issuer, if any, and of the Philippine Peso proceeds received by investors on a sale of the Offer Shares on the PSE, if any. Fluctuations in such exchange rates will also affect the Philippine Peso value of the Issuer's assets and liabilities which are denominated in currencies other than Philippine Pesos.

The following table sets forth certain information concerning the exchange rate as set out in the BSP Daily Reference Exchange Rate Bulletin between the Philippine Peso and the U.S. dollar for the periods and dates indicated, expressed in Philippine Pesos per U.S.\$1.00:

Year	Peso/U.S. dollar exchange rate			
	Period end	Average ⁽¹⁾	High ⁽²⁾	Low ⁽³⁾
2019	50.74	51.80	52.89	50.49
2020	48.04	49.62	51.32	48.03
2021	50.77	49.25	50.96	47.67
2022	56.12	54.78	50.97	58.99
2023	55.57	55.59	55.92	55.32
2024				
January	56.34	55.97	56.41	55.42
February	56.19	56.06	56.40	55.85
March	56.28	55.85	55.40	56.33

Notes:

- (1) Average exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period.
- (2) Highest daily exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period.
- (3) Lowest daily exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period.

On December 29, 2023, the closing rate quoted on the BSP Daily Reference Exchange Rate Bulletin was U.S.\$1.00 = ₱55.57.

DETERMINATION OF THE OFFER PRICE

The Offer Price has been set at up to ₱[3.88] per Offer Share. The Offer Price will be determined through a book-building process and discussion among our Company and the Joint Bookrunners. Since the Common Shares have not been listed on any stock exchange, there has been no market price for the Common Shares derived from day-to-day trading.

The factors considered in determining the Offer Price were, among others, our ability to generate and grow our earnings and cash flow, our short and long-term prospects, the present value of the Company's projected cash flows, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer and the market valuation of comparable listed companies. The Offer Price may not have any correlation to the actual book value of the Offer Shares.

CAPITALIZATION

As of December 31, 2023, our authorized capital stock was ₱2,000,000,000.00 divided into 27,857,142,857 Common Shares each with a par value of ₱0.07 and 50,000,000 Preferred Shares each with a par value of ₱1.00. As of December 31, 2023, there are 7,142,857,143 Common Shares issued and outstanding.

The following table sets forth our capitalization and indebtedness as of December 31, 2023, and as adjusted to give effect to the issuance of the Offer Shares. This table should be read in conjunction with our audited financial statements as of December 31, 2023 and notes thereto, included in this Prospectus.

	As of December 31, 2023		As of December 31, 2023 as adjusted to give effect to the Offer	
	₱	U.S.\$ ⁽¹⁾	₱	U.S.\$ ⁽¹⁾
	(in millions)			
Total Debt⁽²⁾	13,639.0	245.4	13,639.0	245.45
Equity				
Share capital	500.0	9.0	625.0	11.2
Additional paid-in capital	925.2	16.6	7,728.77	139.1
Other reserves	4,397.9	79.1	4,397.9	79.1
Retained earnings	1,671.5	30.1	1,671.5	30.1
Total Equity	7,494.6	134.9	14,423.1	259.5
Total Capitalization	21,133.5	380.3	28,062.1	505.0

Notes:

- (1) The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Daily Reference Exchange Rate as of December 29, 2023 of U.S.\$1.00=₱55.57. See "Exchange Rates."
- (2) Total Debt consists of trade and other payables, dividends payable, income tax payable, lease liabilities, loan payable, bonds payable, deposits and deferred rent income and deferred income tax liabilities. Total Debt does not include the amount of drawdown from the BDO OLSA described below, and any other indebtedness incurred after December 31, 2023. See "Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Liquidity and Capital Resources – Indebtedness," on page 105 of this Prospectus.

As of December 31, 2023, CSB1 has drawn down a total amount of ₱2,400,090,000.00 for the purpose of financing the EPC down payment and progress billings in connection with one of the solar energy power projects under the Batangas 1 Solar Project which is under construction. The drawdown was made pursuant to the Omnibus Loan and Security Agreement with BDO Unibank, Inc. as lender, dated August 1, 2023, as amended on October 23, 2023. See "Material Agreements" on page 240 of this Prospectus. Apart from this and the CREIT Disposition, there has been no material change in our capitalization since December 31, 2023.

DILUTION

If you invest in the Offer Shares, your interest will be diluted for each Offer Share you purchase to the extent of the difference between the offer price per Offer Share and our net tangible book value per Common Share after the Offer. As of December 31, 2023, our net tangible book value per Share was ₱[1.05]. Net tangible book value per Common Share represents total assets minus total liabilities divided by the total number of Shares outstanding.

After giving effect to the sale of the Firm Shares (at an Offer Price of up to ₱[3.88] per Offer Share), and after deducting estimated discounts, commissions, estimated fees and expenses of the Offer, the net tangible book value per Common Share would be ₱[1.62] per Offer Share. At the Offer Price of ₱[3.88], the Common Shares will be purchased at a premium of ₱[2.26] to net tangible book value per Common Share.

The following table illustrates dilution on a per Common Share basis based on an Offer Price of up to [₱3.88] per Offer Share assuming full exercise of the Overallotment Option:

Offer Price per Offer Share	₱[3.88]
Net tangible book value per Share as of December 31, 2023	₱[1.05]
Net tangible book value per share as adjusted after the Offer	₱[1.62]
Dilution to investors in the Offer	₱[2.26]

The foregoing computation is based on the consolidated book value of the Company as of December 31, 2023, and does not reflect the total equity attributable to shareholders of the Company as of December 31, 2023 or adjustments to such total equity attributable to shareholders of the Company following the CREIT Disposition completed on March 27, 2024. The dilution to investors in the Offer will increase if the basis of the book value was the total equity attributable to shareholders of the Company as of December 31, 2023 and if adjusted as a result of such disposition of shares in CREIT.

The following table sets forth the shareholdings, and percentage of Common Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer, assuming the Overallotment Option is not exercised:

	Number of Shares	%
Existing shareholders	[7,142,857,143]	[80.0]
New investors	[1,785,715,000]	[20.0]
Total	[8,928,572,143]	[100.0]

The following table sets forth the shareholdings, and percentage of Common Shares outstanding, of existing and new shareholders immediately after completion of the Offer, assuming full exercise of the Overallotment Option:

	Number of Shares	%
Existing shareholders	[6,874,999,143]	[77.0]
New investors	[2,053,573,000]	[23.0]
Total	[8,928,572,143]	[100.0]

See “Risk Factors — Risks Relating to the Offer and the Offer Shares — Future sales of shares in the public market could adversely affect the prevailing market price of the Common Shares and shareholders may experience dilution in their holdings.” and “— Investors may incur immediate and substantial dilution as a result of purchasing Common Shares in the Offer.” on page 58 of this Prospectus.

SELECTED FINANCIAL INFORMATION

The following tables present the summary of selected financial information and should be read in conjunction with the independent auditors' reports and our financial statements, including the notes thereto, included elsewhere in this Prospectus, and the section entitled "Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations." The summary financial information as of and for the years ended December 31, 2021, 2022 and 2023 were derived from our audited financial statements, which were prepared in accordance with PFRS and were audited by Isla Lipana & Co. in accordance with the PSA.

The summary financial information below is not necessarily indicative of the results of future operations. Furthermore, the translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of December 29, 2023 of ₱55.57= U.S.\$1.00.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31			
	(in million, except for earnings per share)			
	2021	2022	2023	2023
	(Audited)	(Audited)	(Audited)	(Unaudited)
	₱	₱	₱	U.S.\$
Revenues				
Sale of electricity.....	991.7	2,097.8	2,962.6	53.3
Lease income.....	—	648.1	664.4	12.0
Service fees	17.0	44.3	56.9	1.0
	1,008.7	2,790.2	3,683.9	66.3
Cost of services	(490.7)	(1,597.7)	(2,398.2)	(43.2)
Gross profit.....	518.0	1,192.5	1,285.7	23.1
Operating expenses	(167.6)	(215.8)	(211.3)	(3.8)
Share in net income (loss) of a joint venture	(2.5)	206.7		
			218.1	3.9
Income from operations	348.0	1,183.4	1,292.5	23.3
Finance costs.....	(223.2)	(367.5)	(412.0)	(7.4)
Other income, net.....	59.4	27.6	55.4	1.0
Income before income tax	184.2	843.5	935.9	16.8
Income tax expense (benefit)	(8.1)	9.9	25.8	0.4
Net income for the year	192.3	833.6	910.1	16.4
Other comprehensive (loss) income				
Other comprehensive (loss) income that will not be subsequently reclassified to profit or loss				
Remeasurement (loss) gain on retirement benefits, net of tax.	10.2	7.5	(12.1)	(0.2)
Total comprehensive income for the year	202.5	841.1	898.1	16.2
Net income attributable to:				
Shareholders of the Parent Company	192.3	631.6	685.0	12.3
Non-controlling interest	—	202.0	225.2	4.1
	192.3	833.6	910.1	16.4
Total comprehensive income attributable to:				
Shareholders of the Parent Company.....	202.5	639.1	672.9	12.1
Non-controlling interest		202.0	225.2	4.1
	202.5	841.1	898.1	16.2
Earnings per share				
Basic and diluted.....	0.0269	0.0884	0.0959	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	(in millions)		
	2022	2023	2023
	(Audited)	(Audited)	(Unaudited)
	₱	₱	U.S.\$
ASSETS			
Current assets			
Cash and cash equivalents	1,473.2	2,403.3	43.2
Trade and other receivables, net.....	6,958.2	4,818.1	86.7
Prepayments and other current assets.....	142.2	508.9	9.2
Total current assets	8,573.6	7,730.3	139.1
Non-current assets			
Trade receivables, net of current portion.....	240.9	207.8	3.7
Advances to contractor.....	—	1,677.5	30.2
Property, plant and equipment, net.....	3,233.6	9,307.7	167.5
Investment properties, net	132.2	124.9	2.2
Right-of-use assets, net.....	97.9	470.4	8.5
Investment in a joint venture and deposits.....	893.9	1,162.0	20.9
Deferred income tax assets, net.....	0.2	3.1	0.1
Goodwill	1,279.1	1,279.1	23.0
Other non-current assets.....	822.4	335.8	6.0
Total non-current assets.....	6,700.4	14,568.3	262.2
Total assets	15,273.9	22,298.6	401.3
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables.....	735.8	993.0	17.9
Dividends payable.....	102.8	124.6	2.2
Loans payable, current portion	395.9	453.6	8.2
Lease liabilities, current portion	4.9	9.5	0.2
Income tax payable.....	0.8	-	-
Total current liabilities.....	1,240.2	1,580.7	28.4
Non-current liabilities			
Loans payable, net of current portion.....	5,447.1	7,306.9	131.5
Lease liabilities, net of current portion.....	235.6	594.7	10.7
Bonds payable	—	3,959.9	71.3
Deposits and deferred rent income	104.8	192.0	3.5
Retirement benefit obligation.....	19.0	40.6	0.7
Deferred income tax liabilities, net.....	4.6	4.8	0.1
Total non-current liabilities	5,811.0	12,098.9	217.7
Total liabilities.....	7,051.2	13,679.6	246.2
Equity			
Share capital	500.0	500.0	9.0
Share premium	925.2	925.2	16.6
Other reserves.....	4,409.9	4,397.9	79.1
Retained earnings.....	996.5	1,671.5	30.1
Total equity attributable to shareholders of the Parent Company.....	6,831.7	7,494.6	134.9
Non-controlling interest.....	1,391.0	1,124.4	20.2
Total equity.....	8,222.7	8,619.0	155.1
Total liabilities and equity	15,273.9	22,298.6	401.3

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended			
	December 31			
	(in million)			
	2021	2022	2023	2023
	(Audited)	(Audited)	(Audited)	(Unaudited)
	₱	₱	₱	U.S.\$
Cash flows from operating activities				
Income before income tax.....	184.2	843.5	935.9	16.8
Adjustments for:				
Finance costs.....	223.2	367.5	412.0	7.4
Depreciation and amortization.....	148.2	159.2	161.1	2.9
Retirement benefit expense.....	3.3	11.5	7.0	0.1
Provision for (Reversal of) doubtful accounts.....	7.8	(2.8)	(1.1)	—

For the years ended December 31 (in million)				
	2021 (Audited) P	2022 (Audited) P	2023 (Audited) P	2023 (Unaudited) U.S.\$
Unrealized foreign exchange loss, net.....	0.1	0.1	—	—
Gain on loss of control of a subsidiary	(3.9)	—	—	—
Gain on termination and assignment of lease.....	(8.0)	—	—	—
Gain on compromise settlement of due to government agencies.....	(25.2)	—	—	—
Interest income.....	(15.4)	(17.7)	(50.1)	(0.9)
Share in net (income) loss of a joint venture.....	2.5	(206.7)	(218.1)	(3.9)
Operating income before working capital changes	516.7	1,154.5	1,246.7	22.4
Changes in working capital:				
Trade and other receivables	(196.6)	(263.3)	(89.6)	(1.6)
Prepayments and other current assets	(29.6)	4.5	(399.6)	(7.2)
Other non-current assets	(15.8)	(23.1)	(159.8)	(2.9)
Trade and other payables	76.6	78.8	176.6	3.2
Deposits and deferred rent income.....	9.1	48.4	86.2	1.6
Net cash generated from operations.....	360.2	1,000.0	860.5	15.5
Interest received	0.6	11.7	45.0	0.8
Income taxes paid.....	(2.1)	(0.2)	(0.4)	—
Net cash provided by operating activities	358.8	1,011.5	905.1	16.3
Cash flows from investing activities				
Additions in due from related parties	—	(4,954.3)	(1,282.0)	(23.1)
Decrease in due from related parties	333.3	2,841.4	3,546.0	63.8
Deposits for future shares subscriptions.....	—	(687.2)	(50.0)	(0.9)
Collections of loans from joint venture ...	—	155.2	—	—
Interest received from loans to a joint venture.....	14.1	2.6	—	—
Loans to joint venture	(155.2)	—	—	—
Advances to contractor	—	—	(1,677.5)	(30.2)
Downpayments to land owners.....	—	(748.8)	(98.2)	(1.8)
Additions to property, plant and equipment	(29.2)	(2.4)	(5,178.4)	(93.2)
Additions to intangible assets	—	(1.6)	(5.5)	(0.1)
Proceeds from sale of property, plant and equipment	44.0	30.6	—	—
Cash balance of deconsolidated subsidiary	(78.9)	—	—	—
Net cash provided by (used in) investing activities	128.0	(3,364.6)	(4,745.6)	(85.4)
Cash flows from financing activities				
Proceeds from bond issuance.....	—	—	4,000.0	72.0
Interest payments on bonds payable.....	—	—	(212.9)	(3.8)
Payments of bond issuance costs.....	—	(6.3)	(41.0)	(0.7)
Availment of loans.....	—	—	2,400.1	43.2
Principal payment of loans from banks ...	(316.2)	(1,643.0)	(395.9)	(7.1)
Interest payments on loans from banks ...	(205.6)	(376.5)	(373.4)	(6.7)
Payments of debt issuance costs	—	—	(87.1)	(1.6)
Loan pre-termination payment	—	(24.2)	—	—
Proceeds on sale of part interest of subsidiary	—	3,534.9	—	—
Proceeds from sale of shares of subsidiary	—	2,566.7	—	—
Interest payments on lease liabilities	(11.7)	(10.8)	(30.6)	(0.5)
Principal payments of lease liabilities	(2.8)	(23.5)	(8.7)	(0.2)
Payments of share offering cost of a subsidiary	(35.7)	—	—	—
Dividends paid to non-controlling interest and owner	—	(316.1)	(480.0)	(8.6)
Net cash provided by (used in) financing activities	(572.0)	3,701.2	4,770.6	85.8
Net increase (decrease) in cash and cash equivalents	(85.2)	1,348.1	930.1	16.7
Effects of foreign exchange rate changes in cash and cash equivalents	—	0.1	—	—
Cash and cash equivalents, beginning.....	210.2	125.0	1,473.2	125.0

For the years ended December 31 (in million)			
2021 (Audited) P	2022 (Audited) P	2023 (Audited) P	2023 (Unaudited) U.S.\$
Cash and cash equivalents, ending	125.0	1,473.2	2,403.3
			43.2

SELECTED OPERATING DATA

As of and for the years ended December 31,			
	2021	2022	2023
Net Income (P millions).....	192.3	833.6	910.1
EBITDA ⁽¹⁾ (P millions).....	555.5	1,370.2	1,509.0
EBITDA Margin ⁽²⁾	55%	49%	41%
Return-on-Assets ⁽³⁾	3.01%	5.87%	3.65%
Debt-to-Equity Ratio ⁽⁴⁾	2.24:1	0.71:1	1.36:1
Current Ratio ⁽⁵⁾	1.52	6.91	4.89
Asset-to-Equity Ratio ⁽⁶⁾	3.67	1.86	2.59
Return-on-Equity ⁽⁷⁾	12.04%	12.73%	8.13%

Notes:

(1) EBITDA is calculated as net income + interest cost + depreciation and amortization + income tax expense (benefit).

(2) Calculated as EBITDA / revenue.

(3) Calculated as net income/ average total assets. Average total assets is calculated as the sum of the amounts at the beginning and end of the period divided by two.

(4) Calculated as loans and bonds payable/shareholders' equity.

(5) Calculated as current assets/current liabilities.

(6) Calculated as total assets/shareholder's equity.

(7) Calculated as net income/average shareholders' equity. Average shareholders' equity is calculated as the sum of the amounts at the beginning and end of the period divided by two.

CALCULATION OF EBITDA

The following table presents a reconciliation of EBITDA from net income for each of the periods indicated.

For the years ended 31 December			
2021	2022	2023	2023
P	(in millions) P	P	U.S.\$
Net Income.....	192.3	833.6	910.1
Add/(Deduct):			16.4
Finance costs.....	223.2	367.5	412.0
Depreciation and amortization.....	148.1	159.2	161.1
Income tax expense (benefit)	(8.1)	9.9	25.8
EBITDA	555.5	1,370.2	1,509.0
			27.2

PRO FORMA FINANCIAL INFORMATION

The following tables present summary unaudited pro forma financial condensed consolidated information for the Company based on the audited financial statements of the Company, adjusted to give pro forma effect to the disposition of a portion of the Company's effective interest in CREIT (see "Business—Recent Developments—CREIT Disposition") and should be read in conjunction with the independent auditors' reports and the Company's audited financial statements and unaudited pro forma condensed consolidated financial information, including the notes thereto, included elsewhere in this Prospectus.

The unaudited pro forma condensed consolidated information has been prepared in accordance with Section 9, Part II of Rule 68 of the Revised Securities Regulation Code. The unaudited pro forma condensed consolidated financial information was derived from the audited consolidated financial statements of the Company, which were audited by Isla Lipana & Co., each prepared in compliance with PFRS.

The unaudited pro forma condensed consolidated financial information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X under the U.S. Exchange Act.

The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The summary unaudited pro forma condensed consolidated financial information does not purport to represent what the results of operations and financial position of the Company and its subsidiaries would have been had the CREIT Disposition in fact occurred as of January 1, 2023 nor do they purport to project the results of operations of the Company and its subsidiaries for any future period or date. Isla Lipana & Co. has reviewed the pro forma adjustments reflecting the transactions described in the unaudited pro forma condensed consolidated financial information and the application of those adjustments to the historical amounts in accordance with PFRS.

The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of December 29, 2023 of ₱55.57 = U.S.\$1.00.

SUMMARY PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31, 2023			
	(in million, except for earnings per share)			
	2023	2023	2023	2023
	Actual (audited) ₱	Actual (unaudited) U.S.\$	Pro Forma (unaudited) ₱	Pro Forma (unaudited) U.S.\$
Revenues				
Sale of electricity	2,962.6	53.3	2,962.6	53.3
Lease income	664.4	12.0	664.4	12.0
Service fees	56.9	1.0	56.9	1.0
	3,683.9	66.3	3,683.9	66.3
Cost of services	(2,398.2)	(43.2)	(2,398.2)	(43.2)
Gross profit	1,285.7	23.1	1,285.7	23.1
Operating expenses	(211.3)	(3.8)	(211.3)	(3.8)
Share in net income (loss) of a joint venture	218.1	3.9	218.1	3.9
Income from operations	1,292.5	23.2	1,292.5	23.2
Finance costs	(412.0)	(7.4)	(412.0)	(7.4)
Other income, net	55.4	1.0	55.4	1.0
Income before income tax	935.9	16.8	935.9	16.8
Income tax expense (benefit)	(25.8)	(0.4)	(25.8)	(0.4)
Net income for the year	910.1	16.4	910.1	16.4
Other comprehensive (loss) income				
Other comprehensive (loss) income that will not be subsequently reclassified to profit or loss				
Remeasurement (loss) gain on retirement benefits, net of tax.	(12.1)	(0.2)	(12.1)	(0.2)
Total comprehensive income for the year	898.1	16.2	898.1	16.2
Net income attributable to:				
Shareholders of the Parent Company	685.0	12.3	515.8	9.3
Non-controlling interest	225.2	4.1	394.3	7.1

For the year ended December 31, 2023				
(in million, except for earnings per share)				
	2023	2023	2023	2023
	Actual (audited) ₱	Actual (unaudited) U.S.\$	Pro Forma (unaudited) ₱	Pro Forma (unaudited) U.S.\$
Total comprehensive income attributable to:	910.1	16.4	910.1	16.4
Shareholders of the Parent Company.....	672.9	12.1	503.8	9.1
Non-controlling interest.....	225.2	4.1	394.3	7.1
	898.1	16.2	898.1	16.2
Earnings per share				
Basic and diluted.....	0.10	N/A	0.07	N/A

SUMMARY PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023				
(in millions)				
	2023	2023	2023	2023
	Actual (audited) ₱	Actual (unaudited) U.S.\$	Pro Forma (unaudited) ₱	Pro Forma (unaudited) U.S.\$
ASSETS				
Current assets				
Cash and cash equivalents...	2,403.3	43.2	7,086.5	127.5
Trade and other receivables, net.....	4,818.1	86.7	5,187.4	93.3
Prepayments and other current assets	508.9	9.2	508.9	9.2
Total current assets	7,730.3	139.1	12,782.8	230.0
Non-current assets				
Trade receivables, net of current portion.....	207.8	3.7	207.8	3.7
Advances to contractor	1,677.5	30.2	1,677.5	30.2
Property, plant and equipment, net.....	9,307.7	167.5	9,307.7	167.5
Investment properties, net ...	124.9	2.2	124.9	2.2
Right-of-use assets, net	470.4	8.5	470.4	8.5
Investment in a joint venture and deposits	1,162.0	20.9	1,162.0	20.9
Deferred income tax assets, net.....	3.1	0.1	3.1	0.1
Goodwill.....	1,279.1	23.0	1,279.1	23.0
Other non-current assets.....	335.8	6.0	335.8	6.0
Total non-current assets.....	14,568.3	262.2	14,568.3	262.2
Total assets.....	22,298.6	401.3	27,351.1	492.2
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	993.0	17.9	993.0	17.9
Dividends payable	124.6	2.2	210.6	3.8
Loans payable, current portion.....	453.6	8.2	453.6	8.2
Lease liabilities, current portion.....	9.5	0.2	9.5	0.2
Income tax payable.....	-	-	-	-
Total current liabilities...	1,580.7	28.4	1,666.7	30.0
Non-current liabilities				
Loans payable, net of current portion.....	7,306.9	131.5	7,306.9	131.5
Lease liabilities, net of current portion.....	594.7	10.7	594.7	10.7
Bonds payable.....	3,959.9	71.3	3,959.9	71.3
Deposits and deferred rent income	192.0	3.5	192.0	3.5
Retirement benefit obligation.....	40.6	0.7	40.6	0.7
Deferred income tax liabilities, net.....	4.8	0.1	4.8	0.1

As of December 31, 2023				
<i>(in millions)</i>				
	2023	2023	2023	2023
	Actual	Actual	Pro Forma	Pro Forma
	(audited)	(unaudited)	(unaudited)	(unaudited)
	₱	U.S.\$	₱	U.S.\$
Total non-current liabilities.....	12,098.9	217.7	12,098.9	217.7
Total liabilities.....	13,679.6	246.2	13,765.6	247.7
Equity				
Share capital	500.0	9.0	500.0	9.0
Share premium	925.2	16.6	925.2	16.6
Other reserves	4,397.9	79.1	6,719.1	120.9
Retained earnings.....	1,671.5	30.1	1,871.7	33.7
Total equity attributable to shareholders of the Parent Company.....	7,494.6	134.9	10,016.0	180.2
Non-controlling interest	1,124.4	20.2	3,569.5	64.2
Total equity	8,619.0	155.1	13,585.5	244.5
Total liabilities and equity	22,298.6	401.3	27,351.1	492.2

SUMMARY PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31				
<i>(in millions)</i>				
	2023	2023	2023	2023
	Actual	Actual	Pro Forma	Pro Forma
	(audited)	(unaudited)	(unaudited)	(unaudited)
	₱	U.S.\$	₱	U.S.\$
Net cash provided by operating activities	905.1	16.3	905.1	16.3
Net cash used in investing activities.....	(4,745.6)	(85.4)	(4,745.6)	(85.4)
Net cash provided by financing activities	4,770.6	85.8	9,453.7	170.1
Net increase in cash and cash equivalents.....	930.1	16.7	5,613.3	101.0
Effects of foreign exchange rate changes in cash and cash equivalents	—	—	—	—
Cash and cash equivalents, beginning.....	1,473.2	26.5	1,473.2	26.5
Cash and cash equivalents, ending.....	2,403.3	43.2	7,086.5	127.5

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read this discussion and analysis of the Company's financial condition and results of operations in conjunction with the section entitled "Selected Financial Information" and with the audited consolidated financial statements as of and for the years ended December 31, 2023, 2022, and 2021 (the "consolidated audited financial statements"), including the notes relating thereto, included elsewhere in this Prospectus. The consolidated audited financial statements included in this Prospectus were prepared in compliance with PFRS.

This discussion contains forward-looking statements and reflects the Company's current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" on page 33 and elsewhere in this Prospectus. See "Forward-Looking Statements" on page viii of this Prospectus.

The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Daily Reference Rate as of December 29, 2023 of U.S.\$1.00 = ₱55.57.

OVERVIEW

Citicore Renewable Energy Corporation ("CREC," the "Company," "we," "us," "our," or the "Issuer") is a leading pure-play renewable energy platform focused on and committed to the development and operation of renewable energy projects in the Philippines. CREC, directly and through its subsidiaries and joint venture, manages a diversified portfolio of renewable energy generation projects, power project development operations and retail electricity supply.

We are a leading pure-play renewable energy producer in the Philippines and are ranked as second largest solar energy generator in terms of installed solar capacity in the Philippines, according to Lantau. We, through our parent company, Citicore Power, Inc. ("CPI"), began our operations as a renewable energy generator in 2015 and completed three greenfield solar assets with a gross installed capacity of 103.0MW within one year. In 2018, we acquired five brownfield solar assets with a gross installed capacity of 60.0MW. In 2021, we completed the construction of solar rooftops, which delivered 6.5MW in solar energy capacity, and commissioned an additional 115.7MW solar energy capacity in 2022. From 2021 until December 31, 2023, we almost doubled our total installed capacity, having developed, operated and maintained ten operating solar assets with a combined gross installed capacity of 285.1MW⁴ as of December 31, 2023.

As a testament to our project development capabilities and contribution to the Philippines' energy mix, our generated capacity accounted for approximately 19% of the total solar installed capacity in the country of 1.5GW for the year 2022, making us the power producer with the second largest solar portfolio in the Philippines in terms of installed capacity as of December 31, 2022 according to Lantau.

In addition, as of December 31, 2023, we had a gross installed capacity pipeline of 6,446.0MW in solar power generation and 812.5MW in onshore wind power generation in various stages of development. See "Business—Renewable Energy Portfolio – Overview" on page 156 of this Prospectus. On November 28, 2023, we executed a Memorandum of Agreement covering the purchase of 100% of the shares in Rio Norte Hydropower Corporation ("RNHC"), a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela in the Luzon region. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase such shares in RNHC, which we expect to complete in the second half of 2024. This

⁴ We have seven solar operating assets, which we refer to as "our operating projects", with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined gross installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

strong pipeline of renewable energy projects is in line with our goal of contributing approximately 1.0GW of ready-to-build/under construction solar energy capacity per year in the next five years (over 2024-2028), and increasing the share of renewables in the Philippine energy mix.

We are the vehicle used by CPI to pursue renewable energy platform investments in greenfield and brownfield projects, and manage the operation of power generation projects for solar, hydro and wind technologies. CPI is a direct subsidiary of Citicore Holdings Investment, Inc. (“CHII”), the parent company of one of the Philippines’ largest construction and infrastructure conglomerates, Megawide Construction Corporation (“Megawide” and together with CHII, CPI, us and our subsidiaries and affiliates, the “Citicore-Megawide Group”). We leverage on the capabilities of our affiliates to achieve a streamlined and fully vertically integrated platform for the development of our renewable energy projects.

We have a flexible offtake strategy and a diversified and high-quality customer base. In July 2023, we were awarded 792.0MWac, or approximately 23.7%, of the total solar and wind energy capacities made available through the Philippine Department of Energy’s (“DOE”) Green Energy Auction Program 2 (“GEAP-2”), which we expect to deliver in full by the end of 2026, in line with delivery schedules set out in the GEAP-2. In addition, we also have power supply agreements (“PSA”) with distribution utilities and electric cooperatives as well as retail electricity supply agreements (“RESA”) through our dedicated retail electricity supply arm, Citicore Energy Solutions, Inc. (“CESI”), with corporate and industrial customers, including blue-chip domestic corporations and multinational locators. CESI became a Direct Wholesale Electricity Spot Market Member of the Philippine Wholesale Electricity Spot Market (“WESM”) on February 3, 2017, giving us the flexibility to trade our excess generated capacity in the WESM and allowing us to benefit from increases in market-driven electricity prices.

In addition, CREC is one of the sponsors of Citicore Energy REIT Corporation (“CREIT”), the Philippines’ first real estate investment trust for renewable energy real estate properties, focused on the ownership of sustainable infrastructure and income-generating assets. CREIT was listed on The Philippine Stock Exchange (“PSE”) on February 22, 2022 and was awarded the Philippines’ Best IPO by the Asset Asian Awards in the same year. On March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation, which was completed on March 27, 2024. As a result, our remaining effective interest in CREIT as of the date of this Prospectus is 32.88%. See “*Business—Recent Developments – CREIT Disposition*” beginning on page 152 of this Prospectus.

For the years ended December 31, 2021, 2022 and 2023 we had total revenue of ₱1,008.7 million, ₱2,790.2 million and ₱3,683.9 million (U.S.\$66.3 million), respectively, and total comprehensive net income of ₱202.5 million, ₱841.1 million and ₱898.1 million (U.S.\$16.2 million), respectively.

Our attributable net income for the years ended December 31, 2021, 2022 and 2023 was ₱192.3 million, ₱631.6 million and ₱685.0 million (U.S.\$12.3 million), respectively.

On a pro forma basis, taking into account the CREIT Disposition, for the year ended December 31, 2023, our pro forma consolidated revenue would be ₱3,683.9 million (U.S.\$66.3 million), pro forma consolidated net income would be ₱910.1 million (U.S.\$16.4 million), and pro forma consolidated net income attributable to equity holders of CREC would be ₱515.8 million (U.S.\$9.3 million). See “*Business—Recent Developments – CREIT Disposition*” beginning of page 152 of this Prospectus.

As of December 31, 2022 and 2023, we had total consolidated assets of ₱15,273.9 million and ₱22,298.6 million (U.S.\$401.3 million), respectively.

FACTORS AFFECTING RESULTS OF OPERATIONS

Our results of operations are affected by various factors. Set out below is a discussion of the most significant factors that have affected our results in the past, and which we expect to affect our results in the foreseeable future. Factors other than those discussed below could also have a significant impact on our results of operations and financial condition in the future, including, without limitation, the impact of any acquisitions and dispositions in the course of the Company’s business, such as the CREIT Disposition. See “*Pro Forma Financial Information*” and “*Business – Recent Developments – CREIT Disposition*.”

Growth of our Renewable Energy Project Portfolio

Our continued growth will depend on our ability to continue to develop or acquire renewable energy projects which, in turn, will allow us to sell more power. Our ability to further expand our generating capacity will, to some extent, depend on when and how we are able to construct and finance the expansion of our existing power plants, acquire existing generation facilities or construct new generation facilities, as well as on our ability to negotiate viable power supply agreements, obtain financing in respect of these additional facilities. We have obtained, and intend to obtain, debt financing (including project financing) for all of our projects as we grow our renewable energy portfolio. As a result, we expect our indebtedness to increase along with the expansion of our renewable energy portfolio as it requires significant fund raising, which is typical of other renewable energy companies in the industry.

As part of our growth plans, we established and expanded a strong customer base by, among others, selling electricity purchased from third party suppliers. We recognize the cost incurred to purchase electricity from third party suppliers for sale to CESI's contestable customers which constituted 31.4%, 58.6% and 65.2 % of our total cost of services for the years ended December 31, 2021, 2022 and 2023, respectively. As our pipeline of projects continue to come online, we expect the proportion of the sale of electricity from our energy projects to increase relative to the sale of electricity from back-to-back supply arrangements, and to purchase less power from third party suppliers, which could reduce our cost of services and have a positive impact on our margins.

Our growth will also depend generally on the level of economic growth and activity in the markets in which we have renewable energy operations and, more specifically, on the demand for electricity, access to, and improvements in, the power transmission infrastructure, and the ability of our additional and new renewable energy generation facilities to compete with other suppliers in such markets.

The development or acquisition of renewable energy projects is capital-intensive. As such, a significant amount of our cashflows is used to fund these developments or acquisitions, and we also have to rely on additional debt or equity financing to fully finance such developments or acquisitions. We incurred capital expenditure of approximately ₱29.2 million, ₱751.2 million and ₱6,954.0 million (U.S.\$125.1 million), in the years ended December 31, 2021, 2022, and 2023, respectively. Substantially all of such capital expenditures are related to the development, construction, operation and maintenance of our renewable energy power projects. We expect that our capital expenditure will continue to increase in the next five years in order to successfully commission our GEAP-2 awarded and other projects, invest in other renewable energy technologies such as wind and hydro power plants, and to achieve our target of contributing approximately 1.0GW of solar energy capacity per annum over the course of 2023-2027, contributing to national targets of increasing renewable energy capacity in the Philippine energy mix.

Our capital expenditure indicated in the prior paragraph do not include the capital expenditure of GPS3, our joint venture with AC Energy and Endeavor, which is not consolidated in our financial statements. The capital expenditure of GPS3 relate to the construction of the Arayat Phase 1 Project and Arayat Phase 2 Project and amounted to ₱1,100.3 million, ₱2,255.8 million and ₱538.9 million (U.S.\$9.7 million) in the years ended December 31, 2021, 2022 and 2023, respectively.

Demand for Power and Energy Prices

We expect to derive significant revenue from bilateral power sales contracts either through PSAs, RESAs or our participation in the subsequent rounds of the GEAP. The agreements specify a contracted capacity per offtaker, with a corresponding minimum contracted energy. We are bound to make available, and the customers are bound to pay for, the specified capacity and energy. Our agreements allow for downtime for maintenance and repairs in order for the contracted capacity to be available to our clients. If we are unable to supply the minimum contracted energy, our results of operations will be adversely impacted. In addition, our ability to grow our future revenue from our renewable energy business will depend, in part, on our ability to successfully renew our various power supply agreements and contract out our additional or excess capacity to new and existing offtakers (subject to the terms of our current agreements), and the agreed prices and rates (including any escalation rates) at which we are able to sell our capacity.

In addition to selling capacity to contracted offtakers, we also sell excess generated capacity through the WESM. We target to sell approximately 5.0% of our total generated capacity through the WESM. Demand for, and the prevailing prices of, power sold on the WESM are determined by a variety of factors, including (a) the overall demand for power in the grid, which is affected by general economic conditions in the country, industrial activity, weather and other factors; and (b) the availability of alternative sources of power supply. Fluctuations in the demand for, and the prevailing prices of, power sold on the WESM may materially impact our results of

operations. Many factors contribute to the fluctuations in demand and prices of energy in the Philippines, including the general demand and supply of energy on a daily basis, increase and decrease in economic activity, inflationary pressures, Government policies with respect to the procurement of renewable energy, and Government policies on the escalation of FIT rates.

Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of or slowdown in industrial activity may still adversely affect the demand and prices for renewable power projects.

We believe that the "first" or "must" dispatch of renewable energy over conventional energy sources such as coal, and other Government incentives and initiatives to promote and encourage the growth of renewable energy industry in the Philippines, such as the Renewable Portfolio Standards proposed under the Government's National Renewable Energy Program which require distribution utilities to source a portion of their power from renewable energy sources, help manage the risk of a downturn in demand for energy in the Philippines.

Regulatory Environment

We are subject to and rely on a number of Government regulations and initiatives affecting the renewable energy industry, including incentives granted to renewable energy developers such as FIT rates and BOI incentives. The reduction, modification or elimination of Government mandates and economic incentives could materially and adversely affect our growth of the renewable energy industry or result in increased price competition, either of which could cause our revenues to decline and adversely affect our financial results. While solar power and other renewable energy projects may continue to offer attractive internal rates of return, any changes in regulations to continue to reduce or eliminate subsidies may cause a decrease in demand and considerable downward pressure on market prices.

Competition

Competition with other power generators and retail electricity suppliers has a direct effect on our ability to negotiate power supply agreements with new and existing offtakers, and also sell in the WESM or compete for contestable customers in the Philippines. Competition in the Philippine energy market typically results in lower selling prices in the WESM and, in turn, lower contracted rates when entering new or when renewing power supply agreements. Despite the demand for power in the Philippines, it has become necessary for power producers to keep their power rates competitive in order to sell on the WESM and attract new offtakers. Our ability to effectively manage the competitive landscape for our uncontracted capacity will have a significant impact on our results of operations.

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

Costs from Overseas Supply

The majority of our suppliers for components such as PV modules, inverters and other peripherals are sourced from overseas suppliers.

Our costs associated with procuring supplies from our overseas suppliers are significant. For the years ended December 31, 2022 and 2023, the procurement of our PV modules accounted for approximately 47.0% and 48.0% of our capital expenditures, respectively. Price volatility and changes in the flow of these equipment are often due to reasons beyond our control, such as a result of political or civil unrest, acts of war, disruptive global political events (for example, geopolitical tensions involving the Philippines and China, and the current conflict between Russia and Ukraine, and Israel and Hamas), currency fluctuations, disruptions in maritime lanes, port labor disputes, economic conditions and instability in countries in which foreign suppliers are located, the availability and cost of equipment, pandemic outbreaks, equipment quality or safety issues, transport availability and cost, increases in wage rates and taxes, transport security, inflation, and other factors relating to our suppliers and the countries in which they are located or from which they import. Such changes could have a significant impact on our result of operation.

Economic Conditions in the Philippines

We derive all of our revenue from our operations in the Philippines. Accordingly, we are heavily dependent on the state of the Philippine economy generally, and our growth is driven in significant part by growth in the Philippine economy. For example, the general performance of the Philippine economy affects demand for the renewable power we generate, while inflation affects our costs and margins.

A significant portion of our costs relate to the construction of our renewable energy facilities, with approximately 30.0% of such costs associated with services and materials procured within the Philippines, with the remaining 70.0% associated with services and materials procured outside the Philippines. Further, the cost associated with the operation of our operating projects for the years ended December 31, 2021, 2022 and 2023, was 19.9%, 12.8% and 16.0% of our revenues, respectively. Our cost and margins may be affected to the extent that services and materials are procured within the Philippines due to inflation brought about by the changes in the economic conditions in the Philippines.

CRITICAL ACCOUNTING POLICIES AND BASIS OF PREPARATION AND SIGNIFICANT JUDGMENTS AND ESTIMATES

We prepare our financial information in conformity with PFRS. Critical accounting policies are those that are both (i) relevant to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgments become even more subjective and complex. In order to provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, we have identified our critical accounting judgments, estimates and assumptions in Notes 23 and 24 to our consolidated audited financial statements and consolidated interim financial statements included elsewhere in this Prospectus.

The main items subject to critical accounting estimates and assumptions by management are in respect of:

- Impairment of trade and other receivables and due from related parties;
- Impairment of goodwill;
- Estimated useful lives of property, plant and equipment;
- Determining incremental borrowing rate;
- Income taxes;
- Recoverability of non-financial assets other than goodwill;
- Critical judgment in determining lease term;
- Assessment of control and joint control; and
- Contingencies.

DESCRIPTION OF KEY LINE ITEMS

Our results of operations with respect to the years ended December 31 2021, 2022 and 2023, are based on, and should be read in conjunction with, the consolidated audited financial statements and related notes thereto, included elsewhere in this Prospectus.

Revenue

Revenue comprises sale of electricity, lease income, and service fees.

The table below summarizes the revenue contribution of each of sale of electricity, lease income and service fees for the periods indicated:

	For the years ended December 31,					
	2021		2022		2023	
	(P in million or percentage of revenue)					
Sale of Electricity.....	991.7	98.3%	2,097.8	75.2%	2,962.6	80.4%
Lease Income	-	-	648.1	23.2%	664.4	18.0%
Service Fees	17.0	1.7%	44.3	1.6%	56.9	1.5%
	1,008.7	100.0%	2,790.2	100.0%	3,683.9	100.0%

Sale of electricity refers to electricity generated by power plants that are sold to customers, which comprises (i) revenue from the sale of electricity generated by our power plants, (ii) revenue from the sale of electricity to customers under back-to-back supply arrangements, which we recognize as trading revenue, and (iii) incidental revenue from billings to customers for line rentals and distribution usage, which we recognize as passed-on services. We recognize revenue from contracts with customers in respect of electricity generation at a point in time when control of the goods or services are transferred to the customers at transaction price that reflects the consideration to which we expect to be settled in exchange for the services. Our generation of electricity from solar power energy is assessed by management as a single performance obligation. Sale of electricity is recognized whenever the electricity generated by us is transmitted through the transmission line designated by the buyer for a consideration. Revenue from sale of electricity is based on the applicable FIT rate or contract rates as transaction price as approved by the ERC or as stipulated in the contracts, respectively. Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

Lease income or rental income arising from operating lease agreements of CREIT, as lessor, to CPI solar power plant lessees is recognized as income on a straight-line basis over the lease term plus any variable component which are measured based on 50% of the excess of the base revenue over the actual revenues of the lessees, as provided under the terms of the lease contract.

Service fees refer to consideration received for the operation and maintenance of the power distribution system in the Freeport Area of Bataan and in the operations and maintenance services provided to the Arayat Phase 1 Project and the Arayat Phase 2 Project owned by GPS3. We recognize revenue from service fees upon billing, which coincides with when the services are rendered and the performance obligation is satisfied at the amount of the transaction price.

On a pro forma basis, to take into account the CREIT Disposition, our pro forma consolidated revenue was ₱3,683.9 million (U.S.\$ 66.3 million) for the year ended December 31, 2023. See “*Business—Recent Developments—CREIT Disposition*” and “*Pro Forma Financial Information – Summary Pro Forma Consolidated Statements of Comprehensive Income.*”

Cost of services

The table below summarizes our cost of services for the periods indicated:

	For the years ended December 31,					
	2021		2022		2023	
	(P in million or percentage of cost)					
Purchase of power.....	154.1	31.4%	936.8	58.6%	1,562.8	65.2%
Distribution charges.....	102.9	21.0%	291.1	18.2%	561.0	23.4%
Depreciation and amortization	144.7	29.5%	153.2	9.6%	153.3	6.4%
Salaries, wages and other employee benefits	14.0	2.9%	49.5	3.1%	34.7	1.4%
Line charges	11.2	2.3%	82.6	5.2%	13.3	0.6%
Commission fees	2.9	0.6%	11.5	0.7%	12.5	0.5%
Security services	1.5	0.3%	2.6	0.2%	9.2	0.4%
Utilities.....	8.7	1.8%	9.3	0.6%	8.5	0.4%
Outside services	9.8	2.0%	32.3	2.0%	8.2	0.3%
Taxes and licenses.....	26.2	5.3%	5.3	0.3%	8.0	0.3%
Repairs and maintenance ...	9.6	2.0%	13.5	0.8%	8.0	0.3%
Insurance	4.3	0.9%	4.0	0.3%	7.4	0.3%
Retirement benefit expense (income).....	(1.6)	(0.3%)	5.4	0.3%	4.0	0.3%
Others	2.4	0.5%	0.6	0.0%	7.3	0.2%
	490.7	100.0%	1,597.7	100.0%	2,398.2	100.0%

The top three components of cost of services are the following:

- Purchase of power refers to the supply cost incurred in respect of generated capacity purchased from third party power generation companies for sale to CESI's contestable customers. As our pipeline of projects come online, we expect to purchase less power from third party suppliers.
- Distribution charges refer to passed-on costs incurred in relation to charges for delivery of power from NGCP's high-voltage transmission grid to our customers.
- Depreciation and amortization refers to the depreciation and amortization of our property, plant and equipment and investment properties.

Operating Expenses

The table below summarizes our operating expenses for the periods indicated:

	For the years ended December 31,					
	2021		2022		2023	
	(₱ in million or percentage of operating expenses)					
Salaries, wages and other employee benefits	29.4	17.6%	41.8	19.4%	71.0	33.6%
Contracted services	21.6	12.9%	58.9	27.3%	57.5	27.2%
Taxes and licenses.....	39.8	23.8%	54.3	25.2%	18.0	8.5%
Rental	0.2	0.1%	0.4	0.2%	7.8	3.7%
Depreciation and amortization	3.4	2.0%	6.0	2.8%	7.8	3.7%
Representation.....	0.3	0.2%	1.4	0.6%	7.1	3.4%
Professional fees	38.5	23.0%	23.1	10.7%	6.4	3.0%
Transportation and travel ...	1.6	1.0%	1.9	0.9%	4.5	2.1%
Retirement benefit expense	4.9	2.9%	6.1	2.8%	3.0	1.4%
Dues and subscriptions	3.7	2.2%	2.7	1.3%	2.6	1.2%
Insurance	0.2	0.1%	-	-	2.4	1.1%
Marketing and advertising .	1.2	0.7%	1.8	0.8%	2.1	1.0%
Repairs and maintenance ...	1.1	0.7%	1.8	0.8%	1.4	0.7%
Communication, light and water.....	0.3	0.2%	0.3	0.1%	1.3	0.6%
Office supplies	0.5	0.3%	1.3	0.6%	1.2	0.6%
Charitable contributions.....	0.9	0.5%	1.6	0.7%	1.1	0.5%
Director’s fees.....	0.8	0.5%	2.0	0.9%	1.0	0.5%
Bank charges	1.9	1.1%	1.9	0.9%	0.1	0.0%
Fines and penalties	8.0	4.8%	2.0	0.9%	-	0.0%
Provision for (Reversal of) doubtful accounts	7.8	4.7%	(2.8)	(1.3%)	(1.1)	(0.5%)
Trainings and seminars	0.2	0.1%	0.4	0.2%	-	0.0%
Miscellaneous	1.1	0.7%	8.9	4.1%	16.1	7.6%
	167.4	100.0%	215.8	100.0%	211.3	100%

The top three components of operating expenses are the following:

- Salaries, wages and other employee benefits refer to compensation for certain departments such as our sales, legal, procurement, finance and accounting departments, who provide support services to our operating companies.
- Contracted services refer to various fees paid to our consultants to assist our support service departments.

- Taxes and licenses refer to business taxes and real property taxes on land and machinery paid to relevant local government units, documentary stamp taxes paid to the BIR and registration fees paid to SEC for the incorporation of our operating companies.

Share in Net Income (Loss) of a Joint Venture

Share in net income (loss) of a joint venture refers to the share in net income or loss of GPS3 in connection with the Arayat Phase 1 Project and Arayat Phase 2 Project based on our effective interest in such joint venture.

Finance Costs

Finance costs refer to the coupon rate incurred by us in respect of our long-term debt and interest cost related to the accounting recognition of finance lease liabilities and customer deposits pursuant to PFRS.

Other Income, net

Other income refers to interest income on bank and customer defaults and finance income relating to the accounting recognition of customer security deposits pursuant to PFRS.

Income tax expense (benefit)

Refers to the current and deferred tax components under Philippine tax laws.

RESULTS OF OPERATIONS

Year ended December 31, 2023 compared to year ended December 31, 2022

	(Audited) For the year ended December 31,			% Change
	2022	2023	2023	
	(in millions of ₱)		(U.S.\$ in millions)	
Revenue				
Sale of Electricity.....	2,097.8	2,962.6	53.3	41.2%
Lease Income	648.1	664.4	12.0	2.5%
Service Fees	44.3	56.9	1.0	28.5%
	2,790.2	3,683.9	66.3	32.0%
Cost of Services	(1,597.7)	2,398.2	(43.2)	50.1%
Gross Profit.....	1,192.5	1,285.7	23.1	7.8%
Operating Expenses	(215.8)	(211.3)	(3.8)	(2.1%)
Share in net income (loss) of a joint venture	206.7	218.1	3.9	5.5%
Income from Operations	1183.4	1,292.5	23.3	9.2%
Finance costs.....	(367.5)	(412.0)	(7.4)	12.1%
Other income, net.....	27.6	55.4	1.0	101.1%
Income before income tax	843.5	935.9	16.8	11.0%
Income tax expense (benefit).....	9.9	25.8	0.4	161.5%
Net income for the year	833.6	910.1	16.4	9.2%
Net income attributable to:				
Shareholders of the Parent Company.....	631.6	685.0	12.3	8.4%
Non-controlling interest.....	202.0	225.2	4.1	11.5%
	833.6	910.1	16.4	9.2%

Revenue

Revenue increased by 32.0% to ₱3,683.9 million (U.S.\$66.3 million) for the year ended December 31, 2023 compared to ₱2,790.2 million for the year ended December 31, 2022 primarily due to an increase in sale of electricity.

Sale of electricity increased by 41.2% to ₱2,962.6 million (U.S.\$53.3 million) for the year ended December 31, 2023 compared to ₱2,097.8 million for year ended December 31, 2022 primarily due to the increase in our trading revenue driven by the expansion of CESI's customer base and the increase in tariff rates from contract renewals of CESI's existing customers. For the year ended December 31, 2023, our total revenue from sale of electricity comprised 22.6 % from generated output of our operating projects, 59.2% in trading revenue and 18.1% in passed-on services.

Lease income increased by 2.5% to ₱664.4 million (U.S.\$12.0 million) for the year ended December 31, 2023 compared to ₱648.1 million for the year ended December 31, 2022 primarily due to the impact of PFRS on the recognition of lease income in accounting for customer security deposits.

Service fees likewise increased by 28.5% to ₱56.9 million (U.S.\$1.0 million) for the year ended December 31, 2023 compared to ₱44.3 million for the year ended December 31, 2022 primarily due to additional operations and maintenance fees earned for the Arayat Phase 2 Project which was commissioned in March 2023.

Cost of Services

Cost of services increased by 50.1% to ₱2,398.2 million (U.S.\$43.2 million) for the year ended December 31 2023 compared to ₱1,597.7 million for the year ended December 31, 2022 primarily due to the increase in purchase of power and distribution charges. Our cost of services is broken down as follows:

	(Audited)			
	For the year ended December 31,			
	2022	2023	2023	% Change
	(in millions of ₱)		(U.S.\$ in millions)	
Cost of Services				
Purchase of power	936.8	1,562.8	28.1	66.8%
Distribution charges	291.1	561.0	10.1	92.7%
Depreciation and amortization	153.2	153.3	2.8	0.1%
Salaries, wages and other employee benefits	49.5	34.7	0.6	(29.8%)
Line charges	82.6	13.3	0.2	(83.9%)
Commission fees	11.5	12.5	0.2	8.6%
Security services	2.6	9.2	0.2	257.0%
Utilities.....	9.3	8.5	0.2	(8.6%)
Outside services	32.3	8.2	0.1	(74.7%)
Taxes and licenses.....	5.3	8.0	0.1	49.7%
Repairs and maintenance	13.5	8.0	0.1	(40.9%)
Insurance	4.0	7.4	0.1	85.5%
Retirement benefit expense (income)	5.4	4.0	0.1	(25.9%)
Others	0.6	7.3	0.1	1,803.2%
Total	1,597.7	2,398.2	43.2	50.1%

Purchase of power increased by 66.8% to ₱1,562.8 million (U.S.\$28.1 million) in the year ended December 31, 2023 from ₱936.8 million in the year ended December 31, 2022 due to an increase in cost incurred in relation to securing power supply agreements for CESI due to an increase in its customers base. In addition, one of our suppliers preterminated a two-year power supply agreement approximately one year earlier, which required us to purchase power at a slightly higher cost, causing our purchase of power to increase in the fourth quarter of 2022. We believe that this is a one-time occurrence and do not expect it to significantly affect our results of operations in the future. In 2023, we entered into a back-to-back supply arrangement to replace the preterminated power supply agreement, which resulted in our recovery of trading profit by the year ended December 31, 2023.

Distribution charges increased by 92.7% to ₱ 561.0 million (U.S.\$ 10.1 million) in the year ended December 31, 2023 from ₱291.1 million in the year ended December 31, 2022 primarily due to an increase in the number of our customer contracts, resulting in increased distribution charges which are passed-on to customers with related billings forming part of sale of electricity.

Depreciation and amortization slightly increased by 0.1% to ₱153.3 million (U.S.\$2.8 million) in the year ended December 31, 2023 from ₱153.2 million in the year ended December 31, 2023.

Gross Profit

As a result of the foregoing, gross profit increased by 7.8% to ₱1,285.7 million (U.S.\$93.1 million) in the year ended December 31, 2023 from ₱1,192.5 million in the year ended December 31, 2022.

Operating Expenses

Operating expenses decreased by 2.1% to ₱211.3 million (U.S.\$3.8 million) for the year ended December 31, 2023 compared to ₱215.8 million for the year ended December 31, 2022 primarily due to a decrease in taxes and licenses, contracted services, retirement benefit expense and professional fees. Our operating expenses are broken down as follows:

(Audited)				
For the year ended December 31,				
	2022	2023	2023	% Change
	(in millions of ₱)		(U.S.\$ in millions)	
Operating expenses				
Salaries, wages and other employee benefits.	41.8	71.0	1.3	69.8%
Contracted services	58.9	57.5	1.0	(2.4%)
Taxes and licenses.....	54.3	18.0	0.3	(66.8%)
Rental	0.4	7.8	0.1	1,697.1%
Depreciation and amortization.....	6.0	7.8	0.1	29.6%
Representation.....	1.4	7.1	0.1	393.8%
Professional fees	23.1	6.4	0.1	(72.2%)
Transportation and travel	1.9	4.5	0.1	130.7%
Retirement benefit expense.....	6.1	3.0	0.1	(51.1%)
Dues and subscriptions	2.7	2.6	0.0	(2.1%)
Insurance	0.0	2.4	0.0	10,827.3%
Marketing and advertising	1.8	2.1	0.0	18.1%
Repairs and maintenance	1.8	1.4	0.0	(21.6%)
Communication, light and water.....	0.3	1.3	0.0	367.9%
Office supplies	1.3	1.2	0.0	(10.8%)
Charitable contributions.....	1.6	1.1	0.0	(30.3%)
Director's fees.....	2.0	1.0	0.0	(49.4%)
Bank charges.....	1.9	0.1	0.0	(97.0%)
Fines and penalties.....	2.0	0.0	0.0	(98.9%)
Provision for (Reversal of) doubtful accounts	(2.8)	(1.1)	(0.0)	(59.8%)
Trainings and seminars	0.4	0.0	0.0	(100.0%)
Miscellaneous	8.9	16.1	0.3	82.1%
Total.....	215.8	211.3	3.8	(2.1%)

Contracted services decreased by 2.4 % to ₱57.5 million (U.S.\$1.0 million) in the year ended December 31, 2023 from ₱58.9 million in the year ended December 31, 2022 primarily due to the decrease in fees paid to consultants previously contracted as a result of the hiring of additional full-time employees, which lessened our reliance on outside contractors.

Taxes and licenses decreased by 66.8% to ₱18.0 million (U.S.\$0.3 million) in the year ended December 31, 2023 from ₱54.3 million in the year ended December 31, 2022 primarily due to transactions relating to CREIT's offering and listing, comprising payments for (i) documentary stamp taxes to the BIR for CREIT's lease contracts and (ii) transfer taxes to the relevant local government unit in relation transfer of acquired assets to CREIT.

Salaries, wages and other employee benefits increased by 69.8% to ₱ 71.0 million (U.S.\$ 1.3 million) in the year ended December 31, 2023 from ₱41.8 million in the year ended December 31, 2022 due to an increase in employees to ramp up the roll out of projects of approximately 1.0GW projects of CREC.

Professional fees decreased by 72.2% to ₱6.4 million (U.S.\$0.1 million) in the year ended December 31, 2023 from ₱23.1 million in the year ended December 31, 2022 primarily due to CREIT IPO listing expenses, such as legal, underwriting and audit fees, incurred in the year ended December 31, 2022.

Share in net income (loss) of a joint venture

Our share in net income (loss) of a joint venture increased by 5.5 % to ₱218.1 million (U.S.\$11.4 million) for the year ended December 31, 2023 compared to ₱206.7 million for the year ended December 31, 2022 primarily due to an increase in GPS3's net income upon commissioning of the Arayat Phase 2 Project in March 2023, which resulted to an increase in our share in the net income of GPS3.

Income from operations

As a result of the foregoing, our income from operations increased by 9.2% to ₱1,292.5 million (U.S.\$109.0 million) in the year ended December 31, 2023 from ₱1,183.4 million in the year ended December 31, 2022.

Finance costs

Finance costs increased by 12.1% to ₱412.0 million (U.S.\$44.5 million) for the year ended December 31, 2023 compared to ₱367.5 million for the year ended December 31, 2022 primarily due to the increase in interest on bank loans and pretermination penalties. Our finance costs are broken down as follows:

	(Audited) For the year ended December 31,			
	2022	2023	2023	% Change
	(in millions of ₱)		(U.S.\$ in millions)	
Interests on loan payable from DBP	324.4	388.4	7.0	19.7%
Interests on lease liabilities	16.5	17.9	0.3	8.2%
Interest on customers and security deposits	2.4	5.8	0.1	142.1%
Loan pretermination penalty	24.2	-	-	(100.0%)
Total.....	367.5	412.0	7.4	12.1%

Interests on loans payable from DBP increased by 19.7% to ₱388.4 million (U.S.\$7.0 million) in the year ended December 31, 2023 from ₱324.4 million in the year ended December 31, 2022 primarily due to increased interest rates on such ₱2.8 billion loan, which is repriced on a quarterly basis.

In the year ended December 31, 2022, we incurred a pretermination penalty arising from the prepayment of a loan agreement secured to finance the Clark Solar Power Project and Centrala Solar Power Project prior to maturity date to reduce overall finance costs of the group in preparation for the CREIT IPO. There being no similar transactions incurred in the year ended December 31, 2023, our finance costs were reduced to nil for such period.

Other income, net

Other income, net increased by 101.1% to ₱55.4 million (U.S.\$27.8 million) in the year ended December 31, 2023 from ₱27.6 million in the year ended December 31, 2022. Our other income, net is broken down as follows:

	(Audited) For the year ended December 31,			
	2022	2023	2023	% Change
	(in millions of ₱)		(U.S.\$ in millions)	
Interest income	17.7	50.1	0.9	183.4%
Foreign exchange losses, net.....	(0.1)	0.01	0.0	(121.0%)
Loss on receivable restructuring	(5.7)	-	-	(100.0%)
Others	15.7	5.3	0.1	(66.0%)
Total.....	27.6	55.4	1.1	101.1%

Interest income increased by 183.4% to ₱ 50.1 million (U.S.\$0.9 million) in the year ended December 31, 2023 from ₱17.7 million in the year ended December 31, 2022 primarily due to investments in higher-yielding deposit instruments such as time deposits.

Others decreased by 66.0% to ₱ 5.3 million (U.S.\$0.1 million) for the year ended December 31, 2023 compared to ₱15.7 million for the year ended December 31, 2022 primarily due to a derecognition of certain liabilities which are of relatively small value and are no long outstanding.

Income before income tax

As a result of the foregoing, our income before income tax increased by 11.0% to ₱935.9 million (U.S.\$92.4 million) in the year ended December 31, 2023 from ₱843.5 million in the year ended December 31, 2022.

Income tax expense (benefit)

Income tax expense increased by 161.5% to ₱25.8 million (U.S.\$0.5 million) in the year ended December 31, 2023 compared to an income tax expense of ₱9.9 million in the year ended December 31, 2022 primarily due to an increase in current taxes. Our income tax expense (benefit) is broken down as follows:

	(Audited)			
	For the year ended December 31,			
	2022	2023	2023	% Change
	(in millions of ₱)		(U.S.\$ in millions)	
Current.....	1.5	24.3	0.4	1523.7%
Deferred.....	8.4	1.5	0.02	(82.1%)
Total.....	9.9	25.8	0.5	161.5%

Current tax expense increased by 1,523.7% to ₱24.3 million (U.S.\$ 0.4 million) for the year ended December 31, 2023 compared to ₱1.5 million for the year ended December 31, 2022 primarily due to an increase in profit of CESI.

Deferred tax expense decreased by 82.1% to a tax expense of ₱ 1.5 million (U.S.\$ 0.02 million) for year ended December 31, 2023 compared to a tax expense of ₱8.4 million for the year ended December 31, 2022 primarily due to the impact of recognition of deferred tax assets on retirement benefit obligations for the period and the PFRS 16 adjustment on long term lease.

Net income for the year

As a result of the foregoing, net income increased by 9.2% to ₱910.1 million (U.S.\$76.5 million) in the year ended December 31, 2023 from ₱833.6 million in the year ended December 31, 2023.

Net income attributable to shareholders of the Parent Company

Net income attributable to shareholders of CREC increased by 8.4% to ₱685.0 million (U.S.\$53.3 million) in the year ended December 31, 2023 from ₱353.6 million in the year ended December 31, 2022 primarily due to the increase in the consolidated net income for the period.

Year ended December 31, 2022 compared to year ended December 31, 2021

	(Audited)		
	For the years ended December 31,		
	2021	2022	% Change
	(in millions of ₱)		
Revenue			
Sale of Electricity.....	991.7	2,097.8	111.5%
Lease Income	-	648.1	-
Service Fees	17.0	44.3	160.6%
	1,008.7	2,790.2	176.6%
Cost of Services.....	(490.7)	(1,597.7)	225.6%
Gross Profit	518.0	1,192.5	130.2%
Operating Expenses	(167.6)	(215.8)	28.8%
Share in net income (loss) of a joint venture	(2.5)	206.7	8,367.8%

(Audited)			
For the years ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Income from Operations	347.9	1,183.4	240.2%
Finance costs	(223.2)	(367.5)	64.7%
Other income, net	59.4	27.6	(53.6%)
Income before income tax	184.2	843.5	358.0%
Income tax expense (benefit)	(8.1)	9.9	(222.2%)
Net income for the year.....	192.3	833.6	333.7%
Net income attributable to:			
Shareholders of the Parent			
Company	192.3	631.6	228.4%
Non-controlling interest	-	202.0	100.0%
	192.3	833.6	333.5%

Revenue

Revenue increased by 176.6% to ₱2,790.2 million for the year ended December 31, 2022 compared to ₱1,008.7 million for the year ended December 31, 2021 primarily due to increases in the sale of electricity and lease income.

Sale of electricity increased by 111.5% to ₱2,097.8 million for the year ended December 31, 2022 compared to ₱991.7 million for the year ended December 31, 2021 primarily due to the increase in our trading revenue, as part of our strategic objective of establishing and expanding our customer base in anticipation of the commissioning and operation of our pipeline projects. In addition, we recognized revenue totaling to ₱71.8 million from the adjustment of the FIT rate of the Centrala Solar Power Project and Bulacan III Solar PV Plant in year ended December 31, 2022. For the year ending December 31, 2022, our total revenue from sale of electricity comprised 36.0% from generated output of our operating projects, 48.0% in trading revenue and 16.0% in passed-on services.

Lease income was ₱648.1 million for the year ended December 31, 2022 compared to nil for the year ended December 31, 2021 primarily due to the recognition of lease income generated by CREIT, our real estate investment trust, from its leasing activities to CPI's solar power plants in the year ended December 31, 2022.

Service fees increased by 160.6% to ₱44.3 million for the year ended December 31, 2022 compared to ₱17.0 million for the year ended December 31, 2021 primarily due to the recognition of service fees in respect of the operations and maintenance agreement covering (i) the power distribution system in the Freeport Area of Bataan and (ii) GPS3's Arayat Phase 1 Project which was commissioned in March 2022.

Cost of Services

Cost of services increased by 225.6% to ₱1,597.7 million for the year ended December 31, 2022 compared to ₱490.7 million for the year ended December 31, 2021 primarily due to increases in purchase of power, distribution charges and line rentals. Our cost of services is broken down as follows:

(Audited)			
For the year ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Cost of Services			
Purchase of power	154.1	936.8	507.9%
Distribution charges	102.9	291.1	182.9%
Depreciation and amortization	144.7	153.2	5.9%
Salaries, wages and other employee benefits	14.0	49.5	253.6%
Line charges	11.2	82.6	637.5%
Commission fees	2.9	11.5	296.6%
Security services	1.5	2.6	73.3%
Utilities	8.7	9.3	6.9%
Outside services	9.8	32.3	229.6%
Taxes and licenses	26.2	5.3	(79.8%)
Repairs and maintenance	9.6	13.5	40.6%

(Audited)			
For the year ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Insurance	4.3	4.0	(7.0%)
Retirement benefit expense (income)	(1.6)	5.4	(437.5%)
Others	2.4	0.6	(75.0%)
Total.....	490.7	1,597.7	225.6%

Purchase of power increased by 507.9% to ₱936.8 million for the year ended December 31, 2022 compared to ₱154.1 million for the year ended December 31, 2021 primarily due to increase in the customer base of CESI and the corresponding increase in the purchase of power supply from third parties to provides services to such customers. This is in line with our of objective of establishing and expanding our customer base in anticipation of the commissioning and operation of our pipeline projects.

Distribution charges increased by 182.9% to ₱291.1 million for the year ended December 31, 2022 compared to ₱102.9 million for the year ended December 31, 2021 primarily due to an increase in the number of customer contracts resulting in increased distribution charges which are passed-on to customers with related billings forming part of sale of electricity.

Depreciation and amortization increased by 5.9% to ₱153.2 million for the year ended December 31, 2022 compared to ₱144.7 million for the year ended December 31, 2021 primarily due to a remeasurement of right-of-use assets on long-term lease contracts with third party landowners as a result of the assignment of these contracts to CREIT from various parties, which resulted to higher right-of-use asset and year-on-year amortizations.

Gross Profit

As a result of the foregoing, gross profit increased by 130.2% to ₱1,192.5 million for the year ended December 31, 2022 compared to ₱518.0 million for the year ended December 31, 2021.

Operating Expenses

Operating expenses increased by 28.8% to ₱215.8 million for the year ended December 31, 2022 compared to ₱167.6 million for the year ended December 31, 2021 primarily due to increases in contracted services, taxes and licenses and salaries and employee benefits. Our operating expenses are broken down as follows:

(Audited)			
For the year ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Operating expenses			
Salaries, wages and other employee benefits.	29.4	41.8	42.1%
Contracted services	21.6	58.9	172.4%
Taxes and licenses.....	39.8	54.3	36.4%
Rental	0.2	0.4	169.4%
Depreciation and amortization.....	3.4	6.0	75.0%
Representation.....	0.3	1.4	372.7%
Professional fees	38.5	23.1	(40.1%)
Transportation and travel	1.6	1.9	23.5%
Retirement benefit expense.....	4.9	6.1	24.0%
Dues and subscriptions	3.7	2.7	(26.9%)
Insurance	0.2	0.0	(90.9%)
Repairs and maintenance	1.1	1.8	68.9%
Communication, light and water.....	0.3	0.3	(8.8%)
Office supplies	0.5	1.3	148.9%
Charitable contributions.....	0.9	1.6	80.0%
Director's fees.....	0.8	2.0	134.5%
Marketing and advertising	1.2	1.8	47.2%
Bank charges.....	1.9	1.9	(2.0%)

(Audited)			
For the year ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Fines and penalties.....	8.0	2.0	(75.6%)
Provision for (Reversal of) doubtful accounts	7.8	(2.8)	(136.6%)
Trainings and seminars	0.2	0.4	91.3%
Miscellaneous	1.1	8.9	693.8%
Total.....	167.6	215.8	28.8%

Contracted services increased by 172.2% to ₱58.9 million in the year ended December 31, 2022 from ₱21.6 million in the year ended December 31, 2021 due to the engagement of consultants to support our preparation to roll out our expansion plans.

Taxes and licenses increased by 36.4% to ₱54.3 million in the year ended December 31, 2022 from ₱39.8 million in the year ended December 31, 2021 due to the increase in documentary stamp taxes as a result of lease contracts executed with various lessees by CREIT in the year ended December 31, 2022.

Salaries, wages and other employee benefits increased by 42.1% to ₱41.8 million in the year ended December 31, 2022 from ₱29.4 million in the year ended December 31, 2021 because of the increase in employees hired to support our overall growth plans.

Professional fees decreased by 40.1% to ₱23.1 million in the year ended December 31, 2022 from ₱38.5 million in the year ended December 31, 2021 primarily due to CREIT's IPO-related costs incurred in the year ended December 31, 2021.

Share in net income (loss) of a joint venture

Our share in net income of a joint venture increased by 8,368% to ₱206.7 million in the year ended December 31, 2022 from a loss of ₱2.5 million in the year ended December 31, 2021 due to recognition of share in net income of GPS3 from its operation of the Arayat Phase 1 Project which was commissioned in March 2022.

Income from Operations

As a result of the foregoing, income from operations increased by 240.2% to ₱1,183.4 million for the year ended December 31, 2022 compared to ₱347.9 million for the year ended December 31, 2021.

Finance costs

Finance costs increased by 64.7% to ₱367.5 million in the year ended December 31, 2022 from ₱223.2 million in the year ended December 31, 2021 primarily due to increases in interest on bank loans and pretermination penalty. Our finance costs are broken down as follows:

(Audited)			
For the year ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Interests on loan payable from DBP	193.1	324.4	68.0%
Loan pretermination penalty	-	24.2	-
Interests on lease liabilities	11.7	16.5	41.0%
Interest on customers and security deposits	1.4	2.4	64.5%
Interest on advances from a related party	16.9	-	(100.0%)
Total.....	223.2	367.5	64.7%

Interest on loan payable from DBP increased by 68.0% to ₱324.4 million for the year ended December 31, 2022 compared to ₱193.1 million for the year ended December 31, 2021 primarily due to an assignment of the bank loans to us in the year ended December 31, 2022 related to the Group's corporate restructuring in relation to CREIT's IPO.

We incurred a loan pretermination penalty of ₱24.2 million for the year ended December 31, 2022 arising from the prepayment of a loan agreement to finance the construction of the Centrala Solar Power Project and the Bulacan III Solar PV Plant prior to maturity date as part of CREIT's REIT formation transactions.

Other income, net

Our other income, net decreased by 53.6% to ₱27.6 million in the year ended December 31, 2022 from ₱59.4 million in the year ended December 31, 2021 primarily due to a non-recurring gain arising from a compromise settlement with Government agencies discussed below. Our other income, net is broken down as follows:

(Audited)			
For the year ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Interest income	15.4	17.7	14.5%
Gain on compromise settlement due to government agencies	25.2	-	(100.0%)
Gain on termination and assignment of lease	8.0	-	(100.0%)
Gain on loss on control of a subsidiary	3.9	-	(100.0%)
Foreign exchange losses, net	*	*	*
Loss on receivable restructuring	-	(5.7)	(100.0%)
Others	6.9	15.7	125.4%
Total	59.4	27.6	(53.6%)

Note:

*Less than ₱0.1 million

Interest income increased by 14.5% to ₱17.7 million for the year ended December 31, 2022 compared to ₱15.4 million for the year ended December 31, 2021, primarily due to the recognition of a “day one” gain on customer deposits to reflect its amortized cost pursuant to PFRS 15. The recognition of a “day one” gain in the year ended December 31, 2022 is consistent with the increase in sales contracts entered into by us for that period.

We recognized a gain on comprised settlement due to Government agencies of ₱25.2 million in the year ended December 31, 2021 arising from over accrual of real property taxes in respect of the Clark Solar Power Project in the past which liability was subsequently reversed due to an interpretation of tax incentives. The gain was realized upon our payment of lower real property taxes based on the computation of the local government unit.

Others increased by 125.4% to ₱15.7 million for the year ended December 31, 2022 compared to ₱6.9 million for the year ended December 31, 2021, which are non-recurring transactions.

Income before income tax

As a result of the foregoing, income before income tax increased by 358.0% to ₱843.5 million in the year ended December 31, 2022 from ₱184.2 million in the year ended December 31, 2021.

Income tax expense (benefit)

Our income tax expense was ₱9.9 million in the year ended December 31, 2022 compared to an income tax benefit of ₱8.1 million in the year ended December 31, 2021. Our income tax expense (benefit) are broken down as follows:

(Audited)			
For the year ended December 31,			
	2021	2022	% Change
	(in millions of ₱)		
Current	0.3	1.5	400.0%
Deferred	(8.4)	8.4	(200.0%)
Total	(8.1)	9.9	(222.2%)

Current tax expense increased by 400.0% to ₱1.5 million for the year ended December 31, 2022 compared to ₱0.3 million for the year ended December 31, 2021 primarily due to an increase in our taxable income.

We had a deferred tax expense of ₱8.4 million for the year ended December 31, 2022 compared to a deferred tax benefit of ₱8.4 million for the year ended December 31, 2021 primarily due to the reversal of previously recognized deferred tax liability on accrued FIT rate adjustment in respect of the Clark Solar Power Project.

Net income for the year

As a result of the foregoing, net income for the year increased by 333.7% to ₱833.6 million in the year ended December 31, 2022 from ₱192.3 million in the year ended December 31, 2021.

Net income attributable to shareholders of the Parent Company

Net income attributable to shareholders of CREC for the year increased by 228.4% to ₱631.6 million in the year ended December 31, 2022 from ₱192.3 million in the year ended December 31, 2021 mainly driven by stronger consolidated performance during the year.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2023 compared to December 31, 2022

	(Audited)			
	As of	As of December 31, 2023		% Change
	December 31, 2022	(in millions of ₱)	(U.S.\$ in millions)	
Assets				
Currents Assets				
Cash and cash equivalents	1,473.2	2,403.3	43.2	63.1%
Trade and other receivables, net	6,958.2	4,818.1	86.7	(30.8%)
Prepayments and other current assets	142.2	508.9	9.2	257.9%
Total Current Assets	8,573.6	7,730.3	139.1	(9.8%)
Noncurrent Assets				
Trade receivable, net of current portion....	240.9	207.8	3.7	(13.8%)
Advances to contractor	-	1,677.5	30.2	100%
Property, plant and equipment, net	3,233.7	9,307.7	167.5	187.8%
Investment properties, net	132.2	124.9	2.2	(5.5%)
Right-of-use assets, net	97.9	470.4	8.5	380.3%
Investment in a joint venture and deposits	893.9	1,162.0	20.9	30.0%
Deferred income tax assets, net	0.2	3.1	0.1	1,237.7%
Goodwill	1,279.1	1,279.1	23.0	0.0%
Other non-current assets	822.4	335.8	6.0	59.2%
Total Noncurrent Assets	6,700.4	14,568.3	262.2	117.4%
Total Assets	15,273.9	22,298.6	401.3	46.0%
Liabilities & Equity				
Current Liabilities				
Trade and other payables	735.8	993.0	17.9	35.0%
Dividends payable	102.8	124.6	2.2	21.1%
Loans payable, current portion	395.9	453.6	8.2	14.6%
Lease liabilities, current portion	4.9	9.5	0.2	94.7%
Income tax payable	0.8	-	-	(100.0%)
Total Current Liabilities	1,240.2	1,580.7	28.4	27.5%
Non-current Liabilities				
Loans payable, net of current portion	5,447.1	7,306.9	131.5	34.1%
Lease liabilities, net of current portion	235.6	594.7	10.7	152.4%
Bonds payable	-	3,959.9	71.3	100.0%
Deposits and deferred rent income	104.8	192.0	3.5	83.2%
Retirement benefit obligation	19.0	40.6	0.7	114.0%
Deferred income tax liabilities, net	4.6	4.8	0.1	5.5%

	(Audited)			
	As of December 31, 2022	As of December 31, 2023		% Change
	(in millions of ₱)	(U.S.\$ in millions)		
Total Non-current Liabilities	5,811.1	12,098.9	217.7	108.2%
Total Liabilities	7,051.3	13,679.6	246.2	94.0%

Assets

Total assets as of December 31, 2023 stood at ₱22,298.6 million (U.S.\$401.3 million), an increase of 46.0%, or ₱7,024.7 million, as compared to ₱15,273.9 million as of December 31, 2022. This increase was due to the following:

- Cash and cash equivalents increased by 63.1%, or ₱930.1 million, to ₱2,403.3 million (U.S.\$43.2 million) as of December 31, 2023 from ₱1,473.2 million as of December 31, 2022 due to cash from operations and the undisbursed portion of the loan drawn for the Batangas 1 Solar Project.
- Trade and other receivables, net decreased by 30.8%, or ₱2,140.1 million, to ₱4,818.1 million (U.S.\$86.7 million) as of December 31, 2023 from ₱6,958.2 million as of December 31, 2022 mainly due to payments from a related party received in 2023 amounting to ₱2,264.0 million. This was offset by the increase in trade receivables by ₱123.9 million, to ₱481.2 million (U.S.\$8.7 million) as of December 31, 2023 from ₱357.3 million as of December 31, 2022 due to an increase in our customer base which resulted in the increase in our revenue.
- Prepayments and other current assets increased by 257.9%, or ₱366.7 million, to ₱508.9 million (U.S.\$9.2 million) as of December 31, 2023 from ₱142.2 million as of December 31, 2022 due to the increase in input VAT related to the acquisition of the new parcels of land under CREIT and increase in creditable withholding taxes.
- Trade receivable, net of current portion decreased by 13.8%, or ₱33.2 million, to ₱207.8 million (U.S.\$3.7 million) as of December 31, 2023 from ₱240.9 million as of December 31, 2022 due to the reclassification of the FIT adjustment for the Clark Solar Power Project, Bulacan III Solar PV Plant and Centrala Solar Power Project to our current account, which adjustments payable over a five-year period.
- Advances to contractor increased by 100% to ₱1,677.5 million (U.S.\$30.2 million) as of December 31, 2023 due to downpayments made to the contractor for the Batangas 1 Solar Project in accordance with the relevant construction agreement.
- Property, plant and equipment, net increased by 187.8%, or ₱6,074.0 million, to ₱9,307.7 million (U.S.\$167.5 million) as of December 31, 2023 from ₱3,233.7 million as of December 31, 2022 due to acquisitions of new parcels of land by CREIT from its ASEAN Green Bonds s proceeds and construction cost incurred for the Batangas 1 Solar Project.
- Investment properties decreased by 5.5% or ₱7.3 million to ₱124.9 million (U.S.\$2.2 million) as of December 31, 2023 from ₱132.2 million as of December 31, 2022 due to the amortization of leasehold right during the period.
- Right-of-use-assets –net increased by 380.3% or ₱372.5 million to ₱470.4 million (U.S.\$8.5 million) as of December 31, 2023 from ₱97.9 million as of December 31, 2022. The increase was due to a long-term lease contract executed in 2023 to lease parcels of land in Silay City for a period of 25 years intended for the development of a solar plant facility.
- Investment in a joint venture and deposits increased by 30.0%, or ₱268.1 million to ₱1,162.0 million (U.S.\$20.9 million) as of December 31, 2023 from ₱893.9 million as of December 31, 2022 due to our higher share in net income from GPS3 for the period resulting from: (i) additional revenues from Arayat

Phase 2 Project which was commissioned in March 2023 and (ii) additional deposit for future investment in RNHC amounting to ₱50.0 million.

- Deferred income tax assets, net increased by 1,237.7%, or ₱2.9 million, to ₱3.1 million (U.S.\$0.1 million) as of December 31, 2023 from ₱0.2 million as of December 31, 2022, due to the impact of the temporary tax difference on retirement benefit obligation and PFRS 16 adjustment on long-term lease.
- Goodwill stood at ₱1,279.1 million (U.S.\$23 million) in both periods.
- Other non-current assets decreased by 59.2%, or ₱486.6 million, to ₱335.8 million (U.S.\$6.0 million) as of December 31, 2023 from ₱822.4 million as of December 31, 2022 due to the capitalization of the ₱682.7 million downpayments we paid to landowners to property and equipment in 2023 as the deed of absolute sale was executed in 2023. This was partially offset by downpayments to contractors for the construction of the one project under the Batangas 1 Solar Power Plant, the bond deposit placed with Department of Agrarian Reform (“DAR”) to comply with land conversion requirements, and the increase in the bond placed with IEMOP via a bond company in relation to the increase in our customer base and demand.

Liabilities

Total liabilities as of December 31, 2023 stood at ₱13,679.6 million (U.S.\$246.2 million), an increase of 94%, or ₱6,628.3 million, as compared to ₱7,051.3 million as of December 31, 2022. This increase was due to the following:

- Trade and other payables increased by 35.0%, or ₱257.2 million, to ₱993.0 million (U.S.\$17.9 million) as of December 31, 2023 from ₱735.8 million as of December 31, 2022 due to the increase in withholding taxes relating to dividends and construction costs incurred as of December 31, 2023.
- Dividends payable increased by 21.1%, or ₱21.7 million, to ₱124.6 million (U.S.\$2.2 million) as of December 31, 2023 from ₱102.8 million as of December 31, 2022 due to the higher dividend per share declared by CREIT for the period.
- Loans payable, current portion increased by 14.6%, or ₱57.8 million, to ₱453.6 million (U.S.\$8.2 million) as of December 31, 2023 from ₱395.9 million as of December 31, 2022 due to the reclassification of payments from the non-current portion.
- Lease liabilities, current portion increased by 94.7%, or ₱4.6 million, to ₱9.5 million (U.S.\$0.2 million) as of December 31, 2023 from ₱4.9 million as of December 31, 2022 due to the reclassification of payments from non-current portion.
- Income tax payable decreased by 100%, or ₱0.8 million, to nil as of December 31, 2023 from ₱0.8 million as of December 31, 2022 due to the application of tax credit certificates of our operating companies against taxable income.
- Loans payable, net of current portion stood at ₱7,306.9 million (U.S.\$131.5 million) as of December 31, 2023 and increased by 34.1% or ₱1,859.8 million from ₱5,447.1 million as of December 31, 2022, due to loan availments for the construction of the Batangas 1 Solar Project, which was partially offset by the reclassification of payments maturing within one year, to the current portion of loans.
- Lease liabilities, net of current portion increased by 152.4%, or ₱359.1 million, to ₱594.7 million (U.S.\$10.7 million) as of December 31, 2023 from ₱235.6 million as of December 31, 2022 due to a new land lease agreement for the Silay Property and new finance lease agreements entered during period to finance various service vehicles for use in the development of solar power plants.
- Bonds payable stood at ₱3,959.9 million (U.S.\$71.3 million) as of December 31, 2023 as the ASEAN Green Bond was issued by CREIT in February 2023. This is after deduction of the unamortized debt issue cost amounting to ₱40.1 million.

- Deposits and deferred rent income increased by 83.2%, or ₱87.8 million, to ₱192 million (U.S.\$3.5 million) as of December 31, 2023 from ₱104.8 million as of December 31, 2022 due to the increase in our customer base of CESI during the period. Customer security deposits are usually based on one or two months projected energy quantity demand of the customer. There were no significant movements in the customer deferred rent income.
- Retirement benefit obligation increased by 114.0%, or ₱21.6 million, to ₱40.6 million (U.S.\$0.7 million) as of December 31, 2023 from ₱19.0 million as of December 31, 2022, due to remeasurement of obligation from remeasurement of financial assumptions and experience adjustment which includes various factors such as the inflation rate, discount rate and salary increase rate, among others.
- Deferred income tax liabilities, net increased by 5.5%, or ₱0.3 million to ₱4.8 million (U.S.\$0.1 million) as of December 31, 2023 from ₱4.6 million as of December 31, 2022 due to the remeasurement of our retirement benefit obligation.

As of December 31, 2022 compared to December 31, 2021

	(Audited)		
	As of December 31, 2021	As of December 31, 2022	% Change
	(in millions of ₱)		
Assets			
Currents Assets			
Cash and cash equivalents	125.0	1,473.2	1,078.6%
Trade and other receivables, net	1,037.6	6,958.2	570.6%
Prepayments and other current assets	143.2	142.2	(0.7%)
Total Current Assets	1,305.8	8,573.6	556.6%
Noncurrent Assets			
Trade receivable, net of current portion.....	116.9	240.9	106.1%
Property, plant and equipment – net	3,373.7	3,233.6	(4.2%)
Investment properties.....	-	132.2	100.0%
Right-of-use assets – net	96.2	97.9	1.8%
Investment in a joint venture and deposits.....	-	893.9	100.0%
Deferred income tax assets, net	8.5	0.2	(97.6%)
Goodwill	1,279.1	1,279.1	-
Other non-current assets	50.8	822.4	1,518.9%
Total Noncurrent Assets	4,925.2	6,700.3	36.0%
Total Assets	6,231.0	15,273.9	145.1%
Liabilities & Equity			
Current Liabilities			
Trade and other payables	540.4	735.8	36.2%
Dividends payable.....	-	102.8	100.0%
Loans payable, current portion	318.1	395.9	24.5%
Lease liabilities, current portion	2.1	4.9	133.4%
Income tax payable	0.2	0.8	319.0%
Total Current Liabilities	860.8	1,240.2	44.1%
Non-current Liabilities			
Loans payable, net of current portion	3,488.9	5,447.1	56.1%
Lease liabilities, net of current portion	106.5	235.5	121.2%
Deposits and deferred rent income	56.6	104.8	85.2%
Retirement benefit obligation	16.8	19.0	13.1%
Deferred income tax liabilities, net.....	2.5	4.6	84.0%
Total Non-current Liabilities	3,671.3	5,811.0	58.3%
Total Liabilities	4,532.1	7,051.2	55.6%

Assets

Total assets as of December 31, 2022 stood at ₱15,274.0 million, an increase of 145.1%, or ₱9,043 million, compared to ₱6,231.0 million as of December 31, 2021. This increase was due to the following:

- Cash and cash equivalents increased by 1,078.3%, or ₱1,348.2 million, to ₱1,473.2 million as of December 31, 2022 from ₱125.0 million as of December 31, 2021, due to the proceeds from the CREIT IPO, which is yet to be reinvested by CREC, as well as the increase in cash generated from operations.
- Trade and other receivables, net increased by 570.6%, or ₱5,920.6 million, to ₱6,958.2 million as of December 31, 2022 from ₱1,037.6 million as of December 31, 2021, due to the increase in receivables due from related parties of ₱5,803.5 million as CREC's parent company, CPI, was used to incubate certain projects, as well as various corporate reorganization initiatives of the group in preparation for the CREIT listing. The advances may be converted to shares of the subsidiaries owned by CPI in the future or may be paid by CPI through dividends from its subsidiaries. In addition, trade receivables posted an increase of ₱117.0 million due to the increase in the CESI's customer base which increased average monthly revenue of the group.
- Prepayments and other current assets decreased by ₱1.0 million or 0.7% from ₱143.2 million as of December 31, 2021 to ₱142.2 million as of December 31, 2022. There is an increase in our prepaid taxes

amounting to ₱29.3 million and in input VAT by ₱11.0 million. This was offset by the reclassification of share issuance cost amounting to ₱35.7 million as deduction against other reserves account in the equity section post listing of CREIT. Advances to suppliers also decreased by ₱11.2 million due to the recoupment of down payment paid upon the rendition of completed services.

- Trade receivables, net of current portion increased by 106.1%, or ₱124.0 million, to ₱240.9 million as of December 31, 2022 from ₱116.9 million as of December 31, 2021, due to the recognition of the FIT rate adjustment in respect of the Clark Solar Power Project of TransCo for the Bulacan III PV Solar Plant and Central Solar Power Project plant, which is payable over five years.
- Property, plant and equipment – net decreased by 4.2%, or ₱140.1 million, to ₱3,233.6 million as of December 31, 2022 from ₱3,371.7 million as of December 31, 2021, due to depreciation charges for the period. This was partially offset by additions amounting to ₱4.0 million and project development cost amount to ₱2.0 million.
- Right-of-use-assets –net increased by 1.8%, or ₱1.7 million, to ₱97.9 million as of December 31, 2022 from ₱96.2 million as of December 31, 2021, due to amortization during the period amounting to ₱7.3 million and additional assets amounting of ₱9.0 million.
- We recorded investment properties of ₱132.2 million as of December 31, 2022 due to the acquisition of leasehold rights by CREIT for the Silay Property and Toledo Property.
- We recorded an increase in investment in a joint venture and deposits of ₱893.9 million as of December 31, 2022 due to the recognition of our share in net income for our 50% interest in the joint venture company operating the Arayat Phase 1 Project. We also provided deposits for future share subscription amount to ₱687.2 million to RNHC, a subsidiary of CPI which we expect to acquire in the second half of 2024.
- Deferred income tax assets, net decreased by 97.6%, or ₱8.3 million, to ₱0.2 million as of December 31, 2022 from ₱8.5 million as of December 31, 2021, due to the reversal of previously recognized Net Operating Loss Carry Over.
- Goodwill stood at ₱1,279.1 million in both periods.
- Other non-current assets increased by 1,518.9%, or ₱771.6 million, to ₱822.4 million as of December 31, 2022 from ₱50.8 million as of December 31, 2021, due to downpayment made to landowners for the acquisition of parcels of land for use in solar plant development and the increase in the bond placed with IEMOP via a bond company in relation to the increase in our customer base and demand.

Liabilities

Total liabilities as of December 31, 2022 stood at ₱7,051.3 million, an increase of 55.6%, or ₱2,519.2 million, as compared to ₱4,532.1 million as of December 31, 2021. This increase was due to the following:

- Trade and other payables increased by 36.2%, or ₱195.4 million, to ₱735.8 million as of December 31, 2022 from ₱540.4 million as of December 31, 2021, due to the increase in accrued interest arising from an increase in long-term loans.
- We declared dividends to minority shareholders of CREIT amounting to ₱102.8 million as of December 31, 2022 and did not declare any dividends in the previous period. In 2022, upon listing of CREIT as a REIT entity, CREIT has been continuously declaring dividends every quarter based on CREIT's results of operations.
- Income tax payable increased by 300.0%, or ₱0.6 million, to ₱0.8 million as of December 31, 2022 from ₱0.2 million as of December 31, 2021, due to an increase in taxes of the group.
- Loans payable, current portion increased by 24.5%, or ₱77.8 million, to ₱395.9 million as of December 31, 2022 from ₱318.1 million as of December 31, 2021, due to higher loans during the period. This was reduced by principal payments made during the year.

- Lease liabilities, current portion increased by 133.4%, or ₱2.8 million, to ₱4.9 million as of December 31, 2022 from ₱2.1 million as of December 31, 2021, due to additional finance lease contracts which were entered into during the year. This was reduced by principal payments made during the year.
- Lease liabilities, net of current portion increased by 121.2%, or ₱129.1 million, to ₱235.6 million as of December 31, 2022 from ₱106.5 million as of December 31, 2021, due to additional finance lease contracts which were entered into during the year. This was decreased by the reclassification to “current portion” of the expected principal payments for the next year.
- Loans payable, net of current portion increased by 56.1%, or ₱1,958.2 million, to ₱5,447.1 million as of December 31, 2022 from ₱3,488.9 million as of December 31, 2021, due to additional loans obtained during the period in line with CREIT’s REIT formation transactions.
- Deposits and deferred rent income increased by 85.2%, or ₱48.2 million, to ₱104.8 million as of December 31, 2022 from ₱56.6 million as of December 31, 2021. This is attributable to increase in customer deposits by ₱2.5 million due to increase in customers during the period and deferred rent income increase by ₱45.6 million due to the execution of lease contract by CREIT with lessees outside the Group.
- Retirement benefit obligation increased by 13.1%, or ₱2.2 million, to ₱19.0 million as of December 31, 2022 from ₱16.8 million as of December 31, 2021, due to the additional retirement cost during the period.
- Deferred income tax liabilities, net increased by 84.0%, or ₱2.1 million, to ₱4.6 million as of December 31, 2022 from ₱2.5 million as of December 31, 2021, due to the remeasurement of retirement benefit obligations.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically met our liquidity requirements principally through a combination of cash flows from operations, bank financings, and equity capital infusion. Our principal uses of cash have been, and are expected to continue to be, operating and maintenance costs relating to our renewable energy projects, capital expenditures for the growth and expansion of our renewable energy project portfolio, dividend payment to CREIT minority shareholders and debt service of the Group.

We are not aware of any demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. We do not anticipate having any cash flow or liquidity problems over the next 12 months. We are not in breach or default on any loan or other form of indebtedness.

We believe that the operating cash flows, retained earnings, proceeds from this Offer and bank financings will be sufficient to fund working capital requirements, currently anticipated capital expenditures and debt service requirements for the next 12 months.

Cash Flows

The following discussion of our cash flows for 2021, 2022 and 2023 should be read in conjunction with the statements of cash flows included in the consolidated audited financial statements.

	For the year ended December 31,			
	2021	2022	2023	
		₱		U.S.\$
		(in millions)		
Net cash provided by operating activities.....	358.8	1,011.5	905.1	16.3
Net cash used in investing activities.....	128.0	(3,364.6)	(4,745.6)	(85.4)
Net cash provided by (used in) financing activities	(572.0)	3,701.2	4,770.6	85.8

	For the year ended December 31,			
	2021	2022	2023	
		₱		U.S.\$
		(in millions)		
Net increase (decrease) in cash and cash equivalents	(85.2)	1,348.1	930.1	16.7
Cash and cash equivalents at beginning of year/period.....	210.2	125.0	1,473.2	26.5
Cash and cash equivalents at end of year/period.....	125.0	1,473.2	2,403.3	43.2

Net cash provided by operating activities

Our net cash provided by operating activities is primarily affected by the revenues and expenses related to our solar power plant operations, lease operations, trading operations and other services rendered by us, as adjusted by non-cash items such as finance cost, depreciation and amortization, retirement benefit expense and share in net income of a joint venture. Our cash flows from operating activities, are also affected by working capital changes such as changes in trade and receivables, prepayments and other current assets, other non-current assets, trade and other payables and deposits and deferred rent income.

Net cash flows provided by operating activities were ₱905.1 million (U.S.\$16.3 million) in the year ended December 31, 2023. Our operating income before working capital changes was ₱1,246.7 million and was increased by changes in trade and other payables amounting to ₱176.6 million and deposits and deferred rent income amounting to ₱86.2 million. This was offset by movements in trade and other receivables amounting to ₱89.6 million, prepayments and other current assets amounting to ₱399.6 million and other non-current assets amounting to ₱159.8 million.

Net cash flows provided by operating activities were ₱1,011.5 million in the year ended December 31, 2022. Our operating income before working capital changes was ₱1,154.5 and was increased by trade and other payables amounting to ₱78.8 million and deposits and deferred rent income amounting to ₱48.4 million. This was offset by the movements in trade and receivables amounting to ₱263.3 million and other noncurrent assets amounting to ₱23.1 million and prepayments and other current assets amounting to ₱4.5 million.

Net cash flows provided by operating activities were ₱358.8 million in the year ended December 31, 2021. Our operating income before working capital changes was ₱516.7 million and was increased by the changes in trade and other payables amounting to ₱76.6 million and deposits and deferred rent income amounting to ₱9.1 million. This was offset by the movements in trade and other receivables amounting to ₱196.6 million, prepayments and other current assets amounting to ₱29.6 million and other noncurrent assets amounting to ₱15.8 million.

Net cash provided by (used in) investing activities

In the year ended December 31, 2023, our net cash flows used in investing activities were ₱4,745.6 million (U.S.\$16.3 million). The cash outflow primarily consisted of additions to property, plant and equipment amounting to ₱5,178.4 million, downpayments to contractor for the construction of the one of the projects in the Batangas 1 Solar Project amounting to ₱1,677.5 million, downpayments to landowners amounting to ₱98.2 million, additions in due from related parties amounting to ₱1,282.0 million, deposits for future share subscriptions amounting to ₱50.0 million, partially offset by collection of advances amounting to ₱3,546.0 million.

In the year ended December 31, 2022, our net cash flows used in investing activities were ₱3,364.6 million. The cash outflow primarily consisted of additions in due from related parties amounting to ₱4,954.3 million, deposit for future share subscription of ₱687.2 million and advances to landowners for the parcels of land amounting to ₱748.8 million. This was partially reduced by collection of loans from joint venture amounting to ₱155.2 million, collection of due from related parties amounting to ₱2,841.4 million and proceeds from sale of property and equipment amounting to ₱30.6 million.

In the year ended December 31, 2021, our net cash flows provided by investing activities were ₱128.0 million. The cash outflow primarily consisted of loans to joint venture of ₱155.2 million, the carving out of the cash balance of a deconsolidated subsidiary due to change in accounting treatment amounting to ₱78.9 million and the

downpayments to landowners amounting to ₱29.2 million. This increase was partially reduced by the proceeds from sale of property and equipment amounting to ₱44.0 million and collection of due from related parties amounting to ₱333.3 million.

Net cash flow provided by (used in) financing activities

Cash flows from our financing activities were ₱4,770.6 million (U.S.\$85.8 million) in the year ended December 31, 2023. This amount consisted primarily of proceeds from CREIT's ASEAN Green Bonds amounting to ₱4.0 billion, which excludes CREC's subscription in CREIT in the amount of ₱500.0 million and loans availed amounting to ₱2,400.1 million to partially finance the construction of the Batangas 1 Solar Project, partially offset by repayment of principal on a loan from a bank amounting to ₱395.9 million, payment of interest on loans from a bank amounting to ₱373.4 million, interest on bonds amounting to ₱212.9 million and the dividend payments to minority interest amounting to ₱480.0 million.

Cash flows from financing activities were ₱3,701.2 million for the year ended December 31, 2022. This amount consisted primarily of proceeds from sale of investment in CREIT amounting to ₱3,534.9 million and the proceeds from issuance of shares of CREIT to minority shareholders amounting to ₱2,566.7 million. This was offset by principal payments of loan from a bank amounting to ₱1,643.0 million, interest on loan amounting to ₱376.5 million and payment of dividends to CREIT's minority shareholders amounting to ₱316.1 million.

Cash flows used in financing activities were ₱572.0 million for the year ended December 31, 2021. This amount consisted primarily repayment of principal on loans from a bank amounting to ₱316.1 million and related interest amounting to ₱205.6 million.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2023:

	Total	2024	2025 to 2029	Over 5 Years
		(in ₱ millions)		
Long-term lease contracts on Land and vehicles	381.6	13.1	38.1	193.0
Total	381.6	13.1	38.1	193.0

As of December 31, 2023, there is no known event that will trigger a direct or contingent financial obligation that is material to us, including any default or acceleration of an obligation.

Capital Expenditures

We make substantial capital expenditures annually to support our business goals and objectives. Historically, capital expenditures comprises land acquisition, project development costs and construction of solar plants.

The table below set out the capital expenditures for the years ended December 31, 2021, 2022 and 2023:

	For the year ended December 31,			
	2021	2022	2023	
		(in millions)		
		₱		U.S.\$
Plant, property equipment.....	3.6	2.4	5,178.4	93.2
Advances to landowners.....	-	748.8	98.2	1.8
Advances to contractor.....	-	-	1,677.5	30.2
Project development costs	25.5	-	-	-
Total	29.1	751.2	6,954.0	125.1

Capital expenditures in relation to our joint venture entity for the construction of the Arayat Phase 1 Project and Arayat Phase 2 Project which is not consolidated by the Group amounts to ₱1,100.3 million, ₱2,255.8 million and ₱538.9 million (U.S.\$9.7 million) in the years ended December 31, 2021, 2022 and 2023, respectively.

We have historically sourced funding for capital expenditures through long-term debt, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders.

We are committed to continuously expand our pipeline of renewable energy projects to drive future growth. Between 2024 and 2030, we have earmarked approximately ₱220.0 billion in capital expenditures across 53 projects in our “Ready-to-Build” / “Under Construction”, “Advanced Development” and “Under Development (including “Pre Development” and “Early Development”)” stages. For 2024, we have budgeted approximately ₱35,000.0 million (U.S.\$629.8 million). These primarily relate to the development and construction of our renewable energy projects. Although these are our current plans with respect to capital expenditures, such plans may change as a result of a change in circumstances and the actual amount of expenditures may vary from the planned amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As we continue to expand, we will incur additional capital expenditures.

Indebtedness

We had outstanding long-term loan payables of ₱5,843.0 million and ₱7,760.5 million (U.S.\$139.7 million) as of December 31, 2022 and 2023, respectively. The loans were obtained under or assigned to CREC and were used to finance the development of solar power plants and for general corporate purposes, and are payable over 12-year and 15-year terms since the drawdowns. See Note 9 of the consolidated audited financial statements elsewhere in this Prospectus for more details relating to such loan payables, including collateral, interest rate basis and repayment terms, and covenants, including debt ratios of such loans.

We also have outstanding bonds payable amounting to ₱4.0 billion from the CREIT ASEAN Green Bonds which we issued and listed on the Philippine Dealing & Exchange Corp (“PDEX”) in February 2023, which excludes CREC’s subscription in CREIT in the amount of ₱500.0 million. The CREIT ASEAN Green Bonds have a term of five years and bears fixed interest rate of 7.0543% per annum.

The borrowing cost recognized as part of property, plant and equipment from the CREIT ASEAN Green Bonds is ₱264.1 million (U.S.\$4.8 million) for the year ended December 31, 2023 and nil as of December 31, 2022. There are no capitalized borrowing costs from the long-term loans payables.

In August 2023, we secured a facility of up to ₱5,620.9 million from a Philippine bank to partially finance the development and construction of the Batangas 1 Solar Project. On November 7, 2023 and December 5, 2023, we completed the drawdowns from this facility in the amounts of ₱1,295.6 million and ₱1,104.5 million, respectively.

See Note 9 of the consolidated audited financial statements elsewhere in this Prospectus for more details on our borrowings as of December 31, 2023.

Off-Balance Sheet Arrangements

As of December 31, 2023, there were no off-balance sheet arrangements or obligations that were likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Key Performance Indicators

Set out below are certain performance indicators that we utilize in period-to-period analysis and comparison of financial data.

	As of and for the years ended December 31,		
	2021	2022	2023
Net Income (₱ millions).....	192.3	833.6	910.1
EBITDA ⁽¹⁾ (₱ millions).....	555.5	1,370.2	1,509.0
EBITDA Margin ⁽²⁾	55%	49%	41%
Return-on-Assets ⁽³⁾	3.01%	5.87%	3.65%
Debt-to-Equity Ratio ⁽⁴⁾	2.24:1	0.71:1	1.36:1
Current Ratio ⁽⁵⁾	1.52	6.91	4.89
Asset-to-Equity Ratio ⁽⁶⁾	3.67	1.86	2.59
Return-on-Equity ⁽⁷⁾	12.04%	12.73%	8.13%

Notes:

(1) EBITDA is calculated as net income + interest cost + depreciation and amortization + income tax expense (benefit).

(2) Calculated as EBITDA / revenue.

(3) Calculated as net income/ average total assets. Average total assets is calculated as the sum of the amounts at the beginning and end of the period divided by two.

(4) Calculated as loans and bonds payable/shareholders' equity.

(5) Calculated as current assets/current liabilities.

(6) Calculated as total assets/shareholder's equity.

(7) Calculated as net income/average shareholders' equity. Average shareholders' equity is calculated as the sum of the amounts at the beginning and end of the period divided by two.

Calculation for EBITDA

The following table presents a reconciliation of EBITDA from net income for each of the periods indicated.

	For the years ended 31 December			
	2021	2022	2023	2023
	(in millions)			
	P	P	P	U.S.\$
Net Income.....	192.3	833.6	910.1	16.4
Add/(Deduct):				
Finance costs.....	223.2	367.5	412.0	7.4
Depreciation and amortization.....	148.1	159.2	161.1	2.9
Income tax expense (benefit)	(8.1)	9.9	25.8	0.5
EBITDA	555.5	1,370.2	1,509.0	27.2

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

Our activities expose us to market risk. These market risks principally involve the possibility of adverse consequences on our results of operations due to factors that generally beyond our control.

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect our total comprehensive income or the value of our financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Security price is deemed not applicable since we have no debt or equity instruments traded in an active market. We are subject to various risks, including (i) interest rate risk and (ii) foreign exchange risk.

See Note 22 of the consolidated audited financial statements for details on interest rate risk foreign currency exchange risk and a discussion on financial risk management.

Interest Rate Risk

Interest rate risk involves the movements of rates across yield curves of one or more instruments. The principal risk to which financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. We manage our resources and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

The primary source of our interest rate risk relates to certain loans payable from DBP amounting to ₱2.22 billion as of December 31, 2023 (December 31, 2022 - ₱2.4 billion; December 31, 2021 - ₱2.6 billion) which are subject to quarterly interest repricing.

Based on the sensitivity analysis performed, the impact on income before tax during December 31, 2023 of a 100 basis points increase in the discount rate, with all other variables held constant, is a decrease of 0.07% or by ₱1.54 million (December 31, 2022 – 0.05%, ₱1.19 million decrease; December 31, 2021 - 0.04%, ₱1.08 million) on our reported operating income.

See Note 22 of the consolidated audited financial statements for details on interest rate risk.

Foreign Currency Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not our functional currency. Among others, management monitors the timing of settlements/payments to ensure that we are not unfavorably exposed to fluctuations of foreign exchange rates.

Our foreign currency denominated liability as at December 31, 2023, December 31, 2022 and 2021 refers to a portion of lease liabilities. Our foreign currency denominated asset as at December 31, 2023, December 31, 2022 and December 31, 2021 refers to a portion of cash in banks. The net foreign currency denominated liability as at December 31, 2023, December 31, 2022 and 2021 is considered to be immaterial.

See Note 22 of the consolidated audited financial statements for details on foreign currency exchange risk for a sensitivity analysis demonstrating the sensitivity to a reasonably possible change in exchanges rates, with all other variables held constant, on our net income and equity.

SEASONALITY

Our revenues are correlated to the amount of electricity generated by our operating projects and the solar power plants of CPI, which in turn is dependent upon irradiance and weather conditions generally. Irradiance and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. Other than this, there were no seasonal factors that had a material impact on our financial condition or operations for the years ended December 31, 2021, 2022 and 2023.

We believe that such seasonality is effectively managed we have installed systems to (i) monitor the daily output of such power plants and (ii) calibrate and improve output, as the need arises, based on an expected performance ratio with respect to the peak nominal rated capacity of the PV panel modules installed. The calculations typically involve consideration of solar specific issues, such as solar irradiation and PV panel degradation (at a minimum), spectrum temperature, and the effects of seasonal weather variability.

INDUSTRY OVERVIEW

This Report was prepared solely for Citicore Renewable Energy Corporation (“CREC”) on terms specifically limiting the liability of The Lantau Group (HK) Limited (“TLG”). The Report cannot be relied on by any party other than CREC, including any participants in the (a) the Prospectus for the initial public offering of shares of CREC; and (b) the Offering Circular or other documents relating to the private placement of shares of CREC (collectively, the “Offering”).

The conclusions within the Report are the result of the exercise of TLG’s reasonable professional judgment, based in part upon materials and information provided to TLG by CREC and others, and TLG has no duty or responsibility to any party other than CREC for the contents, accuracy, or completeness of the Report. References to TLG should not be considered as the opinion of TLG as to the value of any security or the advisability of investing in the Issuer.

This Report is provided to participants in the Offering for information purposes only and does not constitute any form of investment, legal, economic, technical, or any other form of advice by TLG.

Any use which any participant in the Offering or any third party makes of this Report, or any reliance on it, or decisions to be made based on it, are the responsibility of the participant in the Offering or such third party. TLG accepts no duty of care or liability of any kind whatsoever to any participant in the Offering or any such third party, and all such parties waive and release TLG for all claims, liabilities, and damages, if any, suffered as a result of decisions made, or not made, or actions taken, or not taken, based on this Report.

TLG’s conclusions may reflect assumptions concerning future events that may or may not occur and cannot be predicted with certainty. Any opinion expressed herein shall not amount to any form of guarantee that TLG has determined or predicted future events or circumstances, and no such reliance is implied or may be inferred. Forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. TLG has not been requested to opine as to, and does not guarantee, warrant, or opine upon any aspect of CREC’s business or its prospects or on any aspect of the Offering or the price or future price of CREC shares.

TLG has no duty or responsibility to any party whatsoever to maintain the currency or relevance of the Report.

MACROECONOMIC ENVIRONMENT

Amid steady recovery from the pandemic, major multilateral and financial institutions have retained a strong outlook for Philippine economic growth in coming years. Consensus forecasts see growth normalizing towards pre-Covid levels with estimates ranging between 5.4% to 6.5% for the 2023 to 2025 period. The country has maintained its sovereign bond ratings of BBB (Fitch), BBB+ (S&P), and Baa2 (Moody’s).¹ In May 2023, Fitch Ratings revised their outlook on the Philippines from negative to stable. Fitch cited gradual fiscal consolidation, macroeconomic stability, as well as resilient growth and debt dynamics for their change in outlook.²

Rising employment, expansion of manufacturing, and aggressive infrastructure spending are amongst the factors reaffirming the that the Philippines will meet its GDP targets for 2023.

Figure 1 - Summary of Key Forecasts for Philippines GDP, 2023 to 2025

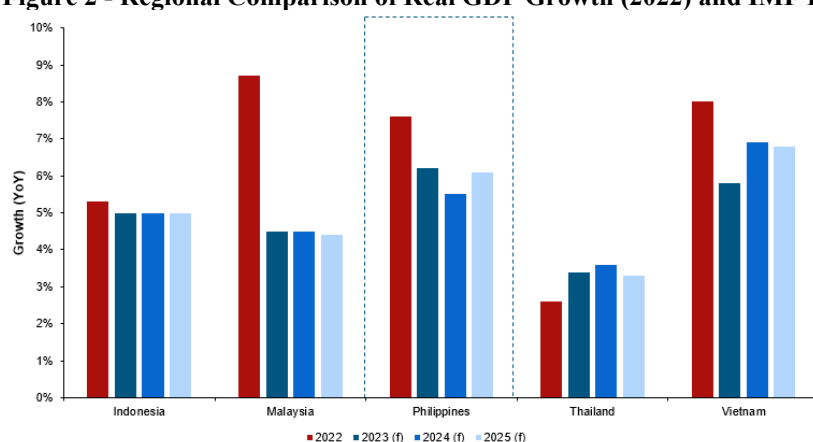
Source of Forecast or Target	2023	2024	2025
National Economic and Development Authority (NEDA)	6.0%-7.0%	6.5%-8.0%	6.5%-8.0%
International Monetary Fund (IMF)	6.2%	5.5%	6.1%
The World Bank Group (WBG)	6.0%	5.9%	5.9%
Asian Development Bank (ADB)	6.0%	6.2%	-
Fitch Ratings	6.2%	6.5%	6.3%

Source of Forecast or Target	2023	2024	2025
Moody's Analytics	6.0%	5.5%	6.5%
S&P Global	5.4%	5.6%	5.5%
Bloomberg Contributor Composite	5.2%	5.8%	6.1%

Source: Bloomberg L.P.

The forecast outlook for Philippine economic growth tracks expectations for regional peers, while maintaining robust levels of growth by comparison. Across institutional growth forecasts by the International Monetary Fund (“IMF”), World Bank Group (“WBG”), and the Asian Development Bank (“ADB”), the Philippines is forecast to have the second highest rate of economic expansion in the region, trailing only Vietnam.

Figure 2 - Regional Comparison of Real GDP Growth (2022) and IMF Forecasts (2023-2025)



Source: Bloomberg L.P.

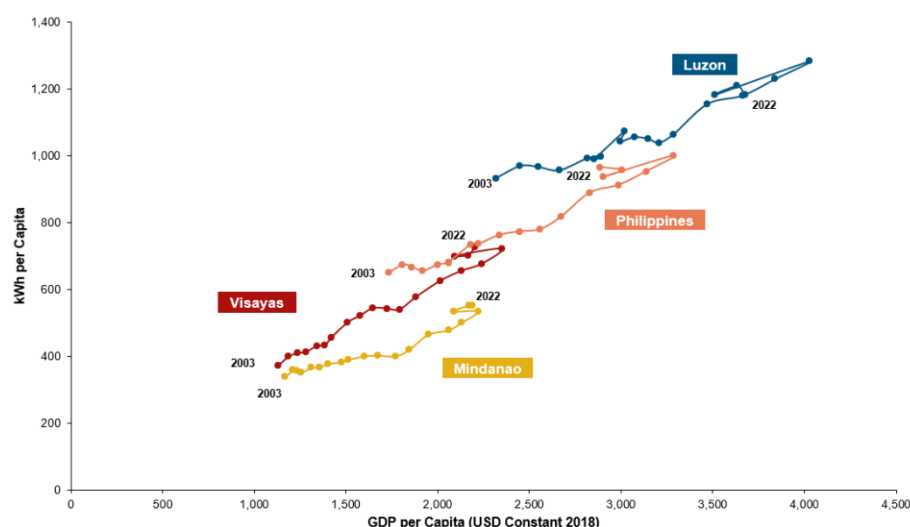
POWER SECTOR OVERVIEW

Demand and Consumption

Power demand in the Philippines has historically been highly coupled with economic development, with gross domestic product (“GDP”) per capita and electricity consumption per capita largely rising in tandem. Improving levels of electrification and population growth have also spurred growth in power consumption. Geographic differences do exist, with the more developed and industrialized region of Luzon featuring higher levels of economic activity and electricity consumption in the Philippines. In 2022, per capita electricity consumption in Luzon stood at 1,172 kilowatt-hours (“kWh”), significantly higher than the national figure of 965 kWh per capita.³

Notwithstanding, the Visayas and Mindanao regions, despite their smaller size, have exhibited particularly rapid increases in electricity consumption – reaching 716 kWh per capita and 545 kWh per capita respectively in 2022. Over the past decade, Mindanao has led growth in electricity consumption on a per capita basis with a ten-year (2013-2022) average annual growth rate (“AAGR”) of 3.2% despite the downward pressures of the pandemic, higher than the national AAGR of 2.9%.⁴ Visayas has similarly shown strong growth with a 2.9% ten-year AAGR. Compared to Visayas and Mindanao’s development-fueled growth, Luzon has had a ten-year AAGR of 1.1% with its already largely developed regional economy.

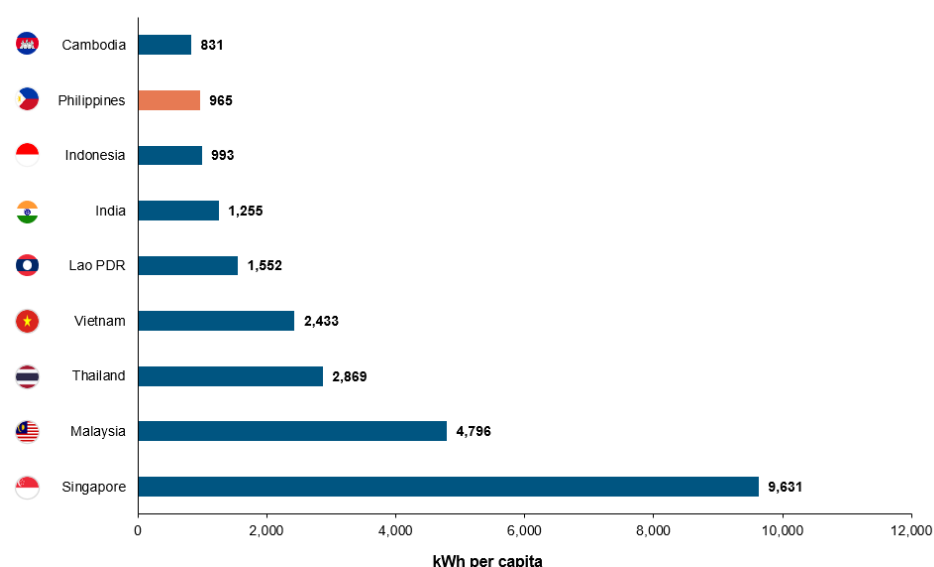
Figure 3 - Electricity Consumption per Capita vs. GDP per Capita, National and by Region (2003-2022)⁵



Source: Philippine Statistics Authority, International Monetary Foundation (IMF), Department of Energy, and The Lantau Group.

Owing to an outsized share of services sector activity in its economic makeup, the power sector in the Philippines has historically been led by a smaller demand base. ⁶ With levels of electricity consumption in the Philippines generally lower on a per capita basis compared to its peers in Southeast Asia and South Asia, this provides a significant runway for electricity demand to grow over the long-term as economic development in the country continues.

Figure 4 - Regional Comparison of Electricity Consumption per Capita in 2022⁷

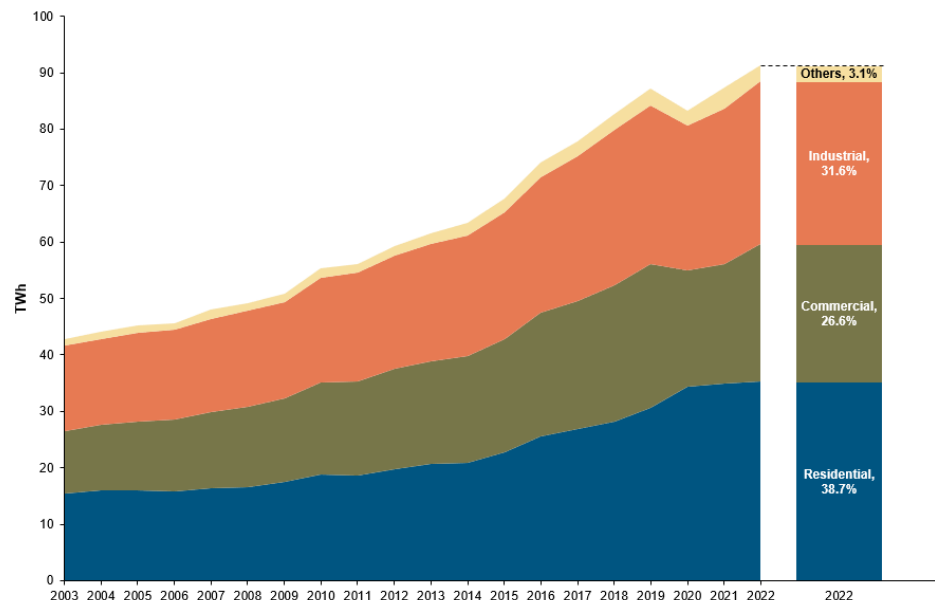


Source: IMF, Philippine Statistics Authority, Republic of Indonesia (Ministry of Energy and Mineral Resources), Tenaga Nasional Berhad, Department of Energy, Kingdom of Thailand (Energy Policy and Planning Office), and Vietnam Electricity (National Load Dispatch Center).

Over the past ten years, national electricity consumption has grown at a compounded annual growth rate (“CAGR”) of 4.4%. ⁸ National electricity consumption levels have exhibited robust growth with strong growing demand needs from residential end users whose consumption has risen by a ten-year CAGR of 6.0%. Growing by ten-year CAGRs of 3.7% and 3.2% respectively, industrial, and commercial consumption have also driven growth.

Although industrial and commercial consumption was disproportionately affected by the pandemic (-18.6% and -9.3% year-on-year (“YoY”) in 2020 respectively), both types of customers exhibited robust 5-8% YoY growth in consumption in the five years leading up to COVID-19.

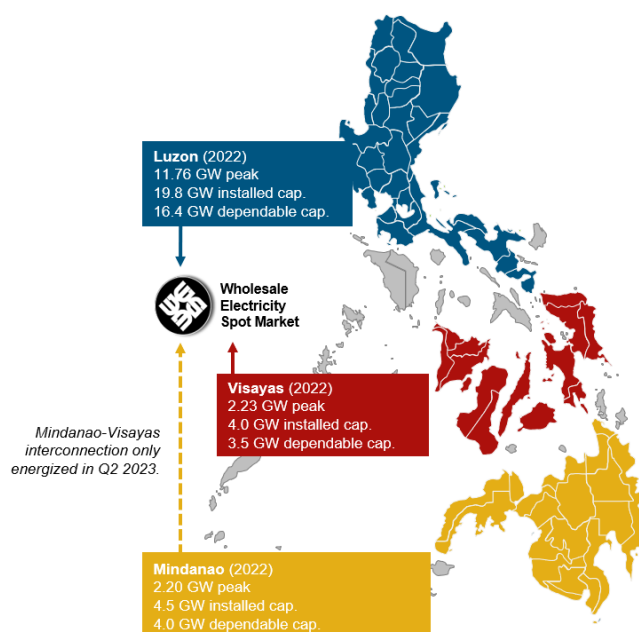
Figure 5 - National Consumption Growth by Sector (2003-2022), and Shares (2022)⁹



Source: Department of Energy.

The Philippine power sector is made up of three primary grid-connected regions, Luzon, Visayas, and Mindanao, with several other prominent islands yet to be connected to the national grid. The Mindanao-Visayas Interconnection Project was successfully energized in April 2023 which connected Mindanao to the national grid.¹⁰ An additional interconnection project to Mindoro and Palawan, the two largest unelectrified islands and home to strong offshore wind speeds, has been approved in 2023 to further expand the national grid.¹¹

Figure 6 - Graphic Overview of the Philippine Power Sector¹²



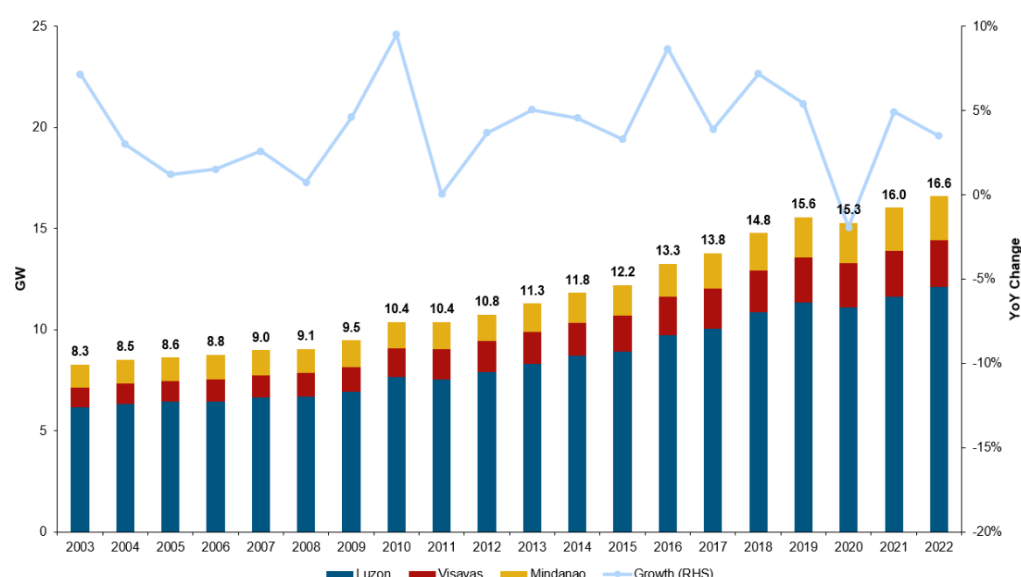
Source: Department of Energy.

While Luzon and Visayas have been connected to the country’s Wholesale Electricity Spot Market (“WESM”) for more than a decade (2006 and 2010 respectively), the launch of the spot market in Mindanao formally commenced in January 2023. Luzon represents the bulk of electricity demand (73.6% of total consumption in 2022), consistent with its economic profile, however each region has its own unique supply and demand characteristics. Mindanao and Visayas represent smaller but growing shares of national electricity consumption, at 14.0% and 12.4% respectively in 2022.¹³

Peak demand has risen by an AAGR of 3.8% nationally over the past five years, and 4.4% over the past decade. Over the course of the past twenty years, peak demand in the Philippines has doubled from 8.3 gigawatts (“GW”) in 2003 to reach 16.6GW in 2022.¹⁴ As of 2022, Luzon’s peak demand reached 12.1GW, 73% of the national total, while Visayas and Mindanao achieved 2.3GW and 2.1GW respectively.

All three grid-connected regions have historically experienced broadly similar rates of demand growth. Despite each representing disproportionate shares of national electricity demand. In the five years between 2018 and 2022, Luzon grew by an AAGR of 3.9%, Visayas by 3.3%, and Mindanao by 4.3%, while over a ten-year time horizon since 2013, Luzon grew by 4.4% AAGR, Visayas by 4.1%, and Mindanao by 5.1%.¹⁵

Figure 7 - Peak Demand and Growth by Region, 2003-2022¹⁶



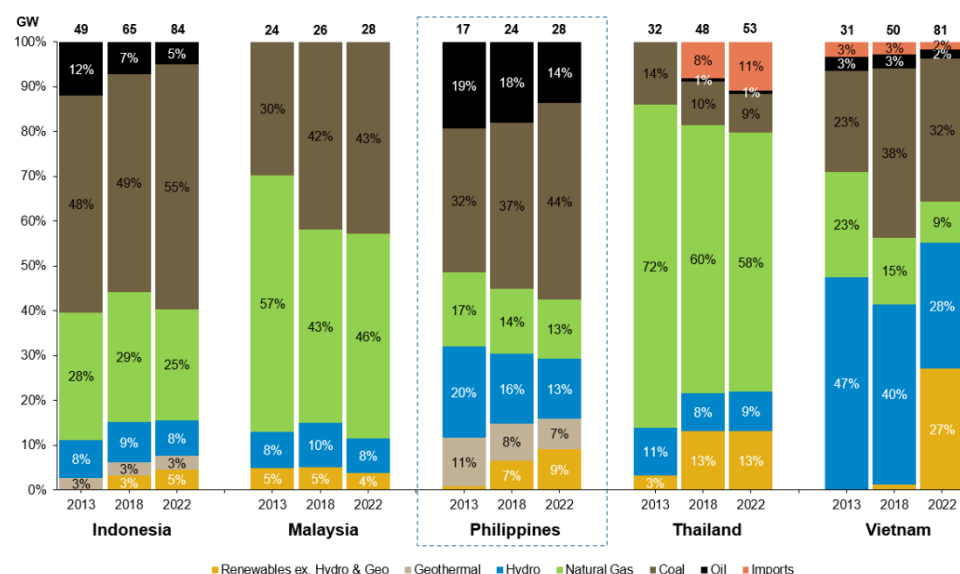
Source: Department of Energy, and The Lantau Group.

Supply and Generation Capacity

As of 2022, the Philippines boasts a 29% share of renewables in its power capacity mix, based on total consumption, and 9% when excluding hydropower and geothermal.¹⁷ These shares place the Philippines above most of its regional peers of similar market sizes, with only Vietnam surpassing the market in terms of the share of renewables capacity. As with peer markets, the Philippines’ significant share of natural gas has dwindled over the past decade with strong renewables uptake and coal buildout – the latter of which is set to change direction.

Like Indonesia, Malaysia, and Vietnam, the Philippines has an outsized share of coal-fired capacity leaving room for further expansion of renewables as governments push forward their decarbonization agendas and consider earlier retirements of coal-fired generation facilities. Additionally, the Philippines’ 14% share (in 2022) of oil and legacy diesel assets is the largest among this group of countries, demonstrating a further need to develop domestic renewable generation to meet growing demand needs.

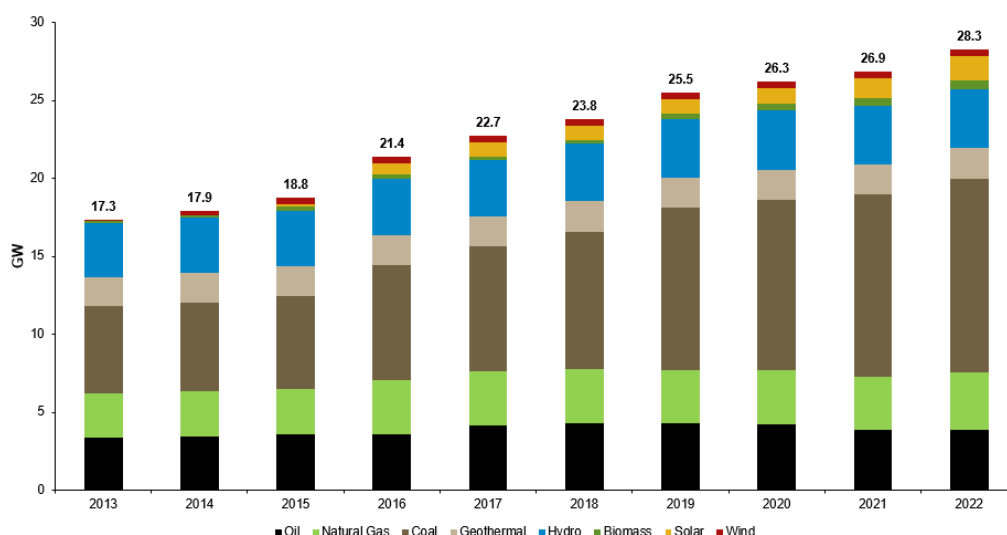
Figure 8 - Regional Comparison of Capacity Mix (2013, 2018, and 2022)¹⁸



Source: Republic of Indonesia (Ministry of Energy and Mineral Resources), Tenaga Nasional Berhad, Department of Energy, Kingdom of Thailand (Energy Regulatory Commission), Kingdom of Thailand (Energy Policy, and Planning Office), Vietnam Electricity (National Load Dispatch Center).

Installed capacity for renewables reached 8.3 GW in the Philippines as of 2022, comprising hydropower (3.8GW), geothermal (2.0GW), solar (1.5gigawatt-peak (“GWp”)), onshore wind (0.4GW), and biomass (0.6GW).¹⁹ Although geothermal and hydropower resources have had a longstanding presence in the Philippines’ supply mix, the past decade has seen a sharp uptick in onshore wind, solar, and biomass capacity. Onshore wind, solar, and biomass have cumulatively achieved an AAGR of 8.7% over the past ten years. Activity in the solar market has seen capacity additions rise significantly in the past five years at an AAGR of 12.0% - reaching 1.5GW of total capacity in 2022, up from 896MW in 2018 and 33 MW in 2013.

Figure 9 - National Installed Capacity, 2013-2022²⁰

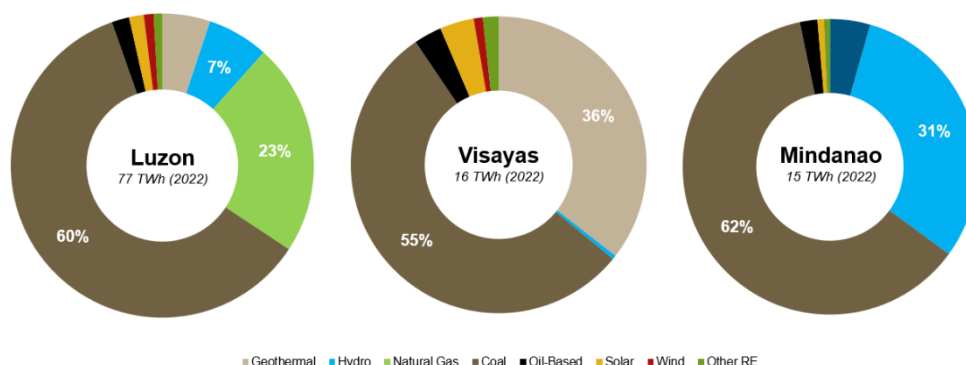


Source: Department of Energy.

Despite coal playing an outsized role in all three regions, generation within Luzon, Visayas, and Mindanao is characterized – to varying extents – by the Philippines’ indigenous natural resources in the form of geothermal, hydropower, and domestic gas from the offshore Malampaya field. Solar and onshore wind penetration prospects

benefit from the coal moratorium, Malampaya’s declining output, LNG import costs, and supportive renewable energy policies.

Figure 10 - Generation Mix for Each Major Region in the Philippines (2022)²¹



Source: Department of Energy.

Key Themes in Capacity Build-out

Considering the strong underlying growth in demand for power in the Philippines, significant new investment in generation capacity will be required in the coming years. The DOE has indicated that this build-out will be aligned with the country’s energy transition aspirations, and thereby oriented towards renewables. Key themes in the sector include:

- **Coal no longer seen as key for new capacity build-out.** Considering coal’s baseload role in the overall generation mix and the DOE’s institution of the moratorium in 2020, coal capacity additions will no longer be central for meeting future demand growth. In addition, the Philippines signed a statement on coal phase-out at the 26th United Nations Climate Change Conference (“**COP26**”) in November 2021.²²
- **Domestic natural gas is in decline.** The Philippines, particularly Luzon, has long been reliant on its largest indigenous gas field, Malampaya, which was commercialized in 2001. Malampaya has experienced declining production and, absent further exploration or investment, had previously expected to deplete as early as 2027 according to institutional forecasts.²³
- **Solar continues to scale up rapidly.** Solar capacity reached 1.5 GW and 1.8 terawatt-hours (“**TWh**”) of gross generation in 2022, from less than 1MW and 1.3 gigawatt-hours (“**GWh**”) ten years prior in 2013.²⁴xiv Supported by government policies on renewables, rapid solar uptake in the Philippines has also benefited from strong resource potential and levels of irradiation.
- **Onshore wind is playing a growing role.** Installed capacity stood at 427MW and produced just over 1 TWh of national generation in 2022. Onshore wind represented 1% of national generation in 2022 and 1.1% in each of Luzon and Visayas. Although capacity for onshore wind has stayed largely flat since 2015, there were approximately 16.3GW of renewable energy service contracts (“**RESCs**”) awarded for onshore wind as of June 2023 – indicating strong, competitive interest in the segment.²⁵ Based on awarded RESCs, 13.6GW of this potential onshore wind capacity is located in Luzon.
- **Offshore wind (“OSW”) is poised to play a sizable role towards the end decade and brings inherent scale to support the energy transition.** Although no formal regulatory framework for OSW exists as of September 2023, 73 OSW RESCs totaling 58.8GW of potential capacity had been awarded as of August. WBG and DOE’s Offshore Wind Roadmap for the Philippines identified 178GW of OSW technical potential in the country, but no formal targets for the technology have been adopted institutionally.²⁶ The yet-to-be-published Philippine Energy Plan (“**PEP**”) 2023-2050 is expected to provide further guidance on OSW deployment direction.

- **Hydropower continues to be relevant.** Beyond playing an important role in the generation mix in Luzon and Mindanao, hydropower installed capacity stood at 13.3% of national levels in 2022. The DOE has estimated that the country has 13.1GW of untapped hydropower potential, identified mini- and micro-hydro projects as key to electrification in some key regions, and indicated the intention to continue auctioning significant swathes of hydropower to developers.
- **Geothermal has been a key form of renewables serving baseload demand.** As of 2022, the Philippines had 2.0GW of geothermal capacity (6.9% of national) with generation roughly split across Luzon and Visayas. Despite exploration and development of geothermal projects requiring significant time and investment, a number of geothermal service contracts are currently under exploration at present totaling almost 1.0GW of potential capacity as of June 2023.²⁷
- **Biomass has seen steady deployment.** First introduced to the Philippines in 2009, biomass generation accounted for 2.2% of the national capacity mix as of 2022 with grid-connected capacity almost tripling between 2018 to 2022. There is a clear opportunity for biomass deployment in the Philippines, where 43% of national land is used for agricultural purposes resulting in significant agricultural crop, animal, agro-industrial, and municipal waste.²⁸
- **Battery Energy Storage Systems (“BESS”) deployment is at an early stage, whilst nuclear power may become a part of the long-term supply mix.** As of July 2023, there were five operating BESS assets in the Philippines totaling to 156MW of capacity.²⁹

RENEWABLE ENERGY SECTOR OVERVIEW

Key Regulations on Renewables

The **Renewable Energy Act (RE Act) of 2008** serves as the foundational framework for the advancement and deployment of renewable generation technologies in the Philippines. The RE Act introduced a suite of fiscal and non-fiscal incentives for the commercialization of renewables. Key initiatives include the Feed-in Tariff (“FIT”), Renewable Portfolio Standards (“RPS”), the Renewable Energy Market (“REM”), Renewable Energy Certificates (“RECs”), the Green Energy Option Program (“GEOP”), and net-metering. Additionally, the RE Act established various tax incentives for renewable developers in consultation with the BOI.

Furthermore, the RE Act compels NGCP and distribution utilities to incorporate DOE-approved renewable facilities in their TDPs and Distribution Development Plans (“DDPs”) respectively. It also tasks NGCP (or TransCo) with determining the maximum penetration limit of intermittent renewable projects for grid connection, a crucial aspect for grid stability as these projects hold “must dispatch” status.

The RE Act outlines **Renewable Energy Service Contracts (RESCs)** as a pact between the DOE and renewable energy developers, granting exclusive rights for the exploration and development of renewable energy projects in a specified area. The RESC comprises two stages: pre-development and development/commercial stages, encompassing preliminary assessments up to financial closure, and construction and installation to operational phases, respectively.

Chapter 8 of the RE Act established the National Renewable Energy Board (“NREB”), charged with advising the DOE on the National Renewable Energy Program (“NREP”), RPS, and minimum renewable energy generation capacities for off-grid areas. NREB continues to provide guidance on policies for renewable deployment.

The RE Act also mandates that all renewable exploration, development, use, and systems meet environmental compliance set forth by the Department of Environment & Natural Resources (“DENR”). The DOE holds the authority to impose necessary penalties, respecting the enforcement power of the DENR and other relevant government agencies.

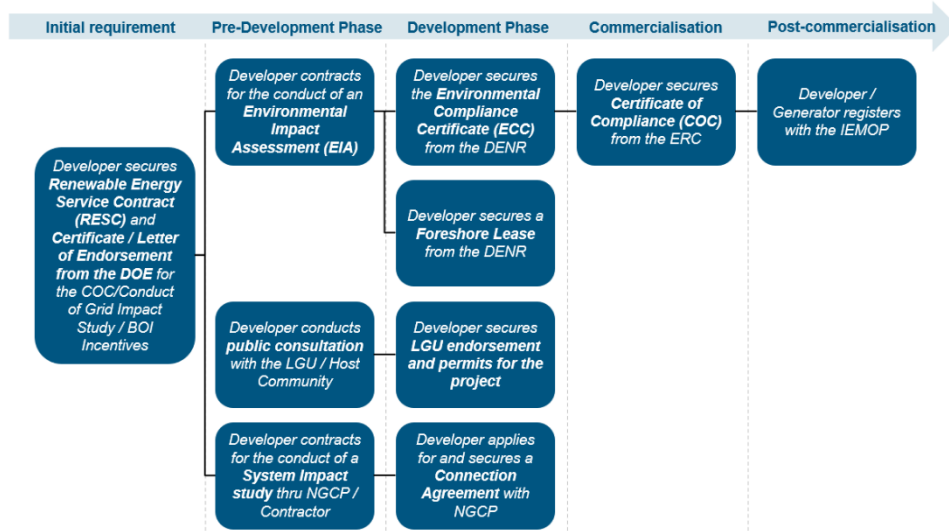
Energy Storage Systems (“ESS”) were formally recognised in the Philippines as a means to improve power system stability as of a DOE Circular in 2019. This Circular cited ESS as a recognised technology to manage the intermittent operations of variable renewable electricity (“VRE”) generating plants. In 2023, the DOE further released a regulatory framework for ESS projects, which includes battery storage (“BESS”) and pumped storage hydro (“PSH”), which subjects projects to a new category of metering and monitoring rules. The regulatory framework also extended RE Act incentives, such as preferential dispatch and tax benefits to BESS-attached renewable plants.

DOE is also moving forward to establish a **regulatory framework for OSW** in the country following President Ferdinand R. Marcos Jr.'s issuance of Executive Order No. 21 (“**EO21**”) in April 2023. This framework is being established with the intention to open up existing channels of renewable development to OSW, including permitting, development activities, marine legalities, port and marine spatial planning, and integration into EVOSS.

Guidelines for floating solar projects have also been put in place by the DENR. These rules provide stricter terms for environmental compliance certificates and related assessments that are specific to floating solar.

Implemented in 2019 by the DOE, the Omnibus Guidelines are the key regulatory framework governing registration of renewable energy developers and site exclusivity contracts; These site exclusivity contracts are known as RESCs, a fundamental first step for any renewable energy project in the Philippines.

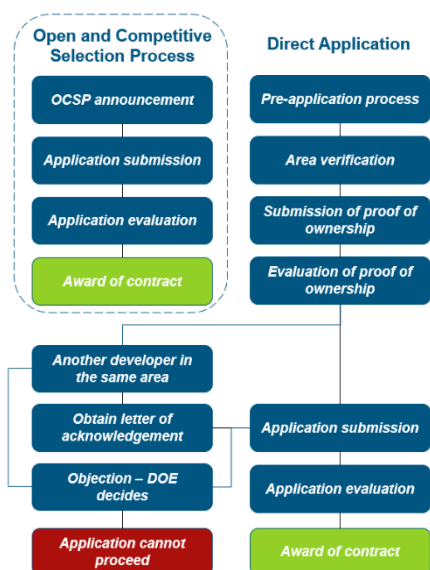
Figure 11 - Overview of Regulatory Requirements for Renewables Project Development³⁰



Source: Department of Energy, and The Lantau Group

The Omnibus Guidelines define the process for RESCs via either direct application or an Open and Competitive Selection Process (“**OCSP**”), the processes for which are shown below:

Figure 12 - Application Processes for Renewable Energy Service Contracts (RESCs), as of September 2023³¹



Source: Department of Energy, and The Lantau Group

Renewable Energy Policies and Government Targets

Energy Sector Coordination for Sustainable Growth under National Climate Ambitions

The Philippine Development Plan 2023-2028 (PDP 2023-2028) acts as the administration's legislative agenda and framework at the national economic level, with cross-sector targets for individual government agencies and their sectors. The PDP also informs the energy sector agenda via mandate for the national legislation, the environment, and the DOE.

PDP 2023-2028's agenda for the energy sector is to achieve an optimal and adequate energy mix that is secure and cost competitive. In this respect, PDP 2023-2028 focuses on improving the renewable energy investment environment while mitigating the effects of rising energy prices. PDP 2023-2028 tasks the DOE with an important mandate for their sector planning in energy, power, and renewables.

In the energy sector, the official sector roadmap is the DOE's PEP which is traditionally published every two to three years. The PEP aligns itself with the central government's priorities for the sector in both the PDP and the NREP. The DOE's most recently published final PEP was the PEP 2020-2040, which was aligned with PDP 2017-2022. However, the DOE is currently drafting a PEP 2023-2050 which intends to align with the PDP 2023-2028 of the present administration. As of September 2023, PEP 2023-2050 is still under public consultation prior to its expected final publication by the end of the year.

Although the Philippine energy sector does not feature the same degree of centralized government planning as is the case with markets such as Thailand and Vietnam, several key guiding documents play an important role in shaping the policy environment.

Figure 13 - Overview of Key Energy Sector Planning Documents (as of September 2023)

Document Title	Authoring Entity	Brief Description
Nationally Determined Contributions (NDC) 2021	Republic of the Philippines	Commitment to the Paris Agreement by achieving long-term target for emissions reductions and climate change impacts
Philippines Development Plan (PDP) 2023-2028	National Economic Development Authority (NEDA)	Economy-wide blueprint for development planning consistent with executive socioeconomic agenda.
National Renewable Energy Plan (NREP) 2020-2040	National Renewable Energy Bureau (NREB) & DOE	Policy framework for energy sector and DOE to carry out RE Act priorities and mandate in legislation and planning.
Energy Efficiency & Conservation Roadmap 2023-2050	DOE	Long-term roadmap for reducing energy intensity to meet targets in the Energy Efficiency & Conservation Act (2017).
Draft Consultation for Philippines Energy Plan (PEP) 2023-2050	DOE	Public consultation document behind a document that is the cornerstone of energy sector capacity planning with intended policies.
PEP 2020-2040	DOE	Current finalised iteration of PEP prior to publication of PEP 2023-2050.
Philippine Power Development Plan 2020-2040	DOE	Aligned with the PEP, the plan rolls out updated power sector roadmaps across the value-chain, including those for missionary electrification.
Philippines Offshore Wind Roadmap (POWR)	DOE & World Bank Group	Strategic analyses of OSW and hypothetical growth scenarios to inform future planning with OSW.

Document Title	Authoring Entity	Brief Description
Grid Planning and Competitive Renewable Energy Zones (CREZ) in the Philippines	DOE, USAID & NREL	Resource assessment and roadmap for CREZ selection and development.
Transmission Development Plan (TDP) 2023-2040 Consultation Report	NGCP	Conveys grid performance and development plans with approval from ERC.
Distribution Development Plan (DDP) (2021-2030)	DOE	Distribution system planning for infrastructure requirements and supply procurements needs across DUs and ECs.

Source: The Lantau Group

Government Targets

The Philippines power sector is not a centrally planned and features no ‘single buyer’ entity; however, the government promulgates several vital planning documents to direct development in the sector. The Philippines’ Nationally Determined Contribution (“NDC”) as well as the present administration’s BBM mandate and PDP 2023-2028 lay the foundation for energy sector-specific planning over the medium-term horizon, manifest via the NREP and the PEP.

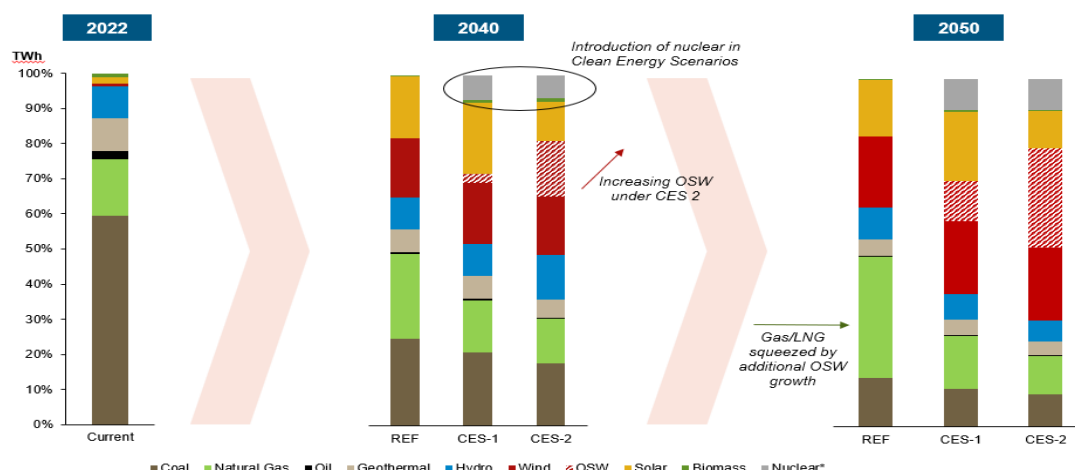
- National Renewable Energy Program (NREP)
 - Aiming to develop a national sector program to meet the RE Act’s long-term agenda, the NREP sets the strategic building blocks for national renewable energy planning in the country. Penned by the NREB, the NREP aligns the energy sector with the wider national greenhouse gas (“GHG”) emission and climate targets set out by the NDCs.
 - The most recent NREP 2020-40 sets out indicative interim targets for the delivery of renewable energy over the timeframe of 2020 to 2040, with aspirational targets to achieve 35% and 50% renewables share in the total generation mix by 2030 and 2040 respectively. These targets have now been inherited by the latest PEP 2023-2050, currently in draft form, which incorporates these targets into the Reference Case scenario for sectoral planning.
- Philippine Energy Plan (PEP)
 - The PEP is a planning document which formulates a comprehensive sectoral roadmap to ensure implementation of the energy agenda; It provides targets for individual energy sources as well as the diversification of the country’s energy mix. The PEP is prepared by the DOE and serves as a blueprint for the energy sector supporting the government’s long-term vision known as *Ambisyon Natin 2040*. Typically published every two to three years, the draft PEP 2023-2050 presents the latest view on the government’s overall plans and targets.
 - In addition to the Reference Case scenario, recent PEPs have also set out Clean Energy Scenarios (“CES”) to provide more ambitious plans and targets for renewable energy alternative technologies, and energy efficient technologies with an overall goal of reducing GHG emissions and lowering reliance on imported fuels. In draft PEP 2023-2050, the CES notably assumes 50% penetration rate for electric vehicles (“EVs”) for road transport by 2040, heightened gains from energy efficiency and conservation with up to 10% energy savings on oil products and electricity by 2050, and the inclusion of offshore wind and nuclear power into the generation mix.³² In particular, draft PEP 2023-2050 sets out CES-1 and CES-2 which are differentiated by their respective degrees of OSW penetration.

In broad terms, capacity targets in the draft PEP 2023-2050’s Reference Case scenario align with the CES seen with the previous PEP 2020-2040 (with the exception of gas-fired capacity which fell to an 11.3GW target by 2040 as compared with 24.9 GW in the previous NREP). The Reference Case in the latest PEP (draft) contains a

renewables target of approximately 35% by 2030, and 50% by 2040, while the CES has more ambitious targets leveraging the potential of OSW and nuclear power.

All scenarios within the draft PEP 2023-2050 show a transition away from coal, falling from 60% of power generation as of 2022 to 14% in the Reference Case by 2050, and falling further to 11% in the CES-1 and 10% in CES-2 scenarios over the same timeframe.

Figure 14 - Power Generation Outlook per Draft PEP 2023-2050³³



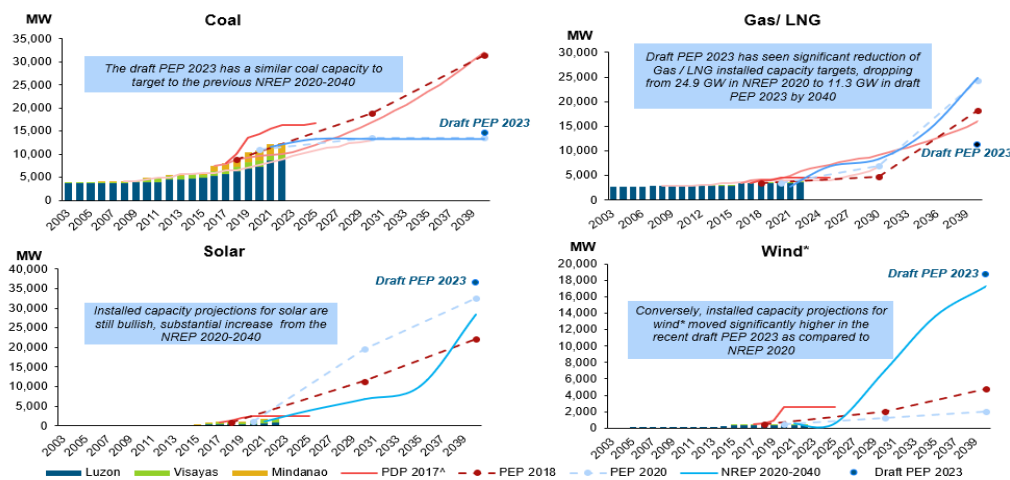
Note: *Listed as ‘Nuclear and other’ in the draft PEP 2023-2050. Based on initial generation mix and does not include BESS discharging.

Source: Department of Energy, and The Lantau Group

Key aspects of the Reference Case Scenario: There is a clear emphasis on moving away from coal and creating a larger role for onshore wind, utility-scale solar and natural gas in the generation mix. Key capacity targets in the Reference Case include:

- **Solar:** Remains a key focus for MW additions and a key driver of overall increase in renewable capacity. Installed capacity is projected to grow from 1.5GW in 2022 to 56.5GW by 2050.
- **Wind:** Overall capacity grows from 0.4GW in 2022 to 32.3GW by 2050. This is assumed to all be onshore wind, with OSW featured explicitly in the CES-1 and CES-2 outlooks.
- **Gas:** Plays an increasingly large role in the sector with the coal moratorium remaining in place. Gas is seen in this scenario with a total installed capacity of 21.9GW by 2050 vs. 3.7GW in 2022.
- **Coal:** Projected to marginally grow from 12.4GW in 2022 to 14.7GW by 2050.
- **Other technologies:** Geothermal and hydropower capacity grow from 2.0GW and 3.8GW in 2022 to 3.3GW and 14.0GW respectively

Figure 15 - Installed Capacity vs. Historic Projections by Technology³⁴



Note: While not explicitly outlined in the draft PEP 2023-2050, the reference case is understood to contain only onshore wind.

Source: Department of Energy.

Key aspects of the CES: CES-1 and CES-2 scenarios have a clear emphasis on OSW, and therein reducing overall power sector emissions and reliance on imported fuels. Among the two clean energy scenarios, CES-2 targets wind capacity alone to contribute to almost 50% of total power generation by 2050. Nuclear power also features in both CES outlooks, with 1.2 GW operational by 2032. The increase in OSW and nuclear generation come at the expense of gas/liquefied natural gas, which play a smaller role in the CES. Notable targets in the CES include:

- **Nuclear power:** 1.2 GW by 2032, 2.4 GW by 2035, and 4.8 GW by 2050 in both CES-1 and CES-2.
- **Offshore wind:**
 - CES-1 – 1.8 GW by 2040 and 13.2 GW by 2050.
 - CES-2 – 13 GW by 2040 and 38.4 GW by 2050.

Figure 16 - Installed Capacity vs. Historic Projections by Technology³⁵

	Wind	Solar*	Gas	Nuclear	Geothermal	Hydro	Biomass	BESS
Reference (GW)	32.3	56.5	21.9	0	3.3	14.0	0.7	3.8
CES-1 (GW)	45.9	54.7	16.0	4.8	3.0	10.6	0.8	22.0
CES-2 (GW)	66.0	35.7	18.8	4.9	3.0	9.9	0.8	Not published^

Note: *Solar targets assumed to be in megawatt peak (MWp) in the NREP.

Note: ^ Draft PEP 2023-2050 did not explicitly indicate what BESS capacity additions are expected under the CES-2, but BESS is likely part of the capacity forecast as BESS is included in both the reference and CES-1 scenario.

Source: Department of Energy.

Apart from projections for generation, demand, and final energy consumption up to 2050, the PEP also outlined the planning and policy work the department is doing to stimulate renewable buildout, investment in new technologies (e.g., hydrogen) and EV adoption; complementing support on conventional power (specifically gas), energy efficiency and grid innovations.

Energy Transition Policy Drivers

The RE Act formed an early platform to incentivize renewable development alongside national climate and development ambitions; it has remained a mainstay in the energy industry since and drives many of the incentive structures that exist for renewables today.

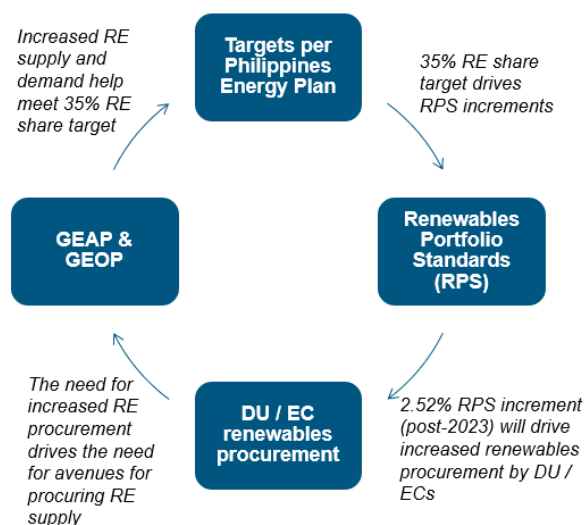
The RE Act laid out various measures to support the deployment of renewables, namely via for RPS, GEAP, and the REM. To date, the RPS and GEAP have both seen successful implementation, while the REM is now undergoing interim commercial operations. Each of these policy drivers are interlinked and supports the increase of renewables in the generation mix, with implicit linkages between the various government policies and market-based policy tools.

At a high level, RPS sets out mandated requirements for a minimum level of renewable energy procurement for all distribution utilities, electric cooperatives, and retailers. According to the DOE's simulations for the policy itself, this 2.52% increment corresponds to a renewable share of 37.0% by 2030 and 55.9% by 2040 to meet foreseen RPS-obligated demand.³⁶ This raised level is aimed at achieving the national 35% renewables generation goal by 2030 – a key target under the NREP.

The requirement to meet these RPS targets plays a central role in offtakers procuring higher levels of renewable energy in their supply portfolios through mechanisms such as the Competitive Selection Processes (CSP), for instance, whilst also guiding the government on renewable energy capacities to be auctioned via the GEAP. In addition, with the advent of the Green Energy Option (GEOP), larger end-users (>100 kW) now also have the option of contracting directly with renewables suppliers.

There is significant interplay between the various policy instruments driving renewable energy deployment and meeting the government's clean energy targets.

Figure 17 - Interplay of Philippine Renewable Energy Policy Instruments



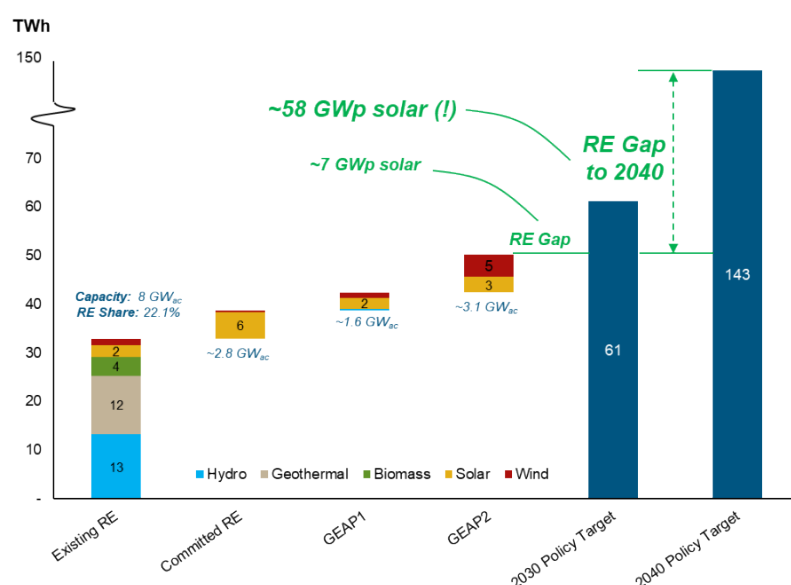
Source: The Lantau Group

Renewables Gap Based on Draft PEP 2023-2050

Based on the government's current renewable energy targets (approximately 35% by 2030 and 50% by 2040), there remains a significant investment gap for renewables. This gap could reach 100.0TWh by 2040 or the equivalent of around 58.0GWp of solar.

This gap signals the need for scaling growth of renewable developments to meet policy targets. As with the existing mandate of the DOE, this gap will have to be met by either additional auction rounds under the GEAP or via other forms of renewable energy commercialization.

Figure 18 - Renewable Energy Generation Required for 35% and 50% Policy Targets per Draft PEP³⁷



Note: Committed list here is based on The Lantau Group’s understanding of existing planned plant capacities and their likelihood of being developed based on offtake status, construction status and financing status, and may differ from the DOE’s committed plant list.

Source: Department of Energy.

Renewable Portfolio Standards (RPS)

A key policy instrument posited under the RE Act, RPS were formally launched in 2020. RPS are a targeted policy measure whereby the government requires mandated participants to procure a minimum share of electricity from eligible renewables. Mandated participants are required to demonstrate their consumption’s green attributes with RECs. RPS targets aim to create sufficient renewable energy demand to realize the government’s renewable energy targets as per the PEP.

As of 2023, the annual increment for renewables procurement required by distribution utilities, electric cooperatives, and retailers, was increased from 1% to 2.52% per annum, further supporting demand for additional renewable power. Local Philippine RECs are used to demonstrate RPS compliance in the Philippines, with the RPS requirements will also create demand and price support for RECs in the future.

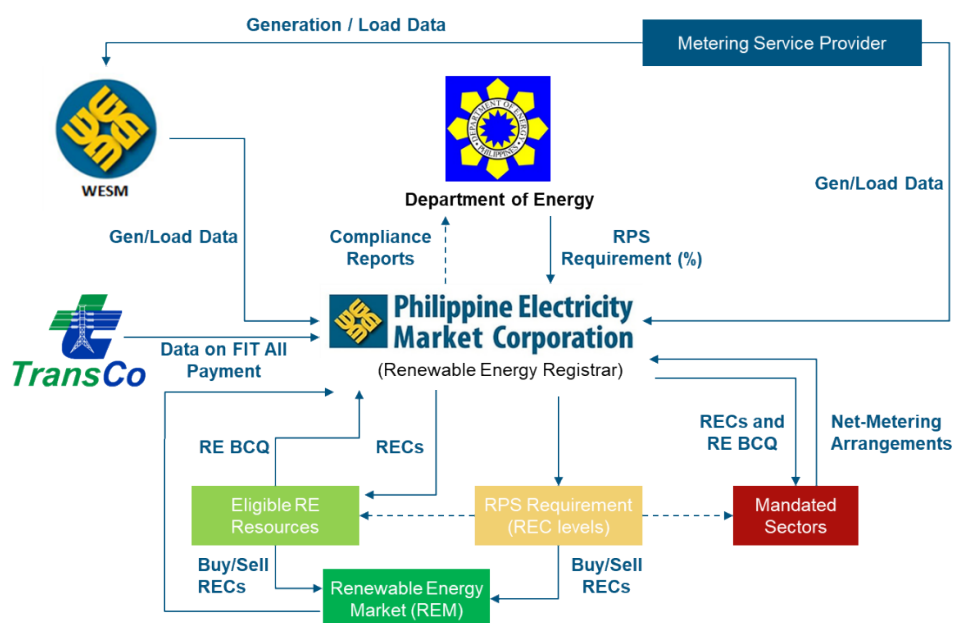
The GEAP policy complements the RPS mechanism. Originally GEAP had been intended as an ‘opt-in’ bidding program to enable market participants to meet RPS requirements, however, the mechanism for this has not been made explicit to date.

Renewable Energy Market (REM)

The REZZM is a market for the trading of RECs in accordance with Section 8 of the RE Act. Market rules for the REM were established by the DOE in 2019 with plans for the formal implementation of the market to follow soon after. The REM is currently in interim commercial operations as of September 2023, and will serve as the market for the trading of RECs under the oversight of IEMOP. RECs are issued for each megawatt-hour (MWh) of generation and, whilst potentially not bankable in the near to medium-term, provide an additional revenue option for renewables projects.

Aside from mandated RPS participants, there is also growing voluntary demand for RECs from corporates attached to international green labels such as the RE100 and the Carbon Disclosure Project, which could offer price support for RECs and renewable energy development in the long run.

Figure 19 - Renewable Energy Market Framework



Note: BCQ denotes bilaterally contracted quantities.

Source: The Lantau Group

Green Energy Option Program (GEOP)

The Green Energy Option Program (GEOP) is an initiative under the Renewable Energy Act of 2008 to empower electricity end-users to procure renewable energy for their electricity requirements. IEMOP, as the CRB, has been operating the GEOP since December 2021. The GEOP is a voluntary policy mechanism that encourages contestable customers – whether currently served by an incumbent DU or EC, or retailer – to switch to purely renewable sources of energy. The eligibility threshold of 100 kW is lower than the retail market (currently at 500 kW for individual end-users) and the process of migrating suppliers follows retail market procedures.

Uptake under the GEOP has been relatively slow since inception in 2021, with 219 registrants in the 100-499 kW threshold band by the first quarter of 2023, of the 219 registrants, 138 are commercial end-users and 93 are industrial end-users. This is understood to be because of requirements for GEOP suppliers to provide ‘24/7’ renewable power, which is difficult for standalone intermittent renewables (e.g. solar and wind), effectively limiting GEOP supply to those suppliers with access to more firm renewables such as hydro and geothermal.

Policy Incentives for Renewables

Feed-in-Tariff (FIT)

Offering the Philippines’ first formal tendering scheme for large-scale renewables at a time when technologies were not at grid parity, the Feed-in-Tariff (FIT) program saw strong interest among renewables developers. The FIT program was launched in 2015 after NREB target quotas for installation were endorsed by the DOE in 2011, and ‘first come first served’ quotas for solar and onshore wind were quickly filled. There were subsequent expansions rounds for solar and wind, which were also rapidly taken up by the market.

- **Installation Targets.** Quotas set by NREB for each technology type and announced to the market by the DOE.
- **Competitive Criteria.** First come, first served with projects first required to achieve their commercial operation date (COD) to qualify.
- **Contract:** 20-year contract tenors with government-owned TransCo acting as contract counterpart.
- **Tariffs:** Prescribed volumetric tariffs set for each technology and subject to degression based on COD vintage.
- **Offtake:** Guaranteed per stipulations of preferential dispatch

The technology-specific FIT tariffs have featured volumetric ‘per kWh’ rates over a 20-year contract term, with the FIT rules allowing for differentiated tariffs within each technology depending on the commercial operations date achieved. Targets for installation were determined by the DOE, with TransCo acting as the contracting counterpart. The full subscription to quotas for solar and wind demonstrated the appetite among developers.

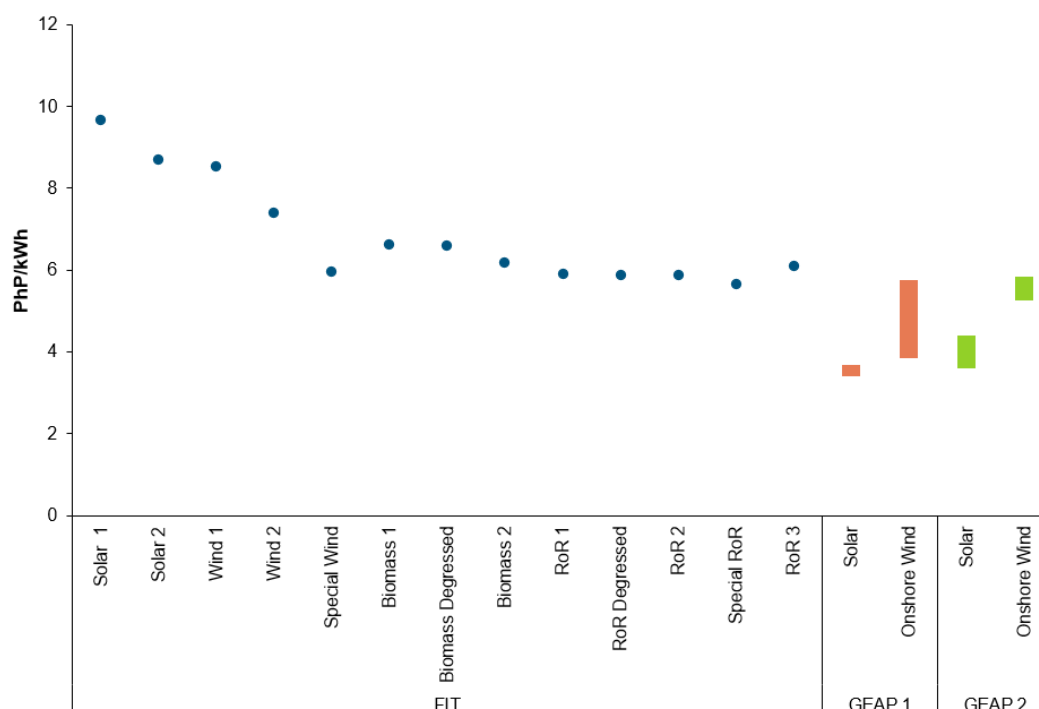
Figure 20 - FIT Program Rounds, Rates, and Subscription as of September 2023³⁸

Technology	FIT (Year Offered)	Approved FIT (₱/kWh)	Installation Target (MW)	Subscribed FIT Capacity (MW)	Subscribed Rate	No. Plants
Solar	FIT 1 (2012)	9.68	50	67.6	135.2%	6
	FIT 2 (2015)	8.69	450	476.0	105.8%	18
Wind	FIT 1 (2012)	8.53	200	249.9	125.0%	3
	FIT 2 (2015)	7.40	200	144.0	72.0%	3
	Special FIT (2011)	5.96	33	33.0	100%	1
Biomass	FIT 1 (2012)	6.63	250	120.7	94.6%	13
	Degressed	6.60		14.5		4
	FIT 2 (2018)	6.19		101.3		13
Run-of-River (RoR) Hydro	FIT 1 (2012)	5.90	350	34.6	64.2%	5
	Degressed	5.87		8.5		1
	FIT 2 (2014)	5.87		102.9		8
	Special FIT (2014)	5.67		74.8		1
	FIT 3 (2023)	6.11		3.8		2
Total			1,533	1,431.6		78

Source: Energy Regulatory Commission, Business World Online, and Department of Energy.

As the FIT was an early policy mechanism to spur the development of renewables such as solar, onshore wind, biomass, and run-of-river (“**RoR**”) hydro, it provided generous tariffs to encourage development. The FIT rates on offer were much higher than those in the regulated and bilateral markets. Given that these relatively high FIT rates are fixed for 20-years, project developers saw significant opportunity in participating with rapid subscription.

Figure 21 - Comparison of FIT Rates to GEAP1 and GEAP2³⁹



Source: Energy Regulatory Commission, and Department of Energy.

Solar, wind, and biomass FITs are considered to already be fully subscribed having achieved total subscription rates of close to 100%. RoR hydro's 250MW installation target had still been undersubscribed by the end of its FIT 2 in 2017. In 2023, the ERC instituted a third round of FIT for RoR. As of September 2023, 1,431.6MW of renewable installations had subscribed to the FIT, with 1,323.8MW of these being new capacity additions developed under the program. Accordingly, over the course of 2009 to 2022, FIT-registered renewable capacity accounted for 48.9% of total renewable energy capacity additions.

Under the 'first come first serve' requirement of the FIT, all targets, or quotas, have been considered to be full with the exception of RoR hydro. Although the FIT continues to exist in occasional rounds such as the RoR FIT 3, it has largely been superseded by the GEAP as the principal policy mechanism for driving forward renewable energy capacity additions at scale.

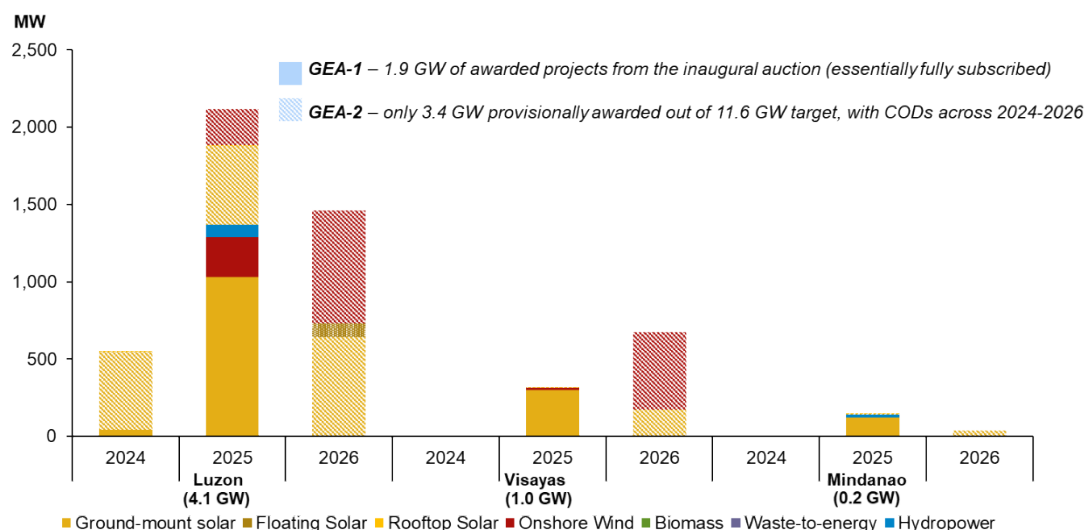
Green Energy Auction Program (GEAP)

Whereas the FIT program spurred the initial deployment of renewables technologies such as solar and wind with quotas met or exceeded (except for small hydropower), the introduction of the Green Energy Auction Program (GEAP) in 2022 reflects a shift to competitive procurement of renewable energy at significantly greater scale.

- **Installation Targets.** Whilst the GEAP offers technology-specific capacity targets similar to the FIT, targets under the GEAP are also categorised by region and, as of the second auction, according to COD vintage.
- **Competitive Criteria.** The GEAP is a 'reverse-auction' wherein developers compete on the basis of the most competitive tariff until the auction quota is filled. Each technology bracket within the GEAP offers a unique green energy auction reserve ("GEAR") price which acts as a price ceiling. GEAR prices are set by the ERC, published prior to the auction, and can be subject to consultation.
- **Tariffs.** Tariffs are awarded on a 'pay-as-bid' basis with tariffs specific to each project bid. Similar to the FIT, the GEAP provides guaranteed flat volumetric tariffs.
- **Contract.** 20-year long government-backed contracts with TransCo the contracting party as per the FIT.
- **Offtake.** Guaranteed per stipulations of preferential dispatch.

Thus far the GEAP has been used to successfully award nearly 5.3 GW of renewable capacity in 2022 and 2023 across the GEAP1 and GEAP2 auction rounds. The first two rounds featured solar (ground-mount, rooftop and floating), onshore wind, biomass, small hydro, and waste-to-energy technologies, with most focus on solar and onshore wind. The DOE and ERC have committed to further GEAP rounds and have indicated that the unfulfilled quota from GEAP2 will be re-auctioned in the future.

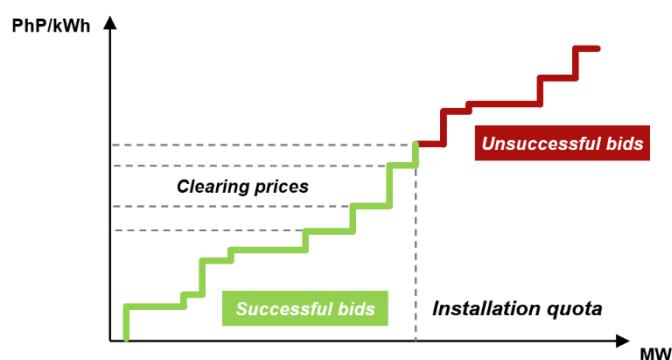
Figure 22 - GEAP Capacity Awards⁴⁰



Source: Department of Energy.

The GEAP features a competitive ‘pay-as-bid’ auction mechanism, with bidders competing within a certain technology-specific capacity quota. Projects can be either existing or new build capacity, uncontracted, and are remunerated on an as-generated basis. Similar to its role in the FIT, TransCo serves as the offtaker for projects in the GEAP with revenues collected and disbursed via the FIT-Allowance (“FIT-ALL”) funding mechanism. The bulk of funding for the FIT-ALL is tied to WESM revenues from eligible projects, with end-users paying a monthly FIT-ALL universal charge which fluctuates depending on WESM revenues and the resulting over/under-recoveries.

Figure 23 - Illustrative Supply-Price Curve under the GEAP



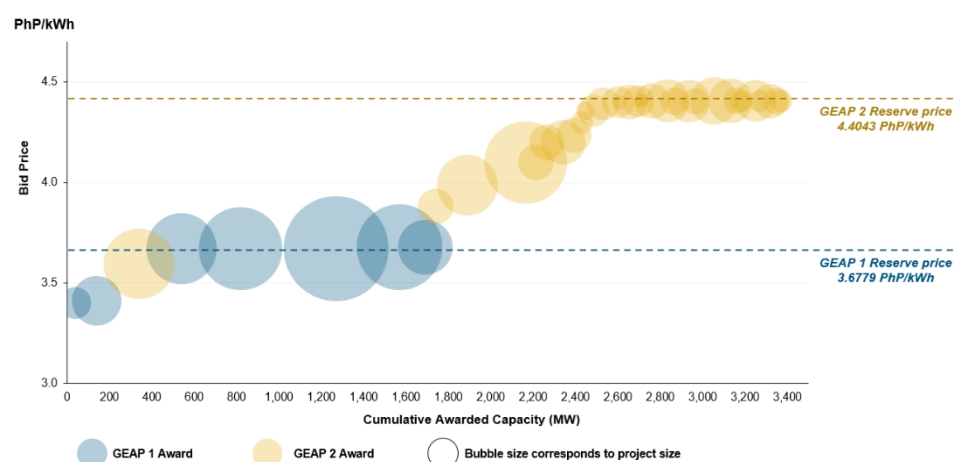
Source: The Lantau Group

Figure 24 - Approved GEAR Prices per Renewable Technology (GEAP1 and GEAP2)⁴¹

Technology	GEAR Prices (₱/kWh)	
	GEAP1	GEAP2
Rooftop Solar	-	4.8738
Ground-Mount Solar	3.6779	4.4043
Floating Solar	-	5.3948
Onshore Wind	6.0584	5.8481
Run-of-River Hydropower	5.4913	-
Biomass	5.0797	5.4042
Waste-to-Energy	-	6.2683

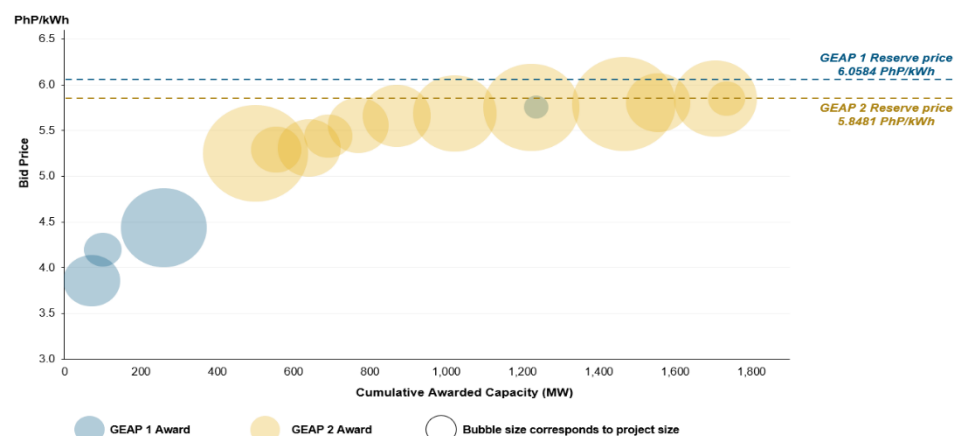
Source: Energy Regulatory Commission.

Figure 25 - GEAP Solar Capacity Awards and Prices⁴²



Source: Department of Energy, and Energy Regulatory Commission.

Figure 26 - GEAP Onshore Wind Capacity Awards and Prices⁴³



Source: Department of Energy, and Energy Regulatory Commission.
Preferential Dispatch for Renewables

As legislated in the RE Act, renewable projects are granted preferential dispatch rights to provide more certainty of power injection into the grid as well as to assist NGCP with grid operations. Intermittent renewables, such as solar, wind, and run-of-river hydropower, are granted “must dispatch” status at present, whilst non-intermittent renewables, such as biomass and geothermal, are afforded “priority dispatch” status.

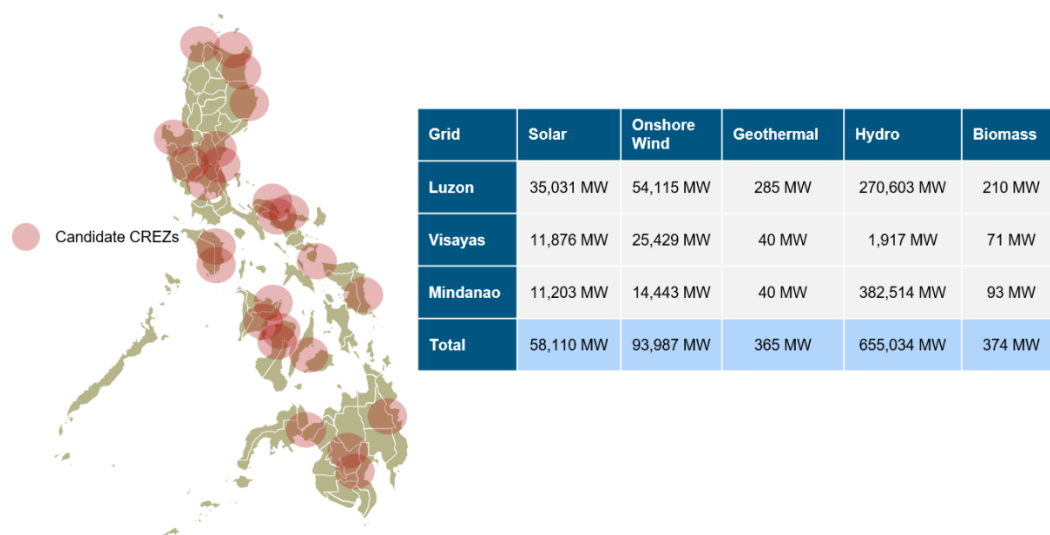
According to the Philippine dispatch schedule, generators awarded “must dispatch” status enjoy first preference in the merit order whenever their generation becomes available. In the merit order, “priority dispatch” generators are dispatched first after the generation in “must dispatch.” Pursuant to the RE Act, preferential dispatch treatment for renewables has been implemented successfully and respected in the dispatch schedule to date.

Competitive Renewable Energy Zones (CREZs)

The DOE introduced a Competitive Renewable Energy Zone (CREZ) program to promote the development of renewable energy projects in high resource potential but remote areas. The program was initiated in a joint study by the DOE, United States Agency for International Development (USAID), and the NREL published in 2020. The study identified 25 CREZs with the most economic renewable resource areas across onshore wind, solar, geothermal, biomass, and hydropower to inform transmission planning.

The below figure maps out the 25 CREZs and shows the study’s data on their potential renewable capacity. Across these 25 CREZs alone, the study identified 58.1GW of utility solar and 94.0GW of onshore wind potential capacity.⁴⁴

Figure 27 - Candidate CREZs and Estimated CREZ Opportunity Capacity⁴⁵



Source: National Renewable Energy Laboratory, Department of Energy, National Grid Corporation of the Philippines, and the United States Agency for International Development.

The CREZ program is intended as a catalyst for concentrated renewable energy developments by encouraging a proactive transmission planning approach. The CREZ process offers opportunities for reducing costs and amplifying benefits by evaluating the transmission needs of the whole system, rather than upgrading the grid incrementally for the needs of specific projects. As such, the DOE has worked closely with the NGCP on the annually updated TDP which now features CREZs as a focal point for grid upgrade and expansion.⁴⁶

Fiscal Incentives

Alongside the non-fiscal incentives relating to preferential dispatch rights and grid development initiatives, the RE Act also afforded renewable energy developers several fiscal benefits with qualified projects given generous tax incentives such as the 7-Year income tax holiday and value-added-tax-free (VAT-free) importation of related renewables technologies.

Beyond the tax incentives, there are also multiple non-fiscal incentives provided under the RE Act such as the FIT for emerging technologies and exemption from the universal charge in the tariff. As of 2023, 100% foreign ownership is also now allowed for all renewable energy projects.⁴⁷

Figure 28 - Incentives Afforded to Renewable Energy Developers under the RE Act⁴⁸

Incentives	Renewable Energy Developers	Renewable Energy Commercialization
Fiscal		
7-Year Income Tax Holiday (ITH)	✓	✓
Duty-Free Importation	✓	✓
VAT-free Importation*	(Tax Credit)	✓
Special Realty Tax Rate ≤ 1.5%	✓	
Net Operating Loss Carryover	✓	✓
10% Corporate Tax Rate after ITH	✓	
Zero Percent VAT on Renewable Energy Sales & Purchases	✓	✓
Cash Incentive = 50% of Universal Charge (UC) for Missionary Electrification	✓	
Tax Exemption on Carbon Credits (not yet in effect)	✓	
Tax Credit on Domestic Capital Equipment & Services	✓	✓
Non-Fiscal		
Renewable Portfolio Standards (RPS)	✓	
Feed-in-Tariff (FIT) for Emerging Technologies	✓	
Waiver of Government Share on Renewable Energy Micro-Scale Projects (<100 kW)	✓	
Exemption from Universal Charge (UC)	✓	
Average kWh Rate for Transmission & Wheeling Charge	✓	
Tax Rebate for Renewable Energy Components	✓	
Financial Assistance Program	✓	

Note: VAT-free importation of qualified renewables components, parts, and materials are contingent upon four conditions: (1) DOE approval is obtained prior to importation, (2) these components are not manufactured in reasonable quantity and at competitive prices domestically, (3) proof that these components are going to be used exclusively for RE equipment, and (4) that these components are appropriately covered in shipping documents by a manufacturer/fabricator that is registered with the government and that delivery will be direct to customs authorities.

Source: Department of Energy.

CONTRACTING ENVIRONMENT

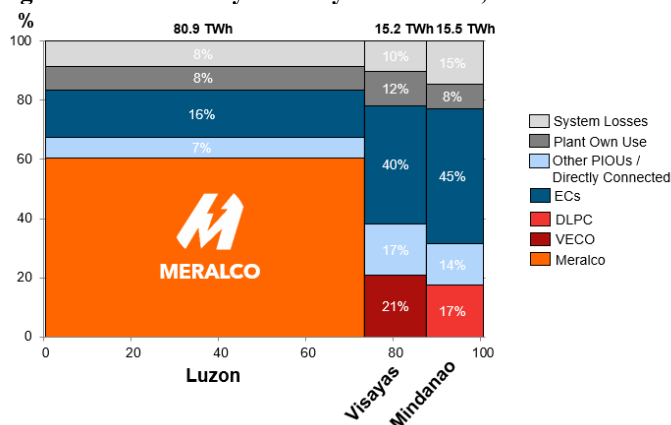
Supply and Offtaker Landscape

The downstream segment of the Philippines power sector consists of a diverse range of entities that serve demand across the captive (regulated) and contestable (retail) markets. In the Philippines, the classification of contestable end-users is defined by the Retail Competition and Open Access (“RCOA”), with end-users whose peak demand is greater than the RCOA threshold of 500 kW (over a twelve-month period) classed as contestable, as of September 2023. Entities that supply electricity to these end-users in the Philippines are as follows:

- **Private Investor-Owned Utilities (PIOUs)** which are for-profit distribution utilities (“DUs”) with franchise areas awarded by Congress for a defined term. PIOUs are responsible for the wheeling and distribution of power within their franchise areas, as well as procuring supply to captive customers and contestable customers that have not voluntarily switched to a retail electricity supplier.
- **Electric Cooperatives (ECs)** are non-profit member-owned DUs that are regulated by the NEA with franchises awarded by Congress. Many of these ECs serve rural areas with a higher weighting of residential load. Similar to PIOUs, ECs are responsible for the wheeling and distribution of power within their franchise areas, as well as procuring supply to captive customers and contestable customers that have not voluntarily switched to a retail electricity supplier.
- **Ecozone Utility Enterprises** are the DUs within Philippine economic zones (“Ecozones”) that serve these business parks and their respective commercial and industrial (“C&I”) end-users. These enterprises are typically subject to licensing by the Philippine Economic Zone Authority (“PEZA”).
- **Retail Market for contestable customers:**
 - **Retail Electricity Suppliers (RES)** are entities authorized by the ERC to broker, aggregate, and market electricity sales to contestable end-users. This has been a particularly fast-growing market segment (9.4% CAGR since 2017 to date) due to the progressive lowering of contestability thresholds, down to the present level of 500 kW, over the past decade under RCOA.⁴⁹
 - **Local RESs (LRES)** are the non-regulated retail businesses of existing PIOUs and ECs that cater to the contestable market within a specific franchise area. The ERC is understood to be trying to encourage these entities to apply for proper retail licenses.
 - **Renewable Energy Suppliers** are eligible retailers that participate under the GEOP.

MERALCO, Visayan Electric Company (“VECO”), and Davao Light & Power Co. (“DLPC”) serve as the largest PIOUs in Luzon, Visayas, and Mindanao respectively. In 2022, electricity sales wheeled within the franchise areas of these three PIOUs alone accounted for 49.1% of national consumption (including losses and own use) and 60.0% of all sold electricity.⁵⁰

Figure 29 - Electricity Sales by Distributor, 2022⁵¹



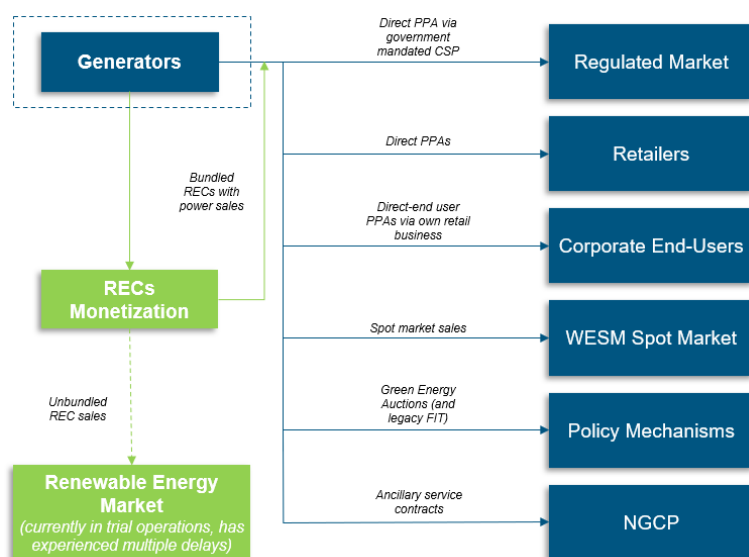
Source: Department of Energy, National Electrification Administration, The Manila Electric Company, and Aboitiz Power.

Routes-to-Market Overview

The Philippine renewables segment has very strong tailwinds for renewables procurement and investment. Among the robust demand outlook, offtaker RPS obligations, policy support for low carbon generation, and cost competitiveness of key renewable technologies compared to conventional builds, renewable developers can harness this momentum in a diverse contracting landscape.

Compared to other power markets in Southeast Asia that feature a high level of centralised planned and/or a single buyer entity, the Philippines' power market is highly versatile from the perspective of a generator/developer. Mirroring aspects of the downstream market, offtake channels for projects span the regulated market, the retail market (including bilateral contracts with retailers and direct contracting with end-users), policy mechanisms (such as the FIT and GEAP), as well as sales into the WESM.

Figure 30 - Visualization of Potential Offtake Channels for Project Developers and Investors in the Philippines



Source: The Lantau Group

Figure 31 - Comparison of Key Characteristics for Offtake Channels

	Regulated Market	Retail Market	WESM	Green Auctions
Offtaker / Counterpart	Distribution Utilities and Electric Cooperatives	Retail Electricity Suppliers or Contestable Customers	Spot market	TransCo (per FIT-All)
Tenor	Long-term (15-20 year)	Variable but up to 10-20 years	5-minute intervals	20 years
Commercialization	CSP reliant	Bilateral negotiations	Open market	Reliant on auction timing
Volumes	Typically, larger volumes aligned with plant output. Represented 75% of downstream sales in Q4 2022. Contracts seen for both 'as generated' and 'firm' supply.	RES-specific: depends on size of RES business. Retailers sold 25% of power supply in Q4 2022. Contracts seen for both 'as generated' and 'firm' supply	As generated. Priority WESM dispatch. 13% of power sales were procured from the WESM in Q4 2022.	Auction scale implicitly linked to RPS. Inaugural GEAP1 auction ~1.9 GW; GEAP2 round featured ~11.6 GW as generated.

	Regulated Market	Retail Market	WESM	Green Auctions
Bankability for greenfield renewable projects	Generally high with longer tenors and a shift towards renewables.	Improving with longer contract terms becoming available.	Challenging due to price volatility.	Highly bankable due to government entity acting as counterparty.
Pricing	Fixed tariff $\propto$ LCOE; options for fuel cost pass-through and escalation possible	Highly competitive Many large RES players also have affiliated generation	Locational marginal pricing Primary and secondary price caps	Pay-as-bid pricing with a reserve price ("GEAR") Flat nominal tariffs (no escalation)
Regulatory process	CSP required; contracts subject to ERC approval	Entirely commercial (limited ERC oversight)	n/a	ERC sets GEAR prices for each technology
Key Risks	Dependent on winning in a CSP	Large conglomerates with affiliated generation have an outsized presence	Price volatility, nodal price performance	Lack of clarity around future auction plans

Source: The Lantau Group

COMPETITIVE LANDSCAPE

Existing capacity for solar, onshore wind, and BESS projects, is held by a diverse but relatively limited number of players in the market. IPPs compete in a dynamic, active, and rapidly growing renewables segment with a strong appetite for growth with successful players able to navigate the various routes-to-market to optimize contracting and revenues. Players can broadly be categorized into three distinct segments in the market.

- **Large incumbents** are categorized as companies that hold a sizable share of power generation capacity, traditionally having focused on conventional power but increasingly pushing forward with renewables development. Several players have interests in distribution as well as retail supply. Whilst these larger players' generation platforms have traditionally been anchored around conventional thermal generation (coal and natural gas), most have started diversifying towards renewable energy albeit with varying degrees of pace. These large incumbents have managed to position as early and significant investors in Philippine renewables due to their size, vertical integration, and high degrees of activity in the market historically.
- **'Pureplay' renewables players** that are predominantly or exclusively focused on renewables, with operating assets and advanced development pipelines. There are a growing number renewable-focused IPPs active in the market today. Some players, were early market entrants in the era of FIT when growth in solar, onshore wind, and biomass, among others, started to accelerate. These first-movers have captured significant market share over the past decade, whether focusing on a specific technology or opportunistically building out a diversified platform of new renewables technologies.
- **Companies with solely a renewable pipeline** or interest at present, with service contract awards and projects under development, but without any operating renewables in the Philippines. These players may have non-renewable assets in the Philippines, but their categorization in this report is based on whether they have existing or advanced renewable assets in the Philippines. Several of these players are solely focused on offshore wind.

Figure 32 – Illustrative Segmentation of Select Players in the Renewables Market (Non-Exhaustive)



Source: The Lantau Group

Figure 33 - Comparison of Select Large Incumbents and Main Traits (Non-Exhaustive)⁵²

	Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ⁵³		OSW Position	Retail License
						Solar	Wind		
Large Incumbents	ACEN	ACEN	✓		✓	356	332	✓	✓
	AboitizPower	Aboitiz Power ⁵⁴	✓	✓	✓	59	-	✓	✓
	MERALCO	Meralco/ MGEN	✓	✓	✓	48	-		✓
	energy	First Gen / EDC	✓	✓	✓	7	150	✓	✓
	San Miguel Global Power	San Miguel	✓	✓	✓	-	-		✓

Figure 34 - Comparison of Select Pureplay Renewable Players and Main Traits (Non-Exhaustive)⁵⁵

	Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ⁵⁶		OSW Position	Retail License
						Solar	Wind		
‘Pureplay’ Renewables Players		CREC ⁵⁷	✓		✓	227	-	✓	✓
		Vena Energy			✓	194	51	✓	
		Solar Philippines	✓		✓	184	-		
		Prime Infra ⁵⁸	✓		✓	145	-		
		Emerging Power Inc. (EPI)	✓		✓	97	-		
		PetroGreen	✓		✓	70	20	✓	✓
		Sindicatum			✓	60*	-		
		Alternergy	✓		✓	13	11	✓	
		Blueleaf Energy ⁵⁹			✓	-	-		

Figure 35 - Comparison of Select Pipeline Renewable Players and Main Traits (Non-Exhaustive)⁶⁰

	Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ⁶¹		OSW Position	Retail License
						Solar	Wind		
Solely Renewable Pipeline		Nexif Ratch			✓	-	-	✓	
		Windkraft Group	✓		✓	-	-	✓	
		Copenhagen Infrastructure Partners			✓	-	-	✓	
		BlueFloat			✓	-	-	✓	
		Cleantech			✓	-	-	✓	
		San Lorenzo Ruiz Builders	✓		✓	-	-		
		Corio Generation			✓	-	-	✓	
		Wpd			✓	-	-	✓	

Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ⁶¹		OSW Position	Retail License
					Solar	Wind		
	Sun Asia	✓		✓	-	-		
	Pan Pacific Renewables Power	✓		✓	-	-		
	 Belisama Hydro Corp.	✓		✓	-	-		
	Sapang Balen Solar Sustainable Energy Corp.	✓		✓	-	-		

Note: All sources have been accessed and used for the purposes of this report in October 2023.

Note: *Indicates project-level rather than attributable capacity due to lack of data availability.

Sources for all three tables: Aboitiz Power, AC Energy, Securities and Exchange Commission, The Manila Electric Company, Solar Philippines, Vena Energy, Petroenergy, Nickel Asia, Sindicatum and Alternenergy Holdings Corporation.

POWER MARKET OUTLOOK

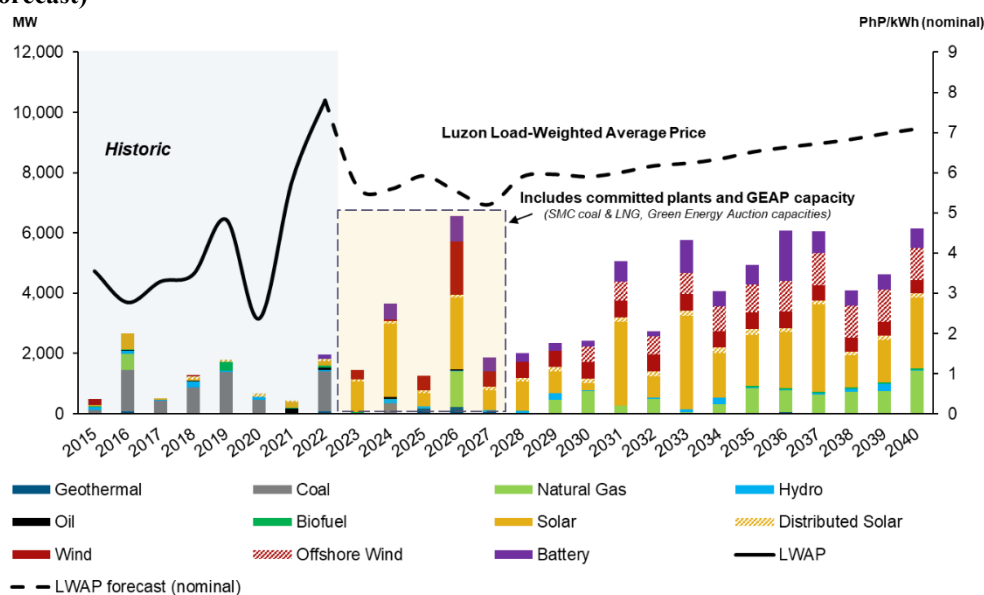
As aforementioned, the Philippine's latest PEP 2023-2050 (draft) has provided a blueprint for the energy sector and government's long-term vision for the energy sector. The latest PEP is increasingly ambitious in terms of its renewable energy goals and broadly aligns with the CES in the previous PEP 2020-2040, with the exception of gas-fired capacity. The latest PEP's Reference Case targets a 35% share of renewables in the generation mix by 2030, and 50% by 2040. Two additional CES scenarios are included in the draft PEP 2023-2050, which highlight the potential for OSW and nuclear. Based on the PEP projections, there remains an RE generation gap equivalent to around 58 GWp of solar to meet the RE targets by 2040.

The Lantau Group's model is an optimisation model which derives capacity builds and dispatch to arrive at the lowest overall system cost. The modelled scenarios presented in this section of the report are intended to illustrate possible future market dynamics based on a range of assumptions, including those set out below.⁶²

- **Market prices are currently elevated and expected to soften as** fuel prices moderate globally. Within the Philippines, the addition of new committed projects (including GEAP) will also help ease prices. Over the longer-term, Luzon LWAP prices are expected to settle in the 6-7 ₱/kWh (nominal)⁶³ range.
- **Coal moratorium remains in place**, supporting new renewables and gas capacity investments and capacity additions. LNG imports have started in 2023 and are forecasted to continue across the forecast horizon.
- **Solar is expected to lead capacity growth** over the forecast horizon. The Philippines is expected to build around 35 GW of new capacity over 2024-2035, of which around 18 GW_{ac} is forecast to be utility-scale solar. Solar's penetration in the generation mix is forecast to reach around 17% in Luzon by 2035.
- **BESS capacity grows as more balancing power is required**, with almost 6 GW of additions forecasted by 2035. Growth in intermittent renewable energy is expected to create opportunities for flexible sources of supply, providing additional balancing power and ancillary services.

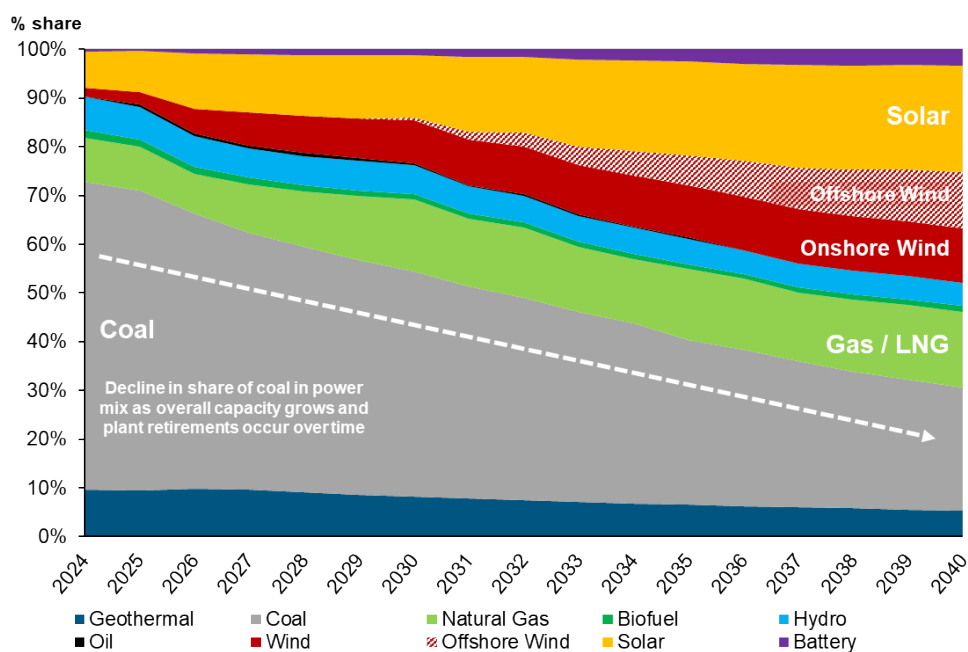
- **RE generation expected to exceed PEP targets of 50% renewables by 2040** due to the economics of renewables and their ability to help reduce overall system costs. TLG sees the RE share in the generation mix reaching close to 60% by 2040.

Figure 36 - Philippines Historic and Forecast Capacity Additions and Luzon WESM Prices (LWAP) (TLG Forecast)⁶⁴



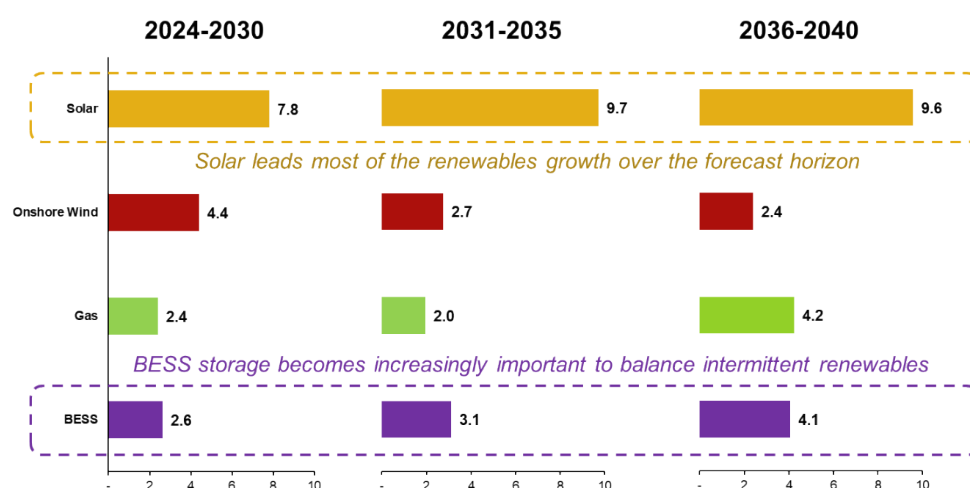
Source: The Lantau Group

Figure 37 - Generation Mix Evolution (Philippines) (TLG Forecast)



Source: The Lantau Group

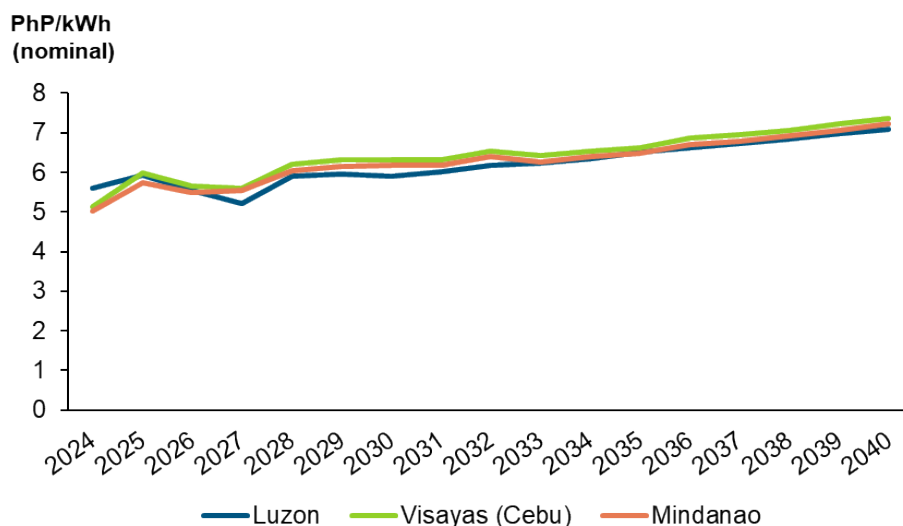
Figure 38 - Forecast Capacity Build Requirements (All Philippines) (TLG Forecast)⁶⁵



Source: The Lantau Group

LWAP pricing across different grids is forecast to moderate lower by 2026-2027 as fuel prices soften, particularly when compared to the recent elevated levels in the past few years. At the same time, additional capacity from committed projects (including GEAP1 and GEAP2 auctions) is also expected to weigh on prices in 2026-2027, seeing LWAP prices move towards the 5-5.5 ₱/kWh (nominal) range on an annual average basis in that period. In the longer-term, prices are expected to settle in the 6-7 ₱/kWh (nominal) range on an annual average basis as demand growth catches up with supply. Prices across grids are expected to slightly differ due to each grid's unique generation dynamics, but the interconnection capacity is expected to help mitigate any large systematic disconnects on average.

Figure 39 - Forecast LWAP by Grid-Connected Region (TLG Forecast)



Source: The Lantau Group

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- Department of Energy. (2021). *Prescribing the Adjusted Annual Percentage Increment to Be Imposed on All Mandated Participants of the Renewable Portfolio Standards for On-Grid Areas*. Taguig City; and Department of Energy. (2022). *Prescribing the Adjusted Annual Percentage Increment to Be Imposed on All Mandated Participants of the Renewable Portfolio Standards for On-Grid Areas*. Taguig City.

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- 37 Department of Energy. (2023). *List of Winning Bidders for GEA-2*. Taguig City; Department of Energy. 2022. *List of Winning Bidders for GEA-1*. Taguig City; Department of Energy. (2020). *Philippine Energy Plan 2020-2040*. Taguig City. Department of Energy. (2023). *List of Existing Power Plans as of July 31, 2023 – Luzon, Visayas, Mindanao*. Taguig City; Department of Energy. (2023). *Summary of Committed and Indicative Power Projects as of July 31, 2023*. Taguig City; and Department of Energy. (2023). *Public Consultation/IEC Campaign, Philippine Energy Plan 2023-2050, 30 August 2023*. Taguig City.
- 38 Energy Regulatory Commission. (2023). *Energy Investment Forum, Updates on the Energy Regulatory Framework, 28 September 2023*. Taguig City; Business World Online. (2021). *ERC Sets Modified Feed in Tariff Rates for ROR Hydro and Biomass*. Manila; and Department of Energy. (2020). *Advisory on Extension of the Feed-in-Tariff System for Run-of-River (RoR) Hydropower to All Hydropower Developers and Energy Stakeholders*. Taguig City.
- 39 Energy Regulatory Commission. (2023). *Energy Investment Forum, Updates on the Energy Regulatory Framework, 28 September 2023*. Taguig City; Department of Energy. (2023). *List of Winning Bidders for GEA-2*. Taguig City; and Department of Energy. (2022). *List of Winning Bidders for GEA-1*. Taguig City.
- 40 Department of Energy. (2023). *List of Winning Bidders for GEA-2*. Taguig City; and Department of Energy. (2022). *List of Winning Bidders for GEA-1*. Taguig City.
- 41 Energy Regulatory Commission. (2022). *ERC Sets GEAR Prices for the First Round of the Green Energy Auction*. Taguig City; and Energy Regulatory Commission. (2023). *A Resolution Adopting the Green Energy Auction Reserve (GEAR) Prices for the Second Round of Auction, Resolution No. 06, Series of 2023*. Taguig City.
- 42 Department of Energy. (2023). *List of Winning Bidders for GEA-2*. Taguig City; Department of Energy. (2022). *List of Winning Bidders for GEA-1*. Taguig City; Energy Regulatory Commission. (2022). *ERC Sets GEAR Prices for the First Round of the Green Energy Auction*. Taguig City; and Energy Regulatory Commission. (2023). *A Resolution Adopting the Green Energy Auction Reserve (GEAR) Prices for the Second Round of Auction, Resolution No. 06, Series of 2023*. Taguig City.
- 43 Ibid.
- 44 National Renewable Energy Laboratory, Department of Energy, National Grid Corporation of the Philippines, and the United States Agency for International Development. (2019). *Ready for Renewables: Grid Planning and Competitive Renewable Energy Zones (CREZ) in the Philippines*. Manila.
- 45 Ibid.
- 46 National Grid Corporation of the Philippines. (2023). *Transmission Development Plan 2023-2040 Consultation Report*. Manila.
- 47 Previously this allowance was limited to geothermal. Limits on landownership (no more than 40% foreign ownership) remain as they fall under a separate domain of legislation.
- 48 Department of Energy. (2008). *An Act Promoting the Development, Utilization, and Commercialization for Renewable Energy Resources and for Other Purposes. Republic Act No. 9513*. Taguig City.
- 49 Energy Regulatory Commission. (2023). *Competitive Retail Electricity Market (CREM), Monthly Statistical Data*. Pasig City.
- 50 Department of Energy. (2023). *Philippine Power Statistics*. Taguig City; National Electrification Administration. (2023). *EC Financial Profiles (2022)*. Quezon City; The Manila Electric Company. (2023). *2022 Annual Report for MERALCO*. Pasig City; Aboitiz Power. (2023). *AP SEC Form 17-A (2022 Annual Report)*. Taguig City; and Department of Energy. (2023). *Distribution Utility Profile*. Taguig City.
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- 52 Aboitiz Power. (2023). *Cleanergy: San Carlos Sun Power Inc.* Manila; Aboitiz Power. 2022. *Aboitiz Integrated Report 2022*. Manila; AC Energy. (2023). *Our Businesses: Philippine Assets*. Manila; Securities and Exchange Commission. 2023. *Current Report Under Section 17 of the Securities Regulation Code and SRC Rule 17.2(c) Thereunder, Name of Issuer: Manila Electric Company (SEC Form 17-C)*. Manila; The Manila Electric Company. (2023). *FY 2022 Meralco Audited Financial Statements*. Manila; First Gen. (2023). *First Gen 2022 Financial Statements*. Manila; Solar Philippines. (2023). *Our Business: Solar*. Manila; Power Philippines. 2021. *Razon's Prime Infra Buys 50% of Solar PH Unit*. Manila; Vena Energy. (2023). *Our Asset Portfolio*. Singapore; Vena Energy. (2023). *Vena Energy Sustainability Appendix 2022 FA*. Singapore; Petroenergy. (2023). *PetroGreen*. Manila; Securities and Exchange Commission. (2023). *SEC Form 17-A, as Amended Annual Report Pursuant to Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code of the Philippines, Issuer: Petroenergy Resources Corporation and Subsidiaries*. Manila; Nickel Asia. (2023). *Investor Presentation: September 2023*. Taguig City; Sindicatum Renewables. (2023). *Portfolio: Sta. Rosa Solar*. Singapore; Alternergy Holdings Corporation. 2023. *Preliminary Prospectus*. Manila.
- 53 Aboitiz Power. (2023). *Cleanergy: San Carlos Sun Power Inc.* Manila; Aboitiz Power. (2022). *Aboitiz Integrated Report 2022*. Manila; AC Energy. (2023). *Our Businesses: Philippine Assets*. Manila; Securities and Exchange Commission. 2023. *Current Report Under Section 17 of the Securities Regulation Code and SRC Rule 17.2(c) Thereunder, Name of Issuer: Manila Electric Company (SEC Form 17-C)*. Manila; The Manila Electric Company. (2023). *FY 2022 Meralco Audited Financial Statements*. Manila; First Gen. (2023). *First Gen 2022 Financial Statements*. Manila; Solar Philippines. 2023. *Our Business: Solar*. Manila; Power Philippines News. (2021). *Razon's Prime Infra Buys 50% of Solar PH Unit*. Manila; Vena Energy. (2023). *Our Asset Portfolio*. Singapore; Vena Energy. (2023). *Vena Energy Sustainability Appendix 2022 FA*. Singapore; Petroenergy. (2023). *PetroGreen*. Manila; Securities and Exchange Commission. 2023. *SEC Form 17-A, as Amended Annual Report Pursuant to Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code of the Philippines, Issuer: Petroenergy Resources Corporation and Subsidiaries*. Manila; Nickel Asia. (2023). *Investor Presentation: September 2023*. Taguig City; Sindicatum Renewables. (2023). *Portfolio: Sta. Rosa Solar*. Singapore; and Alternergy Holdings Corporation. (2023). *Preliminary Prospectus*. Manila.
- 54 Rocky Mountain Institute. (2022). *Development of Up to 3 GW of Offshore Wind Power Being Explored in the Philippines*. Manila.
- 55 See Endnote 52.
- 56 All sources have been accessed and used for the purposes of this report in October 2023.
See Endnote 53.
- 57 Existing CREC portfolio of 285 MW (227 MW attributable by equity) have been provided by CREC for use throughout this report. CREC's existing 285 MW portfolio includes Arayat-Mexico solar farm (116 MW) owned via JV with ACEN.
- 58 Enrique Razon's Prima Infra is an infrastructure conglomerate with a portfolio in water supply, waste management, and energy including an operating stake in Malampaya and acquisition of the 500 MW Wawa PSH project under development. Prime Infra's subsidiary, Solar Tanauan Corporation is understood to be developing 140 MW of solar in Tanauan, Batangas, and Maragondon. These projects were reported to have broken ground in April 2023.

Prime Infra. (2023). *Solar Tanauan*. Pasay City. Accessed November 2023; Solar Quarter. (2023). *Prime Infra Begins Construction of 140 MW Solar Power Plants*. Manila; Prime Infra. (2022). *Prime Infra Unit Assumes Full Ownership of Malampaya Operator*. Manila; and Prime Infra. (2022). *Prime Infra's Ahunan Inks Deal to Acquire Renewable Energy Developer*. Manila.
- 59 Blueleaf Energy is understood to not currently own any solar assets but have acted as EPC and turnkey contractor on several Philippine solar assets. Blueleaf is also understood to have partnered with SunAsia to-codevelop further solar projects including floating solar.

Blueleaf Energy. (2023). *Portfolio*. Singapore; Blueleaf Energy. (2021). *Blueleaf Energy Partners with SunAsia to Develop 1.25 GW Solar Projects in the Philippines*. Singapore; and Blueleaf Energy. (2023). *DOE Awards Contracts to Blueleaf Energy and SunAsia Energy for World's Largest Floating Solar Project*. Singapore.
- 60 See Endnote 52.
- 61 All sources have been accessed and used for the purposes of this report in October 2023.

See Endnote 53.

⁶² The modelled scenarios presented in this section of the report are intended to illustrate possible future market dynamics based on general assumptions that may or may not eventuate. The model should be taken only as a general guideline and outlook on the power market. The model does not capture long tail events (these are lower probability high impact events that are difficult to account for in optimisation models, examples of which include the Russia-Ukraine war and Covid-19). In reaching a view on market outcomes and future developments, you should form your own views, in your own way, using your own assumptions and tools.

⁶³ Our core projections are undertaken in real terms and can generally be converted to nominal terms by applying an appropriate inflation rate. An assumed exchange rate of 56 ₱/U.S.\$ has been applied. The Lantau Group has applied an inflation assumption of 3.2% to 3.0% over the forecast horizon to provide an illustrative nominal view based on projections from the International Monetary Fund.

International Monetary Fund. (2023). *World Economic Outlook October 2023*. Washington, D.C.

⁶⁴ Solar capacity in alternating current (AC) terms.

See Endnote 30.

⁶⁵ Solar capacity in AC terms. Based on power market modelling.

BUSINESS

OVERVIEW

Citicore Renewable Energy Corporation (“CREC,” the “Company,” “we,” “us,” “our,” or the “Issuer”) is a leading pure-play renewable energy platform focused on and committed to the development and operation of renewable energy projects in the Philippines. CREC, directly and through its subsidiaries and joint venture, manages a diversified portfolio of renewable energy generation projects, power project development operations and retail electricity supply.

We are a leading pure-play renewable energy producer in the Philippines and are ranked as second largest solar energy generator in terms of installed solar capacity in the Philippines, according to Lantau. We, through our parent company, Citicore Power, Inc. (“CPI”), began our operations as a renewable energy generator in 2015 and completed three greenfield solar assets with a gross installed capacity of 103.0MW within one year. In 2018, we acquired five brownfield solar assets with a gross installed capacity of 60.0MW. In 2021, we completed the construction of solar rooftops, which delivered 6.5MW in solar energy capacity, and commissioned an additional 115.7MW solar energy capacity in 2022. From 2021 until December 31, 2023, we almost doubled our total installed capacity, having developed, operated and maintained ten operating solar assets with a combined gross installed capacity of 285.1MW⁵ as of December 31, 2023.

As a testament to our project development capabilities and contribution to the Philippines’ energy mix, our generated capacity accounted for approximately 19% of the total solar installed capacity in the country of 1.5GW for the year 2022, making us the power producer with the second largest solar portfolio in the Philippines in terms of installed capacity as of December 31, 2022 according to Lantau.

In addition, as of December 31, 2023, we had a gross installed capacity pipeline of 6,446.0MW in solar power generation and 812.5MW in onshore wind power generation in various stages of development. See “– *Renewable Energy Portfolio – Overview*” on page 156 of this Prospectus. On November 28, 2023, we executed a Memorandum of Agreement covering the purchase of 100% of the shares in Rio Norte Hydropower Corporation (“RNHC”), a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela in the Luzon region. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase such shares in RNHC, which we expect to complete in the second half of 2024. This strong pipeline of renewable energy projects is in line with our goal of contributing approximately 1.0GW of ready-to-build/under construction solar energy capacity per year in the next five years (over 2024-2028), and increasing the share of renewables in the Philippine energy mix.

We are the vehicle used by CPI to pursue renewable energy platform investments in greenfield and brownfield projects, and manage the operation of power generation projects for solar, hydro and wind technologies. CPI is a direct subsidiary of Citicore Holdings Investment, Inc. (“CHII”), the parent company of one of the Philippines’ largest construction and infrastructure conglomerates, Megawide Construction Corporation (“Megawide”) and together with CHII, CPI, us and our subsidiaries and affiliates, the “Citicore-Megawide Group”). We leverage on the capabilities of our affiliates to achieve a streamlined and fully vertically integrated platform for the development of our renewable energy projects.

We have a flexible offtake strategy and a diversified and high-quality customer base. In July 2023, we were awarded 792.0MWac, or approximately 23.7%, of the total solar and wind energy capacities made available through the Philippine Department of Energy’s (“DOE”) Green Energy Auction Program 2 (“GEAP-2”), which we expect to deliver in full by the end of 2026, in line with delivery schedules set out in the GEAP-2. In addition, we also have power supply agreements (“PSA”) with distribution utilities and electric cooperatives as well as retail electricity supply agreements (“RESA”) through our dedicated retail electricity supply arm, Citicore Energy Solutions, Inc. (“CESI”), with corporate and industrial customers, including blue-chip domestic corporations and multinational locators. CESI became a Direct Wholesale Electricity Spot Market Member of the Philippine

⁵ We have seven solar operating assets, which we refer to as “our operating projects”, with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined gross installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

Wholesale Electricity Spot Market (“WESM”) on February 3, 2017, giving us the flexibility to trade our excess generated capacity in the WESM and allowing us to benefit from increases in market-driven electricity prices.

In addition, CREC is one of the sponsors of Citicore Energy REIT Corporation (“CREIT”), the Philippines’ first real estate investment trust for renewable energy real estate properties, focused on the ownership of sustainable infrastructure and income-generating assets. CREIT was listed on The Philippine Stock Exchange (“PSE”) on February 22, 2022 and was awarded the Philippines’ Best IPO by the Asset Asian Awards in the same year. On March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation, which was completed on March 27, 2024 (the “**CREIT Disposition**”). As a result, our remaining effective interest in CREIT as of the date of this Prospectus is 32.88%. See “—Recent Developments – CREIT Disposition” beginning on page 152 of this Prospectus.

For the years ended December 31, 2021, 2022 and 2023 we had total revenue of ₱1,008.7 million, ₱2,790.2 million and ₱3,683.9 million (U.S.\$66.3 million), respectively, and total comprehensive net income of ₱202.5 million, ₱841.1 million and ₱898.1 million (U.S.\$16.2 million), respectively.

Our attributable net income for the years ended December 31, 2021, 2022 and 2023 was ₱192.3 million, ₱631.6 million and ₱685.0 million (U.S.\$12.3 million), respectively.

On a pro forma basis, taking into account the CREIT Disposition, for the year ended December 31, 2023, our pro forma consolidated revenue would be ₱3,683.9 million (U.S.\$66.3 million), pro forma consolidated net income would be ₱910.1 million (U.S.\$16.4 million), and pro forma consolidated net income attributable to equity holders of CREC would be ₱515.8 million (U.S.\$9.3 million). See “—Recent Developments– CREIT Disposition” beginning of page 152 of this Prospectus.

As of December 31, 2022 and 2023, we had total consolidated assets of ₱15,273.9 million and ₱22,298.6 million (U.S.\$401.3 million), respectively.

COMPETITIVE STRENGTHS

We believe that our key competitive strengths include the following:

We have a leading pure-play renewable energy platform, spearheading renewable energy development in the Philippines

We are a leading pure-play renewable energy producer with a sizeable platform focused on and committed to the development and operation of renewable energy projects in the Philippines, according to Lantau. We began our operations in 2015 through our parent company, CPI, and we are recognized as one of the pioneers of renewable energy development in the Philippines. In only one year after we began operations, we completed three greenfield solar projects, which contributed a total installed capacity of 103.0MW of renewable energy to the Philippine energy mix. Since then, we have scaled up our operations, and as of December 31, 2023, developed, operated and maintained ten operating solar assets with a combined installed capacity of 285.1MW⁶. As a testament to our project development capabilities and contribution to the Philippines’ energy mix, our generated capacity accounted for approximately 19% of the total solar installed capacity in the country, making us the power producer with the second largest solar portfolio in the Philippines in terms of installed capacity as of December 31, 2022, according to Lantau.

Our renewable energy platform is vertically integrated with capabilities for end-to-end solutions across the entire value chain of all stages of project development. The efficiency and speed at which we are able to develop and operate our renewable energy projects are made possible through our in-house teams of specialists dedicated to designing, developing, constructing, operating, maintaining and managing our renewable energy assets. We are focused on selecting optimal sites for renewable energy projects and we ensure that our developments are aligned with the Philippine backbone transmission system and its planned expansion. To further leverage on our expertise

⁶ We have seven solar operating assets, which we refer to as “our operating projects”, with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined grossed installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

and resources, we take a clustered approach to our solar project developments, which include both greenfield and brownfield projects, with a view to scale-up and enhance our projects within these clusters.

We have a deep understanding of the energy supply and demand landscape in the Philippines, allowing us to offer comprehensive energy solutions to our customers at favorable tariff pricing and returns. We operate a holistic renewable energy business and provide a full range of energy solutions directly to a wide range of customers, including distribution utilities, electric cooperatives, large-scale commercial and industrial players which we contract with through RESAs through our retail electricity subsidiary, CESI, and PSAs. In July 2023, we were awarded 792.0MWac, or approximately 23.7% of the total solar and wind energy capacities made available through the DOE's GEAP-2 making our generated capacity available to eligible end-users and consumers.

We are well-positioned to capitalize on the strong momentum and long-term growth opportunities for renewable energy development and transition to renewable energy, in the Philippines

We believe that we are well-positioned to capitalize on the strong momentum and long-term growth opportunities for renewable energy development in the Philippines, including the shift from conventional energy to renewable energy, the growing energy requirements of the Philippines and the focus of the Philippines on the development of renewable sources of energy.

According to Lantau, the growth in energy demand in the Philippines is driven by economic development, with gross domestic product ("GDP") and electricity consumption per capita largely rising in tandem. Lantau notes that the Philippine economy has experienced robust growth over the past decade, with real GDP growing from 5.7% in 2022 to 7.6% in 2023. In line with increased economic development, peak electricity demand for the past five years has reached an annual average growth rate of 3.5% nationally, and over the past two decades, the Philippines' peak demand has doubled from 8.3GW in 2003 to 16.6GW in 2022, according to Lantau. In comparison to regional peers in Southeast Asia and South Asia, however, levels of electricity in the Philippines is generally lower on a per capita basis, which presents an opportunity for growth within the renewable energy project development space in the country.

Based on the DOE's Philippine Energy Plan 2020-2040, the peak energy demand in the Philippines is expected to almost quadruple from 2020 to 2040, from 15,282MW in 2020 to 54,655MW in 2040. In order to meet increasing demand, growth in installed capacity is essential and has prompted the Philippine government to encourage the expansion in capacity. The 2020-2040 National Renewable Energy Program ("NREP") has set a target of reaching at least a 35% share of renewable energy in the Philippines' power generation mix by 2030 and aims to increase it to at least 50% by 2040. The NREP recognizes the need to further implement policies to drive renewable energy development in the Philippines through mandatory pathways, such as renewable portfolio standards, renewable energy market, and preferential dispatch of all renewable energy generating units in the WESM, and voluntary programs, such as net-metering, the green energy option program and the green energy auction program. In support of these aims, the Philippine government launched Competitive Renewable Energy Zones ("CREZ"), areas identified as economic renewable energy resources. The CREZ is intended to complement the National Grid Corporation of the Philippines' ("NGCP") transmission development plan, so that transmission planning and expansion can accelerate renewable energy development.

With the diversity of our renewable energy projects pipeline, including our goal of contributing 1.0GW of ready-to-build/under construction solar energy capacity in the Philippine energy mix per year in the next five years, we believe that we are well-positioned to utilize the opportunities presented by the NREP and to contribute to the implementation of the DOE's Philippine Energy Plan 2020-2040.

We are one of the leading renewable energy players in the Philippines that is well-positioned to capture the growth in the renewable energy sector with a sizable and diversified platform of projects and track record of partnerships with accomplished power industry players, operators and investors

We are one of the leading renewable energy players in the Philippines that is well-positioned to capture the growth of the renewable energy sector as it further expands according to Lantau. We have a balanced portfolio of pipeline projects that are diversified in the following key respects: (i) regions in the Philippines, (ii) technologies and (iii) stages of development, with a total expected gross installed capacity of approximately 10.4GW as of December 31, 2023. In the short term, from 2024 to 2025, we expect to commission approximately 2.3GW of gross solar installed capacity, with various projects having in the "Ready-to-Build/Under Construction" stage as of December 31, 2023. In the medium term, from 2026 to 2028, we intend to develop approximately 5.0GW of gross installed capacity comprising solar, run-of-river hydro and onshore wind. In the long-term, from 2029 onwards, we have

feasible plans to incrementally add approximately 3.1GW of gross installed capacity through offshore wind energy projects.

We have a sizable and diversified platform of projects, which runs parallel to our strategic vision to spearhead the development of renewable energy projects in the Philippines and contribute meaningfully to the Philippines' energy security and transition to sustainable forms of energy. In addition, we are confident of our ability to spearhead the investment in the latest renewable energy technologies in the Philippines. For example, we are in discussions with a leading foreign developer in the joint implementation of onshore and offshore wind pipeline projects that will allow us to pool our strengths together to be able to maximize the potential of our onshore and offshore wind pipeline projects and continuously explore potential joint venture developments and other collaborative arrangements with major energy players in the Philippines.

We operate an integrated business model which supports our best-in-class project development execution and cost competitiveness

We have a vertically integrated platform comprising end-to-end capabilities covering the entire project development cycle and dedicated in-house development teams, with over eight cumulative years of experience, covering the design, development, construction, and operation and maintenance of our renewable energy projects. Our project development strategy underpins our strong and speedy execution capabilities, promoting cost efficiency and allowing us to provide best-in-class energy solutions at competitive prices to our customers.

We have a systematic and well-defined project development cycle which allows us to efficiently set out key development milestones. This, in turn, enables us to reach the "Ready-To-Build"/ "Under Construction" stage of development for our renewable energy project within approximately 24 months from site identification for our solar energy power projects.

- *Development:* We have a deep understanding of the local property market, enhanced by the capabilities of CREIT, in which we continue to be the single largest shareholder following completion of the CREIT Disposition. We have a proven land acquisition strategy where we employ a streamlined and prudent site selection process which emphasizes solar resource potential and grid connectivity. We also ensure that we maintain good stakeholder relations which mitigates potential risks associated with renewable energy development, complemented by our strong in-house technical and legal capabilities with deep knowledge and understanding of regulatory processes and environmental considerations.
- *Construction:* We utilize an accreditation and bidding process to identify cost-effective, experienced, and skilled contractors when we award construction mandates for our renewable energy projects. We benefit from the experience of our affiliate, Megawide, which has an extensive track record and expertise in construction and engineering, and leverage on the capabilities of our affiliate, MCC-Citicore Construction, Inc. ("MCC-CCI"), for the design, procurement and construction for our projects. We have a strong research and development team who are able to identify, assess and address construction and development risks associated with each type of renewable energy resource, and stringent quality assurance and control processes to ensure the optimization of our renewable energy project assets and infrastructure. Taking this approach, we are generally able to complete the construction of a solar renewable energy project between eight months to one year from the award of the engineering, construction and procurement contract to our selected contractor.
- *Operation:* We have dedicated and project-specific teams for each of our renewable energy projects comprised of area project managers, engineers and technicians. We have technology-driven operations and maintenance capabilities, utilizing, among others, real-time SCADA plant performance monitoring technologies and computerized maintenance and management systems. Given this approach, our average plant reliability and availability has been at approximately 99% for the past three years from 2021 to 2023.

In June 2023, we inaugurated our 13,000 sq. m. central warehouse located at the First Cavite Industrial Estate where we consolidate our supplies, equipment and materials to efficiently manage and distribute our resources to our solar power plant sites across the Luzon. The central warehouse ensures seamless coordination and supply of materials, equipment, and resources required for the operation and maintenance of our renewable energy projects.

We believe that this centralized approach will enhance our efficiency and allow streamlined logistics and faster project completion period.

We have a flexible offtake strategy and a diversified and high-quality customer base

We have a diversified offtake portfolio that includes (i) Government-backed power supply agreements that were signed up through the GEAP-2, (ii) power supply agreements with distribution utilities and electric cooperatives, and (iii) retail electricity supply agreements through our dedicated retail electricity supply arm, CESI, with corporate and industrial customers including blue-chip domestic corporations and multinational locators. Moreover, we have the flexibility to trade our excess generated capacity through the WESM, the Philippines' electricity spot market, which allows us to benefit from increases in market-driven electricity prices.

We have deep knowledge of the Philippines' energy supply and demand dynamics which allows us to offer comprehensive energy solutions catered to a diverse customer base. Our solid grasp of key market segments and energy regulatory processes allows us to enter into supply contracts with a wide range of customers. We also are able to leverage on our full-service energy ecosystem that allows us to address the specific needs of our customers. We capitalize on the network of our affiliate, Megawide, on both the supplier-side and the customer-side of our energy business. We access the stable and wide network of Megawide's suppliers, such as steel mills and cement plants, and its roster of high-quality clients, such as malls, condominiums, airports, hospitals, and data centers, who may have large energy requirements. As of December 31, 2023, we (including through RNHC) have secured contracts with a total capacity of 1,032.6MWac, which represents 100.0% of our projects in the "Ready-to-Build/Under Construction" stage, in RESAs and PSAs with our customers from various industries for future delivery up to December 2026. In addition, we maintain a balanced approach with respect to our offtake terms, with a mix of short-term and long-term offtake arrangements across multiple contracting channels to maximize tariff pricing and returns. As a result, we (including through RNHC) have an outstanding contract renewal rate of 95.0%, of our generated capacity as of December 31, 2023.

We monitor the quality of our offtake contracts by running an internal scoring system where we analyze relevant financial ratios and perform multi-channel background checks on our customers. We also require a standard security deposit amounting to one to two months' payments from our customers to ensure that we are able maintain a healthy collection rate. This has allowed us to avoid any instances of customer default in the past seven years.

We are led by a seasoned and visionary management team and we are supported by one of the leading construction and infrastructure groups in the Philippines

We have a strong leadership team with the vision, experience and business acumen to formidably steer and grow our Company into a leader in the renewable energy space in the Philippines. Our management team comprises individuals who have established their careers in the Philippine solar power industry and have gained valuable experience as long-time employees of the Citicore-Megawide Group.

Mr. Edgar B. Saavedra, our co-founder and Chairman founded Megawide in 1997 and has more than 20 years of engineering and construction experience. Through his leadership, Megawide has emerged as one of the top construction and infrastructure companies in the Philippines, with a consistent track record of winning competitive bids and successfully and timely completing all of its awarded contracts. Mr. Saavedra personally heads the Citicore-Megawide Group's engineering research and development team. Alongside Mr. Saavedra, Mr. Manuel Louie B. Ferrer, our co-founder and Treasurer, is experienced in infrastructure project execution. Mr. Ferrer was instrumental in transforming Megawide from a pure engineering, procurement and construction ("EPC") player into an infrastructure conglomerate.

Our President and CEO, Mr. Oliver Y. Tan, who is also a co-founder of our Company, is a seasoned and visionary executive who has a formidable track record in finance and project development. Mr. Tan's leadership within the Company and deep experience within the renewable energy space has allowed us to expand and become a leading and fast-growing pure-play renewable energy company. Mr. Tan spearheaded the completion of five greenfield solar farm pipeline projects as of the date of this Prospectus with a combined installed capacity of approximately 225.0MW and led the successful acquisition of five solar assets from Armstrong Assets Pte. Ltd. and its local co-developers with a combined gross installed capacity of approximately 60.0MW, resulting in a market share of 17% and 15% of the Philippines' total solar generation output in 2020 and 2021, respectively, according to data from the DOE.

Supporting Mr. Tan is a highly experienced management team, including Ms. Mia Grace Paula S. Cortez, Chief Finance Officer, a seasoned finance professional from Megawide, who, as group controller, guided Megawide in implementing financial controls, tax management and financial reporting systems. Ms. Cortez brings the same expertise and experience to our Company.

We believe that our excellence in engineering is rooted in our DNA. We benefit from Citicore-Megawide Group's expertise, experience and long track record of delivering critical infrastructure projects including the construction of: (i) 10,000 classrooms across 2,000 locations for phases 1 and 2 of the Philippine Department of Education's Classroom Project, (ii) the Mactan Cebu International Airport, the country's second largest airport, (iii) the country's first multi-modal land port, the Parañaque Integrated Terminal Exchange, and (iv) the Clark International Airport. Megawide's pipeline of major infrastructure projects demonstrates its strong presence in the construction and infrastructure industry, as shown by the award in its favor of the Malolos-Clark Railway Project and the Manila Subway Project. It has also proved to be a pioneering force in the industry by successfully spearheading the use of new engineering technologies, such as Megawide's precast and formworks system, and undertaking notable projects such as the operation and maintenance of the Mactan Cebu International Airport, despite a lack of prior operation or utilization history.

The Citicore-Megawide Group also provides support to our renewable energy project development targets, including but not limited to, their expertise in project management, EPC capabilities, and customer-supplier relationships. The Citicore-Megawide Group's brand equity, industry prominence, and strong relationship with financial institutions provides us with access to multiple channels of financing with a funding track record to support the growth of our renewable energy platform. In September 2023, we entered into a landmark U.S.\$100 million mezzanine loan facility with Pentagreen Capital, a sustainable infrastructure debt financing company, with an initial tranche of approximately U.S.\$30.0 million.

Through CREIT, we have also ventured into innovative capital markets initiatives and green financing. In February 22, 2022, CREIT listed on the PSE as the Philippines' first real estate investment trust for renewable energy real estate properties. Since CREIT's listing, it has tripled its leasable space portfolio, through land infusions and acquisitions, from 1.99 million sq. m. to 5.12 million sq. m. within a span of one year. CREIT increased its leasable space, through land infusions and acquisitions, to 7.1 million sq. m. as of December 31, 2023.

In early 2023, CREIT also developed and established a Green Financing Framework which enables CREIT to issue green bonds and loans. These will be used to fund selected projects that are expected to contribute to the expansion of renewable energy development, improve forest conservation efforts and facilitate sustainable water and wastewater management. Sustainalytics, a globally recognized ESG research, rating, and data firm, issued a second-party opinion with an evaluation date of September 22, 2022 on the credibility of the Green Financing Framework. In February 2023, CREIT completed its ₱4.5 billion ASEAN Green Bond offering with a rating of PRS Aa+ with Stable Outlook from the Philippine Rating Services Corp.

We have a robust corporate governance framework and commitment to sustainability and best ESG practices

We believe that good corporate governance is essential to achieve our strategic goals. We, through and together with our affiliate Citicore Foundation, Inc., ("**Citicore Foundation**") provide impactful value-added benefits for stakeholders and communities since 2019. We integrate sustainability principles into all aspects of our businesses and provide guidance for day-to-day operations.

We recognize the importance of working with communities to create development programs that benefit our stakeholders. Our programs are classified under three key pillars as set out in our ESG policies.

Environment

- *Citicore AgroSolar*

Citicore AgroSolar is a banner program of Citicore Foundation launched in 2021, which melds agriculture and power generation by allowing solar power plants and vegetable farming to coexist and aims to augment and support the livelihood of our farmer-communities. We pioneered the use of "Agrovoltaic" technology in the Philippines, which is the innovative dual-use of our solar power facilities to allow land to be accessed for farming and other agricultural activities alongside our solar panel

installations. See “– *Corporate Social Responsibility – Environment – Citicore AgroSolar*” on page 188 of this Prospectus.

- *EcoShed*

The EcoShed Program converts end-of-life or defective solar panels into eco-infrastructure projects such as community waiting sheds. These waiting sheds are built in partnership with the local government units of host communities. After completing the works, these EcoSheds are then donated to these host communities. See “– *Corporate Social Responsibility – Environment – EcoShed*” on page 188 of this Prospectus.

- *CommuniTree*

We conduct tree-planting activities annually together with our employees and members of our host communities to ensure that we maintain biodiversity in and protect areas where our renewable energy projects are located. See “– *Corporate Social Responsibility – Environment – CommuniTree*” on page 188 of this Prospectus.

- *Pailaw*

The Citicore Solar Street Light Project or Pailaw encourages using of renewable energy within communities. We install solar-powered light units with individual solar panels to provide much-needed light in communities that are unable to access a stable source of light during the nighttime. See “– *Corporate Social Responsibility – Environment – Pailaw*” on page 189 of this Prospectus.

Education

- *Usbong Scholarships*

Usbong is a bridge scholarship grant program of Citicore Foundation focused on providing educational, financial, and technical support to deserving but underprivileged students from its host communities. See “– *Corporate Social Responsibility – Education– Usbong Scholarships*” on page 189 of this Prospectus.

- *Brigada Eskwela*

Through the Adopt-A-School Program, the private sector and professionals are given opportunities to contribute to the improvement of the public educational system in the country. We provide school supplies, construction materials, and other necessary tools to these schools. See “– *Corporate Social Responsibility – Education– Brigada Eskwela*” on page 189 of this Prospectus.

- *Bantay Basa*

Bantay Basa is a school-based literacy program anchored on improving reading competencies among underserved communities. See “– *Corporate Social Responsibility – Education– Bantay Basa*” on page 189 of this Prospectus.

- *Balik-Eskwela*

Balik Eskwela is our initiative to extend helping hands to public elementary school students, ensuring that they receive essential school supplies which comprise backpacks, notebooks, crayons, pencils and raincoats that serve as invaluable tools for students for a productive academic year. See “– *Corporate Social Responsibility – Education– Balik-Eskwela*” on page 189 of this Prospectus.

Employment

- *T2E -Training-To-Employment*

The T2E campaign, in collaboration with the Technical Education Skills Development Authority (“TESDA”) is a capacity-building initiative that equips qualified residents from host communities with the necessary skills and competencies to achieve required capabilities and ensure employment after

receiving the required technical training certifications. See “– Corporate Social Responsibility – Employment– T2E-Training-To-Employment” on page 189 of this Prospectus.

On November 22, 2021, CREIT became the first Southeast Asian company to receive a Dark Green rating, the highest of its kind, from CICERO Shades of Green (an S&P Global group company). The Dark Green rating recognizes that CREIT’s revenue and investments are derived from solar power plants, which corresponds to the long-term vision of a low-carbon and climate-resilient future. The Dark Green rating is a testament to the environmental soundness of our and CREIT’s green projects, long-term support on low-carbon power sources and climate resiliency under CICERO Shades of Green’s evaluation standards.

BUSINESS STRATEGIES

Our key strategies are set out below:

Invest in the execution of our large and diversified pipeline of renewable energy projects

We intend to further strengthen our position as a leading solar energy power producer in the Philippines through the timely execution of our 6.4GW of solar energy power pipeline along with our commitment and target to contribute approximately 1.0GW of ready-to-build solar energy capacity each year over the next five years, contributing to increasing the share of renewables in the Philippine energy mix.

To achieve a balanced generation profile catered to our diversified market segments, we intend to further diversify our renewable energy portfolio into other forms of technologies, such as onshore wind energy. As such, we are in discussions with leading international wind energy developers to achieve this objective. We also have plans to enter the offshore wind energy space. To complement our existing and future technologies, we have started to venture into the development of a variety of energy storage solutions, such as battery energy storage systems (“BESS”) and mechanical fly wheel technologies.

In addition, we strive to continue to expand and scale up our renewable energy portfolio by replenishing our pipeline of projects alongside the execution of our current projects.

Further strengthen our in-house and end-to-end solution capabilities through knowledge acquisition, refined practices and deployment of innovative technologies

Our fully integrated renewable energy capabilities across our value chain has proven to be our main pillar in driving the success of our business model.

To sustain our momentum, we intend to further strengthen our in-house and end-to-end solution capabilities by adopting innovative tools, such as an automated photovoltaic (“PV”) panel cleaning system which will further refine and streamline our operations and management. To manage our capital expenditures in relation to PV solar panels, we have begun to diversify our supplier mix by sourcing our equipment from countries such as Vietnam, India and Malaysia, in addition to China-based suppliers.

Continue to capitalize on synergies with the broader Citicore-Megawide Group ecosystem in pursuing our growth strategy

We are committed to growing our portfolio of renewable energy operating assets, development projects and our project pipeline. We intend to capitalize on and realize further synergies within the broader Citicore-Megawide Group ecosystem in terms of EPC capabilities, sharing knowledge and expertise, and access to prospective commercial and industrial offtakers. Through our joint efforts, we aim to take advantage of economies of scale in procurement and other parallel workstreams.

Strategically diversify and expand our geographical footprint across the Philippines

We aim to increase our market penetration and establish a well-balanced geographic footprint to capture the growth trend in the renewable energy market in the Philippines. In particular, consistent with our project pipeline, we are well-positioned to expand our presence into the Visayas and Mindanao regions. We recognize NGCP’s plans to expand the grid and pursue inter-island interconnections, which we closely monitor and consider in pursuing our land acquisition strategy.

In pursuit of the expansion of our footprint, we intend to continue to conduct thorough site selection and value engineering processes to make informed strategic decisions before venturing into new regions. We believe that this approach mitigates risks that are customary in the development of renewable energy projects.

Maintain financial discipline and rigorous approach to investment selection, focused on returns and maximization of shareholder value, while creating a positive ESG impact

We believe that we have prudent standards with respect to financing and risk management which allows us to retain a strong balance sheet and a healthy credit profile. Leveraging on the Citicore-Megawide Group's brand equity and strong relationships with financial institutions and lenders, we expect to continue to obtain favorable financing terms to fund our renewable energy project and pipeline. We will continue to effectively manage and operate our portfolio of renewable energy assets and employ a flexible offtake strategy to continuously expand our customer base and deliver attractive financial returns. In particular, we will continue to efficiently deploy capital by developing or investing in projects which are scalable, have the potential to meet our targeted returns, long-term in nature and complement or enhance the value of our business.

In addition, we will continue to align our strategies not only to effectively manage, enhance or operate our assets to deliver attractive financial returns, but to also benefit surrounding communities and the environment while adhering to sound corporate governance principles. We will continue to implement the best health and safety practices and invest in our employee development. Our project development and operations will continue to be significantly influenced by our ESG and sustainability focus. As such, we intend to continue to develop, design, manage, and operate its assets in a socially relevant manner by working closely with the communities and other stakeholders in the areas where we operate to ensure that we continue to create a positive societal impact. Consistent with our ESG principles and policies, we will continue to invest in a variety of green initiatives in addition to our current roster of ESG projects.

RECENT DEVELOPMENTS

CREIT Disposition

On March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation for ₱4,999,997,971.6, which was completed on March 27, 2024.

Prior to the CREIT Disposition, CREC and CST1 legally and beneficially owned 3,117,641,132 common shares or 47.63% and 918,720,864 common shares or 14.04% of CREIT's outstanding capital stock, respectively. As a result of the CREIT Disposition, CST1 no longer holds any shares in CREIT and our remaining effective interest in CREIT as of the date of this Prospectus is 32.88%. We have prepared the unaudited pro forma condensed consolidated financial information as of and for the year ended December 31, 2023 as if the CREIT Disposition occurred on January 1, 2023 to show:

- the impact on the sale of CREC and CST1's stake in CREIT on other reserves, total equity attributable to shareholders of the Parent Company and non-controlling interest ("NCI") as of December 31, 2023;
- the impact on the calculation of net income attributable to NCI of the sale of existing shares to the new investor for the year ended December 31, 2023;
- the impact on payment of dividends during 2023 and balance of dividends payable as of December 31, 2023 to NCI; and
- the impact on earnings per share calculation for the year ended December 31, 2023.

After giving effect to certain assumptions and the above pro forma adjustments, for the year ended December 31, 2023, our pro forma consolidated revenue would have been ₱3,683.9 million (U.S.\$66.3 million), pro forma consolidated net income would have been ₱910.1 million (U.S.\$16.4 million), and pro forma consolidated net income attributable to equity holders of CREC would have been ₱515.8 million (U.S.\$9.3 million). For further details, please refer to the unaudited pro forma condensed consolidated financial information as of and for the year ended December 31, 2023 contained elsewhere in this Prospectus.

We continue to be CREIT's single largest shareholder and maintain control over CREIT because we will continue to manage its business activities, including day-to-day operations, appointing the executive officers of CREIT and

through the services of CFMI and CPMI. As such, CREIT's financial results will continue to be consolidated as part of CREC's financial statements. In view of SM Investments Corporation's investment in CREIT, SM Investments Corporation has the right to appoint two directors of CREIT while we have the right to appoint three directors.

We believe that SM Investments Corporation's investment into CREIT and the resulting collaboration with our Company unlocks potential synergies between both companies. The proceeds from the CREIT Disposition are intended to contribute further to the development of our projects in "Ready-to-Build" / "Under Construction" stage.

HISTORY AND CORPORATE MILESTONES

CREC was incorporated on May 15, 2018 as CPI's vehicle for its renewable energy investments to pursue greenfield and brownfield projects, and manage the operation of power generation projects for solar, hydro and wind technologies in the Philippines. CPI likewise engages in renewable energy power generation and is a direct subsidiary of CHII, the parent company of one of the Philippines' largest construction and infrastructure groups, Megawide.

CREC is also engaged in the supply of retail electricity to contestable customers through CESI, and is one of the sponsors of CREIT, the Philippines' first real estate investment trust focused on income-generating renewable energy assets. Owing to CREC's streamlined capabilities in project development, CREC has grown to be the power producer with the second largest solar portfolio in the Philippines in terms of installed capacity as of December 31, 2022, according to Lantau.

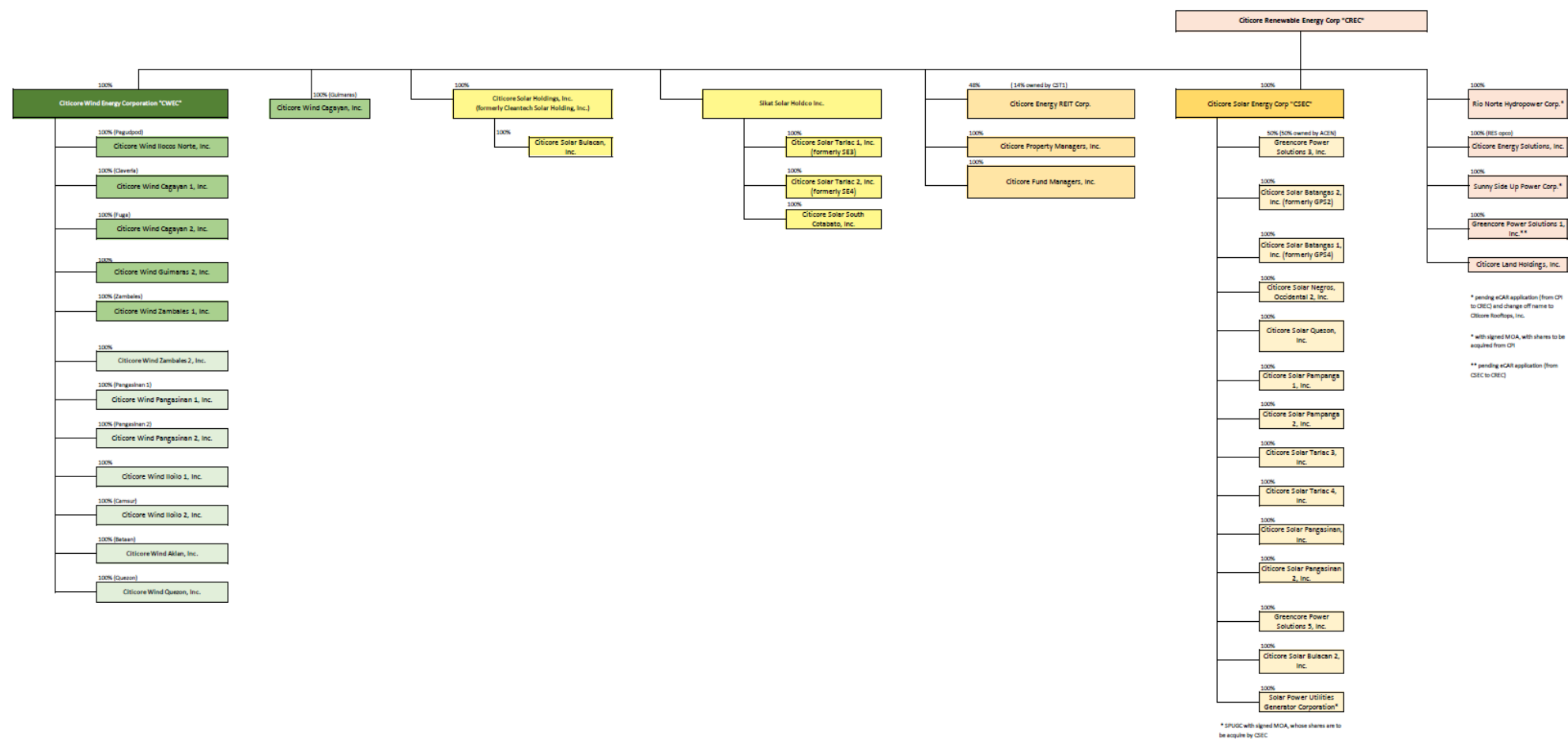
Year	Milestones
2015	CPI was incorporated to engage in the development of renewable energy.
2016	- CPI completed the development and construction of three greenfield solar assets with a gross installed capacity of 103.0MW. - CESI was incorporated to engage in retail electricity supply.
2017	- CESI signed its first retail supply contract with Citystate Centre Condominium Corporation in July 2017. - CESI signed a power supply agreement with AC Energy Corporation ("AC Energy") in December 2017.
2018	- CREC was incorporated on May 15, 2018. - CREC acquired assets from Armstrong Assets Pte. Ltd. and its local co-developers, comprising five solar farms with a gross installed capacity of 60.0MW. - CESI secured its RES license from the ERC.
2020	- CREC partnered with AC Energy and ACE Endeavor, Inc. ("Endeavor") for the development of greenfield solar assets. - CESI renewed its retail supply contract with Citystate Centre Condominium Corporation.
2021	- CREC was recognized as a finalist under the Clean and Green Energy Award and Energy Efficiency and Conservation Award categories by the European Chamber of Commerce of the Philippines in the Europa Awards. - We pioneered the AgroSolar concept in the Philippines, which is aligned with the United Nations 2030 Agenda for Sustainable Development.

2022	• CREIT received a Dark Green Rating from CICERO Shades of Green – a first in Southeast Asia. • CREIT conducted its initial public offering and listed on the PSE in February 2022 and was awarded “Best IPO (Philippines)” by the Asset Asian Awards. • Through Greencore Power Solutions 3., Inc. (“GPS3”), our joint venture with AC Energy and Endeavor, we started commercial operations of our Arayat Phase 1 Project with a gross installed capacity of 72.0MW.
2023	• CREIT conducted its maiden ASEAN green bond offering, rated as PRS Aa+ by the Philippine Rating Services, Corp. (“PhilRatings”). • Through GPS3, our joint venture with AC Energy and Endeavor, we started our commercial operations of our Arayat Phase 2 Project with a gross installed capacity of 43.7MW. • Awarded as one of the Top 10 Clean Energy Contribution Enterprises by Solar Energy Storage Future Philippines 2023. • CREC was awarded 792.0MWac, or approximately 23.7% of the total solar and wind energy capacities made available through the DOE’s GEAP-2. • Awarded the “ESG Programme of the Year” in the 19th Asian Power Awards.
2024	• Awarded the “Most Sustainable Energy Company Philippines 2024” by the World Business Outlook.

CORPORATE STRUCTURE

The chart below summarizes our portfolio of investments in subsidiaries and its effective economic ownership interests in such subsidiaries as of December 31, 2023.

Corporate Structure of CREC (as of December 31, 2023)

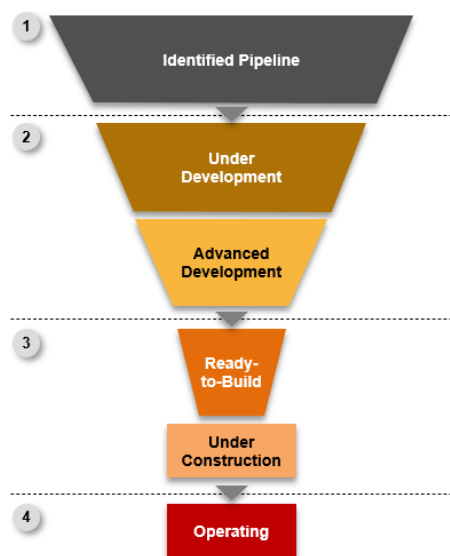


RENEWABLE ENERGY PORTFOLIO

Overview

As of December 31, 2023, we have ten operating solar assets with a combined installed capacity of 285.1MW⁷. In addition, as of December 31, 2023, we had a gross installed capacity pipeline of 6,446.0MW in solar power generation, 812.5MW in onshore wind power generation, and 3.1GW in offshore wind generation capacities in various stages of development. Through our proposed acquisition of RNHC, we expect to develop a gross installed capacity of 25.7MW in run-of-river hydro power generation.

We define our four project development stages, in the order of earliest to latest stages of development, as follows:



- **“Identified Pipeline”** means the preliminary assessment of viable connection scheme conducted to initially determine potential capacity in the area that may become available within five years and the development of grid connection strategy to identify general area feasibility;
- **“Under Development”** (including the “Early Development” and “Pre-Development” substages) means projects with ongoing land sourcing and vetting of site prospects which include site resource assessments, legal and technical due diligence to determine suitability of site and authenticity of land titles and landowners and **“Advanced Development”** means projects with on going land acquisition, consolidation and conversion, conduct of pre-engineering studies and transmission line studies and securing the Solar Energy Operating Contracts (“SEOC”), Wind Energy Service Contract (“WESC”) and Hydropower Service Contract (“HSC”), as applicable, from the DOE;
- **“Ready-to-Build” / “Under Construction”** means projects with secured land rights, grid rights and DOE SEOC, WESC or HSC, as applicable, as well as on going negotiation and closing of material contracts such as offtake agreements, project financing and Engineering, Procurement and Construction (“EPC”) contract, including projects that are undergoing physical construction; and
- **“Operating”** means projects that have successfully achieved grid injection and started generating power.

The weighted average tariff rate of our operating projects is approximately ₱4.80/kWh as of December 31, 2023. For year ended December 31, 2023, the average EBITDA margin (as calculated below) of our operating projects is approximately 91%. As of December 31, 2023, our operating projects, are typically financed with debt and equity at an approximately 70%-30% ratio. We expect to continue to fund the development of our renewable energy projects in the same funding proportion.

⁷ We have seven solar operating assets, which we refer to as **“our operating projects”**, with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined grossed installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

Operating Projects

The following table sets out the details of seven of our operating projects⁸ as of and for the year ended December 31, 2023:

	Clark Solar Power Project	Centrala Solar Power Project	Armenia Solar Power Project	Dalayap Solar Power Project	Bulacan III Solar PV Plant	Arayat Phase 1 Project	Arayat Phase 2 Project	Total
Type	Solar	Solar	Solar	Solar	Solar	Solar	Solar	
Location	Clark, Pampanga	Centrala, Surallah, South Cotabato	Tarlac City, Tarlac	Tarlac City, Tarlac	San Idelfonso, Bulacan	Arayat and Mexico, Pampanga	Arayat and Mexico Pampanga	
Operating Company	CREC	Citicore Solar South Cotabato, Inc.	Citicore Solar Tarlac 1, Inc.	Citicore Solar Tarlac 2, Inc.	Citicore Solar Bulacan, Inc.	Grencore Power Solutions 3, Inc.	Grencore Power Solutions 3, Inc.	
Parent Company	Citicore Power, Inc.	Sikat Solar Holdco Inc.	Sikat Solar Holdco Inc	Sikat Solar Holdco Inc	Citicore Solar Holdings Inc.	Citicore Solar Energy Corp.	Citicore Solar Energy Corp.	
Gross Installed Capacity (in MW)	22.3	6.2	8.8	7.5	15.0	72.0	43.7	175.5
Net Attributable Capacity (in MW)	22.3	6.2	8.8	7.5	15.0	36.0	21.8	117.7
Estimated Annual Generation (in MWh) ⁽¹⁾	33,209.2	9,233.0	13,105.0	11,169.0	22,338.0	107,222.4	65,078.0	261,354.6
Estimated Annual Coal Displacement (in tons) ⁽²⁾	23,246.4	6,463.1	9,173.4	7,818.3	15,636.6	75,055.7	45,554.6	182,948.2
Estimated Number of Households Covered per Year ⁽³⁾	13,837.2	3,847.1	5,460.4	4,653.8	9,307.5	44,676.0	27,115.9	108,897.8
Peak Generation Capacity (in MWac) ...	19.8	5.0	7.1	5.9	12.6	50.0	30.0	110.6
Tariff Structure	Under FIT	Under FIT	Mixed – Contracted and WESM prices	Mixed – Contracted and WESM prices	Under FIT	WESM prices	WESM prices	
EBITDA Margin ⁽⁴⁾⁽⁶⁾	91%	84%	88%	84%	90%	91%	98%	
Offtaker	TransCo	TransCo	Retail Electricity Supplier	Retail Electricity Supplier	TransCo	N/A	N/A	
Offtake Period (in years)	20	20	Valid until terminated	Valid until terminated	20	N/A	N/A	
Development Status	Operating	Operating	Operating	Operating	Operating	Operating	Operating	

⁸ We have seven solar operating assets, which we refer to as “our operating projects”, with a combined gross installed capacity of 175.5MW, and provide operations and maintenance services to three operating assets owned and operated by our parent company, CPI, which have a combined grossed installed capacity of 99.6MW. As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties. The lease rental rates for these leases comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from the agreed base lease revenue for the current fiscal year.

	Clark Solar Power Project	Centrala Solar Power Project	Armenia Solar Power Project	Dalayap Solar Power Project	Bulacan III Solar PV Plant	Arayat Phase 1 Project	Arayat Phase 2 Project	Total
Commercial Operations Date	March 12, 2016	December 9, 2015	February 29, 2016	February 27, 2016	March 12, 2016	March 15, 2022	March 22, 2023	
Total Project Cost (in ₱ billions)	1.71	0.44	0.49	0.42	1.24	3.18	2.23	9.71
Average Annual Revenue Generated (in ₱ millions) ⁽⁵⁾	248.7	82.0	75.1	67.2	189.6	657.2	378.2	1,797.20
Ownership Interest	100%	100%	100%	100%	100%	50%	50%	
JV Partner	N/A	N/A	N/A	N/A	N/A	AC Energy and Endeavor	AC Energy and Endeavor	

Notes:

(1) Based on an energy yield estimate of P50.

(2) Based on Company's estimates.

(3) Based on a typical Philippine household consumption of 200kWh per month based on the Company's estimates.

(4) For the year ended December 31 2023.

(5) Based on the average annual revenue generated of each project for the years ended December 31, 2021, 2022 and 2023, except for Arayat Phase 1 Project and Arayat Phase 2 Project which were based on their pro rated actual operating revenues for the years ended December 31 2022 and 2023, as applicable.

(6) Below is a summary of the EBITDA Margin calculation for each of our operating projects for the year ended December 31, 2023:

	Clark Solar Power Project	Centrala Solar Power Project	Armenia Solar Power Project	Dalayap Solar Power Project	Bulacan III Solar PV Plant	Arayat Phase 1 Project	Arayat Phase 2 Project
	(in ₱ millions, except percentages)						
Revenue	256.3	76.4	86.9	78.2	172.7	657.2	296.8
Cost of services and other operating expenses	(198.0)	(71.6)	(67.5)	(67.4)	(154.2)	(150.1)	(6.2)
Depreciation	174.1	56.6	43.7	41.7	137.7	91.4	-
EBITDA	232.4	64.3	76.5	65.7	156.2	598.4	290.6
EBITDA Margin	91%	84%	88%	84%	90%	91%	98%

Projects that are Ready-to-Build/Under Construction

We have eight solar energy projects in the “Ready-to-Build” / “Under Construction” stage. As of December 31, 2023, we have secured financing for the Batangas 1 Solar Project and have ongoing project financing workstreams in various stages for six of these projects with several banks. The following table summarizes the details and progress of these eight solar energy projects as of and for the year ended December 31, 2023:

	Batangas 1 Solar Project	Batangas 2 Solar Project	Pangasinan 1 Solar Project	Pangasinan 2 Solar Project	Pampanga 3 Solar Project	Quezon 1 Solar Project	Zambales 1 Solar Project	Negros 2 Solar Project	Total
Type	Solar	Solar	Solar	Solar	Solar	Solar	Solar	Solar	
Operating Company	Citicore Solar Batangas 1, Inc.	Citicore Solar Batangas 2, Inc.	Citicore Solar Pangasinan 2, Inc.	Citicore Solar Pangasinan, Inc.	Citicore Solar Pampanga 1, Inc.	Citicore Solar Quezon, Inc.	Solar Power Utilities Generator Corporation ⁹	Citicore Solar Negros Occidental 2, Inc.	
Parent Company	Citicore Solar Energy Corporation (“CSEC”)	CSEC	CSEC	CSEC	CSEC	CSEC	CSEC	CSEC	
Gross Installed Capacity (in MW)	280.0	250.0	240.0	270.0	60.0	293.0	90.0	100.0	1,583.0
Net Attributable Capacity (in MW)	280.0	250.0	240.0	270.0	60.0	293.0	90.0	100.0	1,583.0
Estimated Annual Generation (in MWh)⁽¹⁾	379,905.0	229,884.0	326,289.0	367,075.0	81,572.0	398,344.0	122,235.0	135,817.0	1,592,474.0
Estimated Carbon Emission Reduction (in tons)⁽²⁾	265,933.5	160,918.8	228,402.3	256,952.5	57,100.4	278,840.8	85,564.5	95,071.9	1,428,784.7
Estimated Number of Households Covered per Year⁽³⁾	158,293.8	95,785.0	135,953.8	152,947.9	33,988.3	165,976.7	50,931.3	56,590.4	850,467.2
Peak Generation Capacity (in MWac) ..	140.0	125.0	120.0	135.0	30.0	146.5	45.0	50.0	791.5
Tariff Structure	Privately negotiated	Under GEAP-2	Under GEAP-2	Under GEAP-2	Under GEAP-2	Under GEAP-2	Privately negotiated	Under GEAP-2	
Offtaker	Corporate	TransCo	TransCo	TransCo	TransCo	TransCo	Distribution utility	TransCo	
Offtake Period (in years)	10 + 10	20	20	20	20	20	Confidential	20	
Expected Commercial Operations Date / Completion Date	196.0MW – Jun 2024 84.0MW – Jun 2025	175.0MW – Dec 2024 75.0MW – Dec 2025	168.0MW – Dec 2024 72.0MW – Dec 2025	189.0MW – Dec 2024 81.0MW – Dec 2025	42.0MW – Dec 2024 18.0MW – Dec 2025	205.0MW – Dec 2024 88.0MW – Dec 2025	63.0MW – Sep 2024 27.0MW – Sep 2025	69.0MW – Sep 2024 31.0MW – Sep 2025	

⁹ On October 18, 2023, we executed a Memorandum of Agreement to purchase all of the shares of SPUGC and all of SPUGC’s rights and interests over all permits and licenses for the construction, maintenance and operation of the Zambales 1 Solar Project and the transfer of the lease in relation to the land on which the Zambales 1 Solar Project is located. The corresponding sale covering the acquisition by us of such shares is pending.

	Batangas 1 Solar Project	Batangas 2 Solar Project	Pangasinan 1 Solar Project	Pangasinan 2 Solar Project	Pampanga 3 Solar Project	Quezon 1 Solar Project	Zambales 1 Solar Project	Negros 2 Solar Project	Total
Estimated Total Project Cost (in ₱ billions) ⁽⁴⁾ ...	8.7	7.8	7.5	8.4	1.9	9.1	2.8	3.1	49.3
Ownership Interest	100%	100%	100%	100%	100%	100%	100%	100%	

Notes:

- (1) Based on an energy yield estimate of P50.
(2) “Key Energy Statistics (2021)” Department of Energy, https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/doe-key-energy-statistics-2021-pocket-size.pdf
(3) Based on a typical Philippine household consumption of 200kWh per month based on the Company’s estimates.
(4) Based on Company’s estimates.

The tariff rate for our renewable energy plants that are ready-to-build /under construction contracted under GEAP-2 is approximately ₱4.40/kWh. As of December 31, 2023, our projects that are “Ready-to-Build” / “Under Construction” had 100% contracted capacity.

In addition, RNHC (which we expect to acquire in the second half of 2024), has commenced construction of its 25.7MW run-of-river hydro project. With all the permits in place and after completing the acquisition of RNHC, we target commercial operation of the project by June 2026.

Projects in Advanced Development

As of December 31, 2023, we have 12 renewable energy projects spanning several locations in the Luzon and Visayas region in “Advanced Development” with a gross installed capacity of approximately 1,426.8MW. These renewable energy projects are being undertaken by our subsidiaries and through joint ventures with large-scale renewable energy developers. As of December 31, 2023, nine of these projects have ongoing project financing workstreams with several banks. The following table summarizes the details and progress of these 12 renewable energy projects as of and for the year ended December 31, 2023:

	Batangas 3 Solar Project	Batangas 4 Solar Project	Pampanga 4 Solar Project	Pampanga 5 Solar Project	Quezon 2 Solar Project	Bataan 2 Solar Project	Negros 1 Expansion Project	Cebu 1 Expansion Project	Iloilo CW 1 Wind Project	Bataan-Zambales CW Power Project	Pangasinan CW 2 Wind Power Project	Camarines Sur CW Wind Power Project	Total
Type	Solar + BESS	Solar	Solar	Solar	Solar	Solar	Solar	Solar	Onshore wind	Onshore wind	Onshore Wind	Onshore wind	
Parent Company	Citicore Solar Energy Corporation	Citicore Solar Energy Corporation	Citicore Solar Energy Corporation	Citicore Solar Energy Corporation	Citicore Solar Energy Corporation	Citicore Solar Energy Corporation	Citicore Solar Energy Corporation	Citicore Solar Energy Corporation	Citicore Wind Energy Corporation	Citicore Wind Energy Corporation	Citicore Wind Energy Corporation	Citicore Wind Energy Corporation	
Gross Installed Capacity (in MW)	Solar - 125.0	140.0	60.0	20.0	200.0	214.0	36.0	88.0	237.5	125.0	150.0	31.3	1,426.8

		Batangas 3 Solar Project	Batangas 4 Solar Project	Pampanga 4 Solar Project	Pampanga 5 Solar Project	Quezon 2 Solar Project	Bataan 2 Solar Project	Negros 1 Expansion Project	Cebu 1 Expansion Project	Iloilo CW 1 Wind Project	Bataan- Zambales CW Power Project	Pangasinan CW 2 Wind Power Project	Camarines Sur CW Wind Power Project	Total
Net Attributable Capacity (in MW) .		Solar - 125.0	140.0	60.0	20.0	200.0	214.0	36.0	88.0	237.5 ⁽⁴⁾	125.0 ⁽⁴⁾	150.0 ⁽⁴⁾	31.3 ⁽⁴⁾	1,533.8
Estimated Annual Generation (in MWh)⁽¹⁾		189,761.0	190,335.0	81,572.0	30,362.0	271,907.0	324,216.0	48,943.0	119,639.0	919,581.0	349,305.0	245,280.0	91,890.0	2,617,511.0
Estimated Carbon Emission Reduction (in tons)⁽²⁾		132,832.7	133,234.5	57,100.4	21,253.4	190,334.9	226,951.2	34,260.1	83,747.3	643,706.7	244,513.5	171,696.0	64,386.0	1,832,320.7
Estimated Number of Households Covered per Year⁽³⁾		79,067.1	79,306.3	33,988.3	12,650.8	113,294.6	135,090.0	20,392.9	49,849.6	383,158.7	145,543.7	102,000.0	38,325.0	1,052,342.0
Expected Offtaker		Corporate	Mixed – Corporate and WESM	Mixed – Corporate and WESM	Corporate	Mixed – Corporate and WESM	Corporate	TransCo (GEAP-2)	Mixed – Corporate and WESM	TransCo (GEAP-2)	TransCo (GEAP-2)	TransCo (GEAP-2)	TransCo (GEAP-2)	
Expected Notice to Proceed Date.....		June 2024	June 2024	June 2024	June 2024	June 2024	March 2024	June 2024	June 2024	April 2026	July 2025	July 2025	July 2025	
Expected Commercial Operations Date / Completion Date		December 2025	December 2025	December 2025	December 2025	December 2025	June 2025	December 2025	December 2025	October 2027	September 2026	September 2026	September 2026	
Ownership Interest...		100%	100%	100%	100%	100%	100% ⁽⁴⁾	100%	100%	100% ⁽⁴⁾	100% ⁽⁴⁾	100% ⁽⁴⁾	100% ⁽⁴⁾	

Notes:

(1) Based on an energy yield estimate of P50.

(2) “Key Energy Statistics (2021)” Department of Energy, https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/doe-key-energy-statistics-2021-pocket-size.pdf

(3) Based on a typical Philippine household consumption of 200kWh per month based on the Company’s estimates.

(4) We have executed a non-binding term sheet covering a potential joint venture arrangement with respect to these projects.

Projects Under Development (including Pre- Development and Early Development) and Identified Pipeline Projects

As of December 31, 2023, we are in the “Under Development” (including Pre-Development and Early Development) stage for 32 of our renewable energy power projects, which we expect to complete within the next five years. A certain number of these renewable energy power projects would be complemented with BESS in line with our ambition of developing approximately 1.0GW of ready-to-build/under construction solar energy capacity per year for the next five years.

- a. We have a total of 1,990.9MW in gross installed capacity of solar energy and onshore wind energy projects in the “Pre-Development” substage as of December 31, 2023 with the following details:

	Type	Gross Capacity (in MW)	Installed Capacity (in MW)	Net Capacity (in MW)	Attributable Capacity (in MW)	Offtaker	Expected Proceed Date	Notice to Completion Date	Expected Commercial Operations Date / Completion Date	Ownership Interest
Bataan 3 Solar Project	Solar		214.0		214.0	Corporate		March 2025	June 2026	100% ⁽¹⁾
Negros 3 Solar Project	Solar		50.0		50.0	Mixed – Corporate /WESM		March 2025	June 2026	100%
Pampanga 2 Expansion	Solar		48.0		24.0	WESM		March 2025	June 2026	50%
Batangas 5 Solar Project	Solar		140.0		140.0	Mixed – Corporate /WESM		June 2025	December 2026	100%
Batangas 6 Solar Project	Solar		216.0		216.0	Mixed – Corporate /WESM		June 2025	December 2026	100%
Pangasinan 3 Solar Project	Solar		214.0		214.0	Mixed – Corporate /WESM		June 2025	December 2026	100%
Pangasinan 4 Solar Project	Solar		240.0		240.0	Mixed – Corporate /WESM		June 2025	December 2026	100%
Pangasinan 5 Solar Project	Solar		200.0		200.0	Mixed – Corporate /WESM		June 2025	December 2026	100%
Quezon 3 Solar Project	Solar		200.0		200.0	Mixed – Corporate /WESM		June 2025	December 2026	100%
Quezon 4 Solar Project	Solar		200.0		200.0	Mixed – Corporate /WESM		June 2025	December 2026	100%
Quezon Wind Project	Onshore wind		93.8		93.8	GEAP-4		July 2027	December 2028	100% ⁽¹⁾
Pangasinan 1 Wind Project	Onshore wind		43.8		43.8	GEAP-4		July 2027	December 2028	100% ⁽¹⁾
Ilocos Norte Wind Project	Onshore wind		131.3		131.3	GEAP-4		July 2027	December 2028	100% ⁽¹⁾
Total			1,990.9		1,966.9					

Note:

(1) We have executed a non-binding term sheet covering a potential joint venture arrangement with respect to these projects.

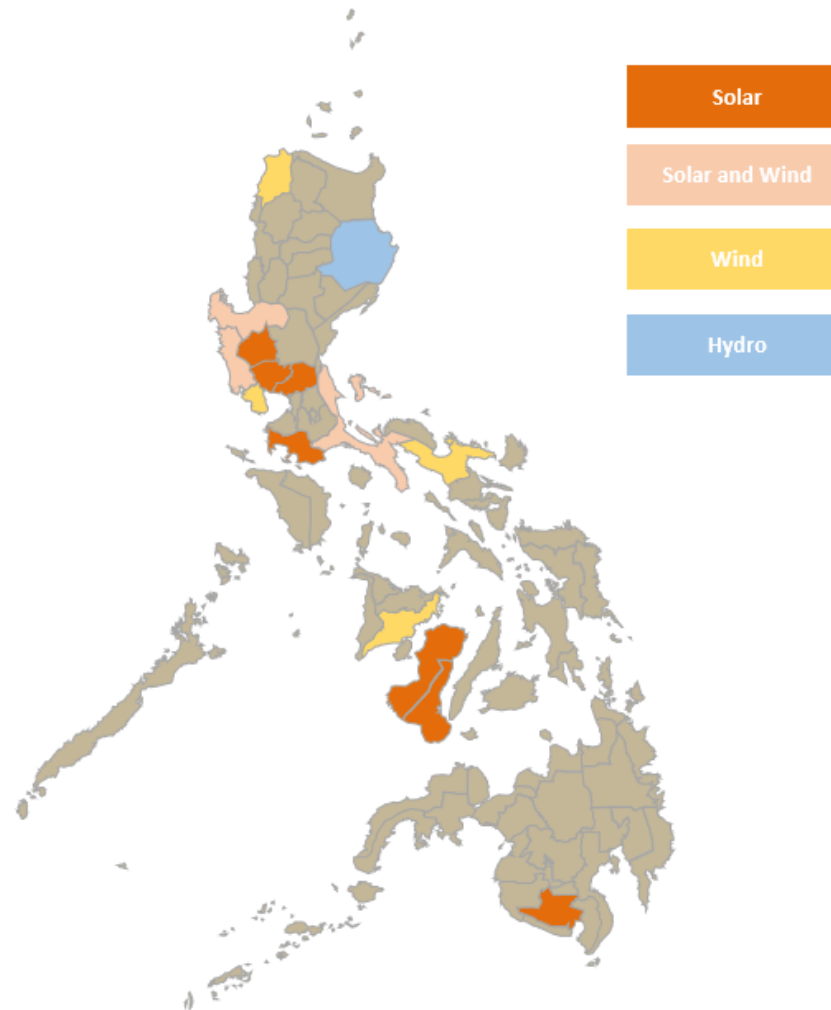
b. We have a total of 2,258.0MW in gross installed capacity of solar energy projects in the “Early Development” substage as of December 31, 2023 with the following details:

	Type	Gross Capacity (in MW)	Installed Capacity (in MW)	Net Capacity (in MW)	Attributable Capacity (in MW)	Expected Offtaker	Expected Proceed Date	Notice to Completion Date	Expected Commercial Operations Date / Completion Date	Ownership Interest
Isabela 1 Solar Project	Solar		25.0		25.0	Corporate		March 2025	June 2026	100%

	Type	Gross Capacity (in MW)	Installed Capacity (in MW)	Net Capacity (in MW)	Attributable Capacity (in MW)	Expected Offtaker	Expected Notice to Proceed Date	Expected Commercial Operations Date / Completion Date	Ownership Interest
Batangas 1B Solar Project	Solar		70.0		70.0	Corporate	June 2026	December 2027	100%
Batangas 2B Solar Project	Solar		63.0		63.0	Corporate	June 2026	December 2027	100%
Batangas 4B Solar Project	Solar		35.0		35.0	Corporate	June 2027	December 2028	100%
Batangas 6B Solar Project	Solar		54.0		54.0	Corporate	June 2027	December 2028	100%
Pangasinan 1B Solar Project	Solar		60.0		60.0	Corporate	June 2027	December 2028	100%
Pangasinan 2B Solar Project	Solar		68.0		68.0	Corporate	June 2027	December 2028	100%
Pangasinan 3B Solar Project	Solar		54.0		54.0	Corporate	June 2027	December 2028	100%
Pangasinan 4B Solar Project	Solar		60.0		60.0	Corporate	June 2027	December 2028	100%
Pangasinan 5B Solar Project	Solar		50.0		50.0	Corporate	June 2027	December 2028	100%
Quezon 1B Solar Project	Solar		73.0		73.0	Corporate	June 2027	December 2028	100%
Quezon 2B Solar Project	Solar		50.0		50.0	Corporate	June 2027	December 2028	100%
Quezon 3B Solar Project	Solar		50.0		50.0	Corporate	June 2027	December 2028	100%
Quezon 4B Solar Project	Solar		50.0		50.0	Corporate	June 2027	December 2028	100%
Zambales 1B Solar Project	Solar		23.0		23.0	Corporate	June 2027	December 2028	100%
Negros 2B Solar Project	Solar		25.0		25.0	Corporate	June 2027	December 2028	100%
Negros 3B Solar Project	Solar		13.0		13.0	Corporate	June 2027	December 2028	100%
Batangas 7 Solar Project	Solar		375.0		375.0	Corporate	June 2026	December 2027	100%
Batangas 8 Solar Project	Solar		1,060.0		1,060.0	Corporate	June 2026	December 2027	100%
Total			2,258.0		2,258.0				

c. We are in the “Identified Pipeline” stage for seven of our renewable energy projects with combined gross installed capacity of approximately 3.1GW, all of which are offshore wind power generation projects, where we expect to complete the first phase of completion within the next five to eight years and approach these projects as longer-term growth area as the offshore wind energy framework develops in the Philippines.

Our projects (including through RNHC) in the “Operating”, “Ready-to-Build/Under Construction”, or “Advanced Development” stages are located in the following provinces across the Philippines as of December 31, 2023:



We expect a useful life of 25 to 30 years for solar energy projects, 35 to 40 years for run-of-river hydro power projects, 25 to 35 years for onshore wind projects and 20 to 25 years for offshore wind projects.

Project Development

We are a fully vertical integrated platform comprising design, development, construction, and operation and maintenance of our renewable energy projects. We benefit from the experience of our affiliate, Megawide, which has an extensive track record and expertise in construction and engineering, and leverage on the capabilities of our affiliate, MCC-CCI, for the design, procurement and construction for our projects. We run a standardized and disciplined development process fully managed in-house from site selection to the operation and maintenance of our renewable energy projects. With our strong understanding of the end-to-end project development life cycle in the Philippines, we are able to properly manage varying degrees of risks across each development stage.

We are also equipped with relevant historical data that ensures that we are able to maximize the capacities of our plants. Our database comprises (i) seven years' worth of solar irradiance in regions where we have existing operating projects and (ii) five years' worth of actual river data showing hydrology and water flow (through RNHC which we expect to acquire in the second half of 2024). For our onshore and offshore wind energy projects, we have the capacity to build technology such as anemometers to collect and measure wind data on top of the available wind resource assessment from reputable global wind experts. With the available data on hand, we have developed a systematic and well-defined process where we have efficiently set out key development milestones, which enables us to reach ready-to-build status for our solar energy projects within approximately 24 months from identification of our project sites.

As discussed above, our projects are in different stages of development: "Identified Pipeline," "Under Development" which includes the "Early Development" and "Pre-Development" substages, "Ready to Build" and "Under Construction", and "Operating."

Land Rights Acquisition

Land rights includes the acquisition of possessory rights over the project lands for development, construction and operation of the intended solar project. Land acquisition is the largest development cost item (accounting for approximately 95% of total development expenses) and is incurred at the "Early Development" substage, which risk we solely bear and which, in turn, significantly de-risks the project. We are better positioned to take on this risk because of our deep understanding of the local property market and our related REIT business model through CREIT.

We employ a streamlined process in securing land rights to identify suitable sites for our renewable energy projects. With our deep understanding of the local property market we are able to manage the acquisition of possessory rights over project sites for development, construction and operation of our renewable energy projects. We have a strong in-house legal team to conduct thorough title checks and due diligence, and we maintain a strong relationship with the Land Registration Authority to verify the authenticity of land titles before land acquisition. We have a robust in-house technical team to conduct site resource assessments, gather historical flood data, survey and analyze land terrain and surrounding shadings, determine the proximity to connection point, and validate the suitability of the site, and estimate initial plant capital expenditures prior to land acquisition. We have a knowledgeable in-house stakeholder relations team to conduct community-based information and education campaigns and oversee social programs. We also have a strong understanding of Philippine land use regulations and restrictions. We select only idle or under-utilized agricultural land and pioneered the *AgroSolar* concept for optimal land utilization.

We integrate best practices in our site selection to reduce our environmental impact in the areas where we develop our projects. For our solar energy power projects, we prioritize unused farmlands to avoid, or at least minimize, habitat fragmentation. For run-of river hydro (through RNHC which we expect to acquire in the second half of 2024) and wind projects, we are in the process of implementing a project environmental plan that includes daily environmental monitoring, performance measurement, and planting of trees around the perimeter fence and buffer zone to act as a noise and heat shield for the surrounding communities. Finally, we employ an environmental compliance and system audit to ensure that we proactively manage the potential environmental impacts of all projects and to ensure compliance with the conditions imposed by environmental regulators.

Grid Rights

Grid rights involves securing of on grid / off grid connection for a particular solar project to be able to deliver energy to customers. We have a strong understanding of national grid backbone infrastructure for optimal utilization of on grid capacities. We also have a strong knowledge of distributed generation or district / decentralized energy to navigate grid congestion issues.

Prior to land prospecting, our in-house technical team validates the availability of on grid / off grid capacity to prioritize cluster area land search using preliminary system impact studies which is updated on a quarterly basis to properly time our land acquisition. Prior to land acquisition, our in-house legal team verifies if the site has any pending “blocking” application; upon securing the land, we file the SEOC application with the DOE within 24 hours, ensuring priority in securing the on grid/off grid capacity.

We also cooperate and have strong relationships with relevant national and local agencies in our permitting process and maintain active stakeholder engagement programs. With this, along with the implementation of the Energy Virtual One-Stop Shop by the DOE and the strong knowledge of our in-house team on application requirements, we are able to significantly reduce the turnaround time to secure the necessary project permits.

Offtake

We have a diversified offtake portfolio that includes (i) government-backed power supply agreements that were signed up through the GEAP-2, (ii) power supply agreements with distribution utilities and electric cooperatives, and (iii) retail electricity supply agreements through our dedicated retail electricity supply arm, CESI, with corporate and industrial customers including blue-chip domestic corporations and multinational locators. Moreover, we have the flexibility to trade our generated capacity to the WESM, the Philippines’ electricity spot market, which allows us to benefit from increases in market-driven electricity prices.

Our offtake portfolio is summarized below:

Bilateral Contracts				
	Multinational Corporations, Private Corporates	Distribution Utilities/Electric Cooperatives	Government / GEAP	Spot Market / WESM
Mode of energy supply	- Day peak and baseload - Load following - Allowed mix of supply portfolio (RE and Non-RE) depending on demand load factor; take and pay arrangements	- Day peak, mid-merit and baseload - Plant specific, supply sources are pre-identified; take or pay arrangements - On-grid / off-grid delivery	- RE technology specific (solar, wind, hydro, biomass) - Plant specific, supply sources are pre-identified; take or pay arrangements - On grid delivery	- Minute interval declaration - Plant specific, take and pay arrangements - On-grid Delivery
Average contract term	- Fixed tariff - Escalated tariff (pre agreed percentage escalation rate and frequency of escalation) - Short to long duration term (ranging from 1 to 15 years) with renewal clause	- Tariff normally broken down into two parts: fixed capital recovery fee + escalated O&M fee (escalation link to CPI inflation) - Long tenor (12 to 15 years) - Monthly settlement	- Basis round 1 auction, tariff is fixed for 15 to 20 years - Monthly settlement	Monthly settlement

Bilateral Contracts

	Multinational Corporations, Private Corporates	Distribution Utilities/Electric Cooperatives	Government / GEAP	Spot Market / WESM
	Monthly settlement			
Mode of tender	Bilateral negotiations	- Unsolicited competitive selection process - Solicited competitive selection process	Solicited competitive selection process	Hourly price taker
Procurement and contracting regulations	Liberalized under RCOA and GEOP rules but contracting only through a licensed RES	Regulated, PSAs subject to ERC approval	Regulated, PSAs subject to ERC approval	Regulated, rules and procedures administered
CREC track record	73MWac (44 customers) of RESAs negotiated and closed under RCOA and 16MWac (32 customers) under GEOP	106MWac (six customers) of PSAs won and executed and 30MWac (two customers) closed to distribution utilities/electric cooperatives - eight unsolicited competitive selection process submitted	Participated and won in Round 2 of the GEAP	291GWh of energy sold to WESM from 2020 to 2022.

One of our key focus areas in our offtake plan is to secure (i) quality offtakers at (ii) sufficient offtake terms. We have deep knowledge of the Philippines' energy supply and demand dynamics which allows us to offer comprehensive energy solutions catered to a diverse customer base. Our solid grasp of key market segments and energy regulatory processes allows us to enter into supply contracts with a wide range of customers. We are able to keep track of the quality of our offtake contracts by running an internal scoring system where we analyze relevant financial ratios and perform multi-channel background checks on our customers. We also require a standard security deposit amounting to one to two months' payments from our customers to ensure that we are able maintain a healthy collection rate. This has allowed us to avoid any instances of customer default in our operating history.

We take the following steps to ensure that we are able to deliver optimal portfolio returns:

- optimize our offtake mix through our continuous assessment of short-term and long-term offtake agreements in order to maximize tariff pricing and returns, and to continue with our strong track record of renewals;
- exercise risk management practices through our in-house credit scoring system which assesses customer's creditworthiness and requirement of one to two months' worth of security deposit from our clients; and

- provide seamless in-house sales capabilities through a strong complement of 15 teams across various functions such as our energy trading team, RES team, regulated account team and sales agents.

Financing

We have strong brand equity in the Philippines which provides us access to a wide range of financing products. We are able to secure limited or non-recourse project finance facilities with lenders to ensure that we are able to develop our renewable energy projects. The Citicore-Megawide Group has a solid track record of 12 years in securing equity and debt financing raising approximately the equivalent of approximately U.S.\$2.4 billion to support its business expansion.

Our key focus areas when we secure financing for our renewable energy projects are (i) the ability to raise debt financing and (ii) the optimal cost of borrowings and terms.

Construction

We utilize an accreditation and bidding process to identify cost-effective contractors in awarding construction mandates for our renewable energy projects. We also leverage on the capabilities of our affiliate, MCC-CCI, who we typically partner with in respect of engineering for the design, procurement and construction of our projects, conducting feasibility studies and providing technical support for permits. We have a strong research and development team who are able to identify, assess and address the construction and development risks associated with each type of renewable energy resource. We also have stringent quality assurance and control processes to ensure that our renewable energy project assets and infrastructure are optimized. Taking this approach, we are generally able to complete the construction of a solar energy project between eight months to one year from the award of the engineering, construction and procurement contract to our selected contractor.

Operations and Maintenance

We provide in-house operation and maintenance services for all of our renewable energy projects at the operating company level. We have dedicated and project-specific teams for each of our renewable energy projects comprising area project managers, engineers and technicians who perform day-to-day operations and maintenance functions, including plant operations and preventative and corrective plant maintenance. Our operations and maintenance capabilities are technology-driven as we utilize real-time SCADA plant performance monitoring technologies and computerized maintenance and management systems.

For the Arayat Phase 1 Project and Arayat Phase 2 Project, our joint venture projects with AC Energy and Endeavor, operation and maintenance services are provided by Citicore Property Managers, Inc. (“CPMI”). As consideration of these services, CPMI receives annual service fees with a customary escalation rate.

In June 2023, we inaugurated our 13,000 sq. m. central warehouse located at the First Cavite Industrial Estate where we consolidate our supplies, equipment and materials to efficiently manage and distribute our resources to our solar power plant sites across the Luzon. The central warehouse ensures seamless coordination and supply of materials, equipment, and resources required for the operation and maintenance our renewable energy projects. This centralized approach will enhance our efficiency and allows streamlined logistics and faster project completion period to ensure optimal generation and timely delivery of our generated capacity.

Renewable Energy Projects in Operation

Renewable Energy Projects in Operation under CREC and its Subsidiaries

Clark Solar Power Project



Background. On October 13, 2021, CREIT assigned to CSEC its Solar Energy Service Contract No. 2014-07-086 for the operation of the 22.3MW Clark Solar Power Project in Clark, Freeport Zone, Pampanga. The assignment was approved by the Philippine DOE on December 24, 2021, making CREC its direct operator. CREIT likewise transferred its Philippine Board of Investments (“**BOI**”) Certificate of Registration No. 2015-222 to CREC which entitles it to enjoy incentives such as zero VAT rating, income tax holiday for seven years until 2023 with a 10% preferential rate thereafter, and a tax exemption on carbon credits. The solar power plant and other related real properties of the Clark Solar Power Project are owned by CREIT and have been leased to CREC for approximately 18 years from November 1, 2021.

Power Offtaker / Energy Sales. Pursuant to Section 7 of the Renewable Energy Act of and Section 5 of its implementing rules and regulations, the ERC adopted and promulgated feed-in tariff (“**FIT**”) rules. Eligible plants are entitled to the appropriate FIT administered and paid by the National Transmission Corporation (“**TransCo**”). After being certified as a FIT-eligible plant on June 3, 2016, we received our certificate of compliance (“**COC**”) from the ERC on December 8, 2016 and recognized revenues from energy sales using the FIT rates of ₱8.69/kWh under the FIT II Program.

Operations Review. The Clark Solar Power Project started commercial operations on March 11, 2016 initially at WESM prices until the receipt of the COC allowing us to recognize revenue from generation starting from December 2016 at the applicable FIT rate. It delivers all its generation to the national grid via Clark Substation and Mexico-Clark 69kV Line. The table below summarizes the Clark Solar Power Project’s selected operating data for the years ended December 31, 2021, 2022 and 2023:

	For the year ended December 31,		
	2021	2022	2023
Annual gross energy output (MWh)	30,195	29,503	29,740
Availability Rate (%)	99.7	99.6	99.1
Performance Ratio (%)	77.3	76.6	74.7
Net Capacity Factor (%)	15.3	14.5	15.1

Centrala Solar Power Project



Background. On April 11, 2014, Sikat Solar Holdco., Inc. (“SSH”) was incorporated. As of December 31, 2023, CREC holds 100% equity interest over SSH’s shares. SSH wholly owns Citicore Solar South Cotabato, Inc. (formerly nv vogt Philippines Solar Energy One, Inc) (“CSSCI”). CSSCI is registered with the BOI as a renewable energy developer for solar resources. CSSCI operates the 6.2MW Centrala Solar Power Project located in Centrala, Surallah, South Cotabato. The Centrala Solar Power Project was successfully commissioned on December 9, 2015 through the confirmation of the DOE covering its SESC No. 2013-10-043 and Certificate of Commerciality No. SCC-2014-05-008. CSSCI owns the solar power plant of the Centrala Solar Power Project and CREIT owns the land where the solar plant is located, which has been leased to CSSCI for a period of 25 years from January 1, 2022.

Power Offtaker / Energy Sales. The Centrala Solar Power Project was certified as a FIT-eligible plant on February 16, 2016. It received its COC from the ERC on February 28, 2017 and recognized revenues from energy sales using the FIT rates of ₱8.69/kWh under the FIT II Program.

Operations Review. The Centrala Solar Power Project started commercial operations on June 18, 2014 initially at WESM prices until the receipt of the COC allowing us to recognize revenue from generation starting from February 2016 at the applicable FIT rate. It delivers all its generation to the national grid via the SOCOTECO-1 Dajay 69/13.2 kV substation. The table below summarizes the Centrala Solar Power Project’s selected operating data for the years ended December 31, 2021, 2022 and 2023:

	For the year ended December 31,		
	2021	2022	2023
Annual gross energy output (MWh)	9,083	8,848	8,783
Availability Rate (%)	98.3	97.9	97.3
Performance Ratio (%)	79.9	78.2	74.3
Net Capacity Factor (%)	16.6	16.2	15.8

Armenia Solar Power Project



Background. SSHI wholly owns Citicore Solar Tarlac 1, Inc. (“CST1”), which was incorporated on November 11, 2013. CST1 is registered with the BOI as a renewable energy developer for solar resources. CST1 operates the 8.8MW Armenia Solar Power Project located in Tarlac City, Tarlac. CST1 owns the solar power plant of the Armenia Solar Power Project and CREIT owns the land where the solar plant is located, which has been leased to CST1 for a period of 25 years from January 1, 2022.

Power Offtaker / Energy Sales. CST1 sells electricity generated by the Armenia Solar Power Project directly to contestable customers operating in various industries such as commercial buildings and multinational locators through negotiated RESAs. It received its COC from the ERC on February 28, 2017.

Operations Review. The Armenia Solar Power Project was successfully commissioned on June 18, 2014 through the confirmation of the DOE covering its SESC No. 2016-02-277 and Certificate of Commerciality No. SCC-2016-03-050. The Armenia Solar Power Project delivers all its generation to the national grid via the Tarlac Electric’s San Rafael 21/28 MVA substation. The table below summarizes the Armenia Solar Power Project’s selected operating data for the years ended December 31, 2021, 2022 and 2023:

	For the year ended December 31,		
	2021	2022	2023
Annual gross energy output (MWh)	13,007	12,829	13,157
Availability Rate (%)	99.2	97.5	98.7
Performance Ratio (%)	76.7	78.7	77.9
Net Capacity Factor (%)	16.8	16.6	16.8

Dalayap Solar Power Project



Background. SSHI wholly owns Citicore Solar Tarlac 2, Inc. (“**CST2**”). CST2 was incorporated on November 11, 2013 and is registered with the BOI as a renewable energy developer for solar resources. CST2 operates the 7.5MW Dalayap Solar Power Project located in Tarlac City, Tarlac. CST2 owns the solar power plant of the Dalayap Solar Power Project and CREIT owns the land where the solar plant is located, which has been leased to CST2 for a period of 19 years from November 1, 2021.

Power Offtaker / Energy Sales. CST2 sells electricity generated by the Dalayap Solar Power Project directly to contestable customers operating in various industries such as commercial buildings and multinational locators through negotiated RESAs with CESI. It received its COC from the ERC on December 15, 2016.

Operations Review. The Dalayap Solar Power Project was successfully commissioned on March 14, 2016 through the confirmation of the DOE covering its SESC No. 2016-02-278 and Certificate of Commerciality No. SCC-2016-03-049. The Dalayap Solar Power Project delivers all its generation to the national grid via Tarlac Electric’s Panganiban 20/25 MVA substation. The table below summarizes the Dalayap Solar Power Project’s selected operating data for the years ended December 31, 2021, 2022 and 2023:

	For the year ended December 31,		
	2021	2022	2023
Annual gross energy output (MWh)	11,675	11,654	11,691
Availability Rate (%)	99.1	98.9	98.8
Performance Ratio (%)	78.9	78.4	78.3
Net Capacity Factor (%)	17.8	17.8	17.4

Bulacan III Solar PV Plant



Background. Citicore Solar Holdings, Inc. (“CSHI”) was incorporated on May 18, 2015. As of December 31, 2023, CREC holds 100% equity interest over CSHI’s shares. CSHI wholly owns Citicore Solar Bulacan, Inc. (“CSBI”). CSBI was incorporated on May 7, 2014 and its primary purpose is to engage in the development, investments acquisition, construction, operation and maintenance, sale of renewable energy facilities including generation of heat and power/electricity sales distribution. CSBI was registered with the BOI on August 25, 2015 as a renewable energy developer of solar energy resources. CSBI operates the 15.0MW Bulacan III Solar PV Plant located in San Ildefonso, Bulacan. CSBI owns the solar power plant of the Bulacan III Solar Power Project and CREIT owns the land where the solar plant is located, which has been leased to CSBI for a period of 24 years from January 1, 2022.

Power Offtaker / Energy Sales. The Bulacan III Solar PV Plant was certified as FIT-eligible plant on March 11, 2016. It received its COC from the ERC on December 20, 2016 and recognized revenues from energy sales using the FIT rates of ₱8.69/kWh under the FIT II Program.

Operations Review. The Bulacan III Solar PV Plant started commercial operations on March 11, 2016 initially at WESM prices until the receipt of the COC allowing us to recognize revenue from generation starting from December 2016 at the applicable FIT rate. It delivers all its generation to the national grid via MERALCO’s 69kV Cruz-Na-Daan substation. The table below summarizes the Bulacan III Solar PV Plant’s selected operating data for the years ended December 31, 2021, 2022 and 2023:

	For the year ended December 31,		
	2021	2022	2023
Annual gross energy output (MWh)	19,863	20,041	19,987
Availability Rate (%)	99.3	99.9	98.6
Performance Ratio (%)	78.7	79.3	80.1
Net Capacity Factor (%)	17.83	17.80	15.2

Renewable Energy Project in Operation under CSEC's Joint Venture

Arayat Phase 1 Project and Arayat Phase 2 Project



Background. CSEC was incorporated on July 20, 2018, with CREC holding 100% equity interest over its shares. CSEC is engaged in power generation under the Renewable Energy Act. Greencore Power Solutions 3, Inc. (“GPS3”) was incorporated on October 17, 2018 to engage in renewable energy generation and was wholly owned by CSEC.

On December 23, 2019, CREC obtained SESC No. 2019-12-558 as the renewable energy developer for the Arayat Phase 1 Project located in Arayat and Mexico, Pampanga. Subsequently, CREC executed a Deed of Assignment with GPS3 to assign its entire rights and obligations under SESC No. 2019-12-558 to GPS3 which was subsequently amended to SESC No. 2019-12-558-AFI. On February 24, 2021, the DOE issued GPS3 its certificate of registration certifying GPS3 as the new renewable energy developer and serves as basis for its entitlement to incentives under the Renewable Energy Act.

On February 21, 2020, CREC and Endeavor entered into a Framework Agreement for the joint development, ownership and operation of solar and other power plants in the Philippines. On February 4, 2021, GPS3, CSEC, Endeavor and AC Energy entered into a Shareholders’ Agreement pursuant to which CSEC will hold 50% of the shares, while AC Energy and Endeavor will each hold 25% of the shares, of GPS3. Following the execution of the Shareholders’ Agreement, AC Energy and Endeavor executed a Subscription Agreement to subscribe to the shares of GPS3.

On March 15, 2022, GPS3 successfully connected the 72.0MW Arayat Phase 1 Project to the grid and started delivering power. Meanwhile, on May 5, 2022, the DOE and GPS3 entered into SEOC No. 2022-04-623 for the 43.7MW Arayat Phase 2 Project also located in Arayat and Mexico, Pampanga. GPS3 began the construction of the Arayat Phase 2 Project on May 26, 2022 and successfully connected to the grid on March 22, 2023 for the delivery of power.

Power Offtaker / Energy Sales. The Arayat Phase 1 Project and Arayat Phase 2 Project received their confirmation of commerciality from the DOE on April 22, 2022 and May 5, 2022, respectively, and received their certificate of endorsement from the ERC on April 11, 2022 and December 20, 2022, respectively. GPS3 began selling electricity generated from the Arayat Phase 1 and Arayat Phase 2 Projects to the WESM on March 22, 2022 and March 23, 2023, respectively, at an average rate of ₱7.73/kWh and ₱7.34/kWh, respectively.

Operations Review. The Arayat Phase 1 Project and Arayat Phase 2 Project deliver all of their generation to the national grid via NGCP’s Mexico-Clark 69kV line. The table below summarizes the Arayat Phase 1 Project’s and Arayat Phase 2 Project’s selected operating data for the years ended December 31, 2021, 2022 and 2023:

For the year ended December 31,			
	2021	2022 ⁽¹⁾	2023 ⁽²⁾
Arayat Phase 1 Project			
Annual gross energy output (MWh)	-	80,273	104,586
Availability Rate (%)	-	97.6	98.6
Performance Ratio (%)	-	82.4	80.4
Net Capacity Factor (%)	-	18.19	16.47
Arayat Phase 2 Project			
Annual gross energy output (MWh)	-	-	47,730
Availability Rate (%)	-	-	96.7
Performance Ratio (%)	-	-	81.6
Net Capacity Factor (%)	-	-	15.88

Note:

- (1) Given that the Arayat Phase 1 Project was commissioned in March 2022, the corresponding figures for the year ended December 31, 2022 does not show a full-year performance and covers a period of approximately nine months only.
- (2) Given that the Arayat Phase 2 Project was commissioned in March 2023, the corresponding figures for the year ended December 31, 2023 does not show a full-year performance and covers a period of approximately nine months only.

Renewable Energy Projects Ready-to-Build / Under Construction

Solar Projects

Batangas 1 Solar Project

Background. Citicore Solar Batangas 1, Inc. (“**CSB1**”) was incorporated on June 8, 2018, with CREC holding 100% equity interest over its shares. CSB1 is engaged in power generation under the Renewable Energy Act. CSB1 operates the Batangas 1 Solar Project.

The Batangas 1 Solar Project comprises two solar power projects which will be connected directly to NGCP’s substation. The Batangas 1 Solar Project has an expected gross installed capacity of approximately 280.0MW.

Power Offtaker / Energy Sales. On July 24, 2023, CESI and a large corporate client entered into a RESA where the client will source 90MW of renewable energy generated from the Batangas 1 Solar Project once the plant achieves commercial operations (i.e., beginning June 30, 2024). Moreover, on September 5, 2023, CREC and the large corporate client signed a Letter of Intent to purchase an additional 50.0MWac of renewable energy generated from the Batangas 1 Solar Project once the plant achieves commercial operations.

Batangas 2 Solar Project

Background. Citicore Solar Batangas 2, Inc. (“**CSB2**”) was incorporated on October 17, 2018, with CREC holding 100% equity interest over its shares. CSB2 is engaged in power generation under the Renewable Energy Act. CSB2 operates the Batangas 2 Solar Project.

The Batangas 2 Solar Project comprises two solar power projects, which will be connected directly to NGCP’s substation. The Batangas 2 Solar Power Project has an expected gross installed capacity of 250.0MW.

Power Offtaker / Energy Sales. On July 12, 2023, the DOE awarded the Batangas 2 Solar Project to develop renewable energy capacity under the GEAP-2.

Pangasinan 1 Solar Project

Background. Citicore Solar Pangasinan 2, Inc. (“**CSPI2**”) was incorporated on April 25, 2023, with CREC holding 100% equity interest over its shares. CSPI2 is engaged in power generation under the Renewable Energy Act. CSPI2 operates the Pangasinan 1 Solar Project.

The Pangasinan 1 Solar Project will have a gross installed capacity of 240.0MW and will be connected through a 69kV transmission line to NGCP’s substation. We began the construction of the Pangasinan 1 Solar Project following our groundbreaking ceremony on March 20, 2024.

Power Offtaker / Energy Sales. On July 12, 2023, the DOE awarded the Pangasinan 1 Solar Project to develop renewable energy capacity under the GEAP-2.

Pangasinan 2 Solar Project

Background. Citicore Solar Pangasinan, Inc. (“**CSPI**”) was incorporated on March 31, 2023, with CREC holding 100% equity interest over its shares. CSPI is engaged in power generation under the Renewable Energy Act. CSPI operates the Pangasinan 2 Solar Project.

The Pangasinan 2 Solar Project will have a gross installed capacity of 270.0MW and will be connected through a 69kV transmission line to NGCP’s substation.

Power Offtaker / Energy Sales. On July 12, 2023, the DOE awarded the Pangasinan 2 Solar Project to develop renewable energy capacity under the GEAP-2.

Pampanga 3 Solar Project

Background. Citicore Solar Pampanga 1, Inc. (“**CS Pampanga 1**”) was incorporated on January 27, 2023, with CREC holding 100% equity interest over its shares. CS Pampanga 1 is engaged in power generation under the Renewable Energy Act. CS Pampanga 1 operates the Pampanga 3 Solar Project.

The Pampanga 3 Solar Project will have a gross installed capacity of 60.0MW and will be connected via a cut-in connection through a 69kV transmission line.

Power Offtaker / Energy Sales. On July 12, 2023, the DOE awarded the Pampanga 3 Solar Project to develop renewable energy capacity under the GEAP-2.

Quezon 1 Solar Project

Background. Citicore Solar Quezon, Inc. (“**CSQ**”) was incorporated on March 1, 2023, with CREC holding 100% equity interest over its shares. CSQ is engaged in power generation under the Renewable Energy Act. CSQ operates the Quezon 1 Solar Project.

The Quezon 1 Solar will have a gross installed of 293.0MW and will be connected via direct connection to NGCP’s substation.

Power Offtaker / Energy Sales. On July 12, 2023, the DOE awarded the Quezon 1 Solar Project to develop renewable energy capacity under the GEAP-2.

Zambales 1 Solar Project

Background. Solar Power Utilities Generator Corporation¹⁰ (“**SPUGC**”) was incorporated on October 6, 2009. SPUGC is engaged in power generation under the Renewable Energy Act. SPUGC operates the Zambales 1 Solar Project.

The Zambales 1 Solar Project will have a gross installed capacity of 90.0MW and will be connected via a 69kV transmission line to NGCP’s substation.

Power Offtaker / Energy Sales. As of date, CREC has entered into a PSA with a customer for the purchase supply of electricity from the Zambales 1 Solar Project equivalent to 30.0MWac once the plant achieves commercial operations date or on December 26, 2024, whichever comes first.

Negros 2 Solar Project

Background. Citicore Solar Negros Occidental 2, Inc. (“**CSNO2**”) was incorporated on January 16, 2023, with CREC holding 100% equity interest over its shares. CSNO2 is engaged in power generation under the Renewable Energy Act. CSNO2 operates the Negros 2 Solar Project.

The Negros 2 Solar Project will have a gross installed capacity of 100.0MW and will be connected via cut-in connection to NGCP’s 69kV line. We began the construction of the Negros 2 Solar Project following our groundbreaking ceremony on February 20, 2024.

Power Offtaker / Energy Sales. On July 12, 2023, the Department of Energy awarded Negros 2 Solar Project to develop renewable energy capacity under GEAP-2.

Run-of-River Hydro Power Projects

On November 28, 2023, we executed a Memorandum of Agreement for the purchase of 100% of the shares in RNHC, a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela, Luzon. On February 1, 2024, the

¹⁰ On October 18, 2023, we executed a Memorandum of Agreement to purchase all of the shares of SPUGC and all of SPUGC’s rights and interests over all permits and licenses for the construction, maintenance and operation of the Zambales 1 Solar Project and the transfer of the lease in relation to the land on which the Zambales 1 Solar Project is located. The corresponding sale covering the acquisition by us of such shares is pending.

Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase its shares in RNHC. With our acquisition of the shares of RNHC, we will be able to continue the development and construction of this project. This site is a Type II weather category with minimal dry season and rain all year round which makes it an optimal location to install a run-of-river hydro power plant which utilizes a continued flow of water to generate capacity. With all permits in place as of December 31, 2023, we expect target commercial operation of the project by June 2026. In the meantime, RNHC has secured an offtake contract for the full generation capacity of the project with a local distribution utility. In order to fulfill the obligations under the offtake contract while the project is still being developed, RNHC purchases replacement power from third parties for sale to the offtaker. As of December 31, 2023, CREC provided a total of ₱737.2 million in deposits for future share subscription to RNHC in anticipation of our acquisition, which we expect to finalize in the second half of 2024. See “*Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2023 compared to December 31, 2022*” and “*Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2022 compared to December 31, 2021*” on pages 96 and 100 of this Prospectus.

Renewable Energy Projects in Advanced Development

As of December 31, 2023, we have 12 renewable energy projects spanning several locations in the Luzon and Visayas region in “Advanced Development” with a gross installed capacity of approximately 1,426.8MW. See “– *Renewable Energy Portfolio – Overview – Projects in Advanced Development*” on page 160 of this Prospectus.

Renewable Energy Under Development (including Pre-Development and Early Development) and Identified Pipeline

As of December 31, 2023, our renewable energy projects in the “Under Development” stage had a gross installed capacity of approximately 4,248.8MW comprising 1,990.9MW in the “Pre-Development” and 2,258.0MW in the “Early Development” substages of renewable energy in the long-term, including solar with BESS, onshore wind, and offshore wind power generation projects.

Our pipeline projects in the “Under Development” stage are classified under various clusters within the Philippines.

Our project clusters for our solar, run-of-river, onshore and offshore wind power projects are described below:

Solar Power Projects

We have an extensive pipeline of solar energy power projects with a total of 29 projects in the “Under Development” stage classified into several clusters across nine provinces in the Luzon and Visayas regions as of December 31, 2023.

A number of the solar energy plants in our pipeline intend to utilize BESS to address energy demand throughout the day and night. For these projects, BESS will be utilized to store generated energy for dispatch at a later time and to optimize available grid capacity. In this connection, we have devised an offtake plan for each of our pipeline projects. Out of the 29 solar energy projects in development, 12 are designed to provide supply during the day, 16 are designed to address night peak demand, and one is designed for mid-merit demand. As of December 31, 2023, we have secured a total of nine offtake contracts with large corporate clients, retail electricity suppliers and distribution utilities, including through the GEAP-2, and have allotted capacities to be sold through the WESM.

Out of the 29 projects in the “Under Development” stage, ten are in the “Pre-Development” substage and 19 are in the “Early Development” substage as of December 31, 2023. We continue to progress with the development of such projects, as we vigorously work on securing the necessary permits and grid rights to ensure seamless completion by our target commissioning dates.

We target to generate a gross installed capacity of approximately 4,248.8MW in additional solar power and onshore wind energy generation for our projects in the “Under Development” stage in the next five years, which significantly contributes to our target of generating approximately 1.0GW of renewable energy capacity per year, within cluster locations across nine provinces in the Luzon and Visayas regions. By using the cluster locations approach, we are able to expedite the rollout and execution of our renewable energy projects. By capitalizing on our established network and relationships with stakeholders in local communities, municipalities, and provinces,

we are able to achieve relatively quicker land and permit acquisition. Furthermore, this approach enhances project and construction management efficiency compared to handling projects in dispersed locations.

Batangas Cluster

We are currently constructing the first phase of our solar power projects in Batangas with a gross installed capacity of approximately 530MW and is expected to be in commercial operation in 2024 – 2025. The succeeding phases of the solar power projects within the Batangas Cluster will comprise a gross installed capacity of approximately 2,013.0MW which is expected to be completed from 2026 to 2027. These projects will capitalize on the transmission infrastructure upgrades of NGCP in the area.

Central Luzon Cluster

The Central Luzon Cluster comprises the Bataan, Pampanga and Zambales provinces where we expect to develop solar power projects with a gross installed capacity of approximately 285.0MW, including our joint venture with a large-scale renewable developer, from 2026 to 2027. These projects are strategically positioned to leverage on the newly approved projects of NGCP.

Quezon Cluster

We will develop solar power projects with a gross installed capacity of 622.2MW from 2025 to 2028. These projects will be located nearby NGCP's 500kV substation which caters to large generation capacities within the area.

North Luzon Cluster

The North Luzon Cluster comprises the Isabela and Pangasinan provinces where we will develop several solar power projects with gross installed capacity of 991.0MW from 2025 to 2028. These projects are expected to be connected to NGCP's grid in Luzon.

Visayas Cluster

We will develop a number of solar power projects within the Visayas Cluster comprising Negros Occidental with a gross installed capacity of approximately 88.0MW. These projects will be connected to the grid through NGCP's transmission infrastructure upgrades and interconnection projects in the area which will contribute to its additional generation capacity.

Onshore and Offshore Wind Power Projects

We seek to address the demand for baseload capacity within the Philippines by expanding our renewable energy footprint into wind energy generation. Our foray into wind energy generation, both onshore and offshore, is significantly underway. We have a total of 14 onshore and offshore wind energy projects in the pipeline. Out of the 14, three onshore wind energy projects are in the "Pre-Development" stage and all seven offshore wind projects are in the "Identified Pipeline" stage. The remaining four onshore wind projects are in the "Advanced Development" stage.

While still in the early stages of development, we have already secured WESCs for 13 of our wind projects in the pipeline (i.e., six of our onshore wind projects and all seven of our offshore wind projects). We have secured the corresponding offtake contracts for four of our onshore wind energy projects through the GEAP-2 with the rest to be secured through subsequent rounds of the GEAP.

The total target gross installed capacity generated for the onshore and offshore wind power projects is (i) 306.3MW by 2026 and 2027 for the four onshore wind power projects with corresponding offtake contracts, (ii) additional 268.9MW for three onshore wind power projects which we expect to commission by 2028, and (iii) an additional 3.1GW for the remaining seven offshore wind power projects which we expect to commission by 2031.

Our site selection process for our onshore and offshore wind energy power projects are strategic, having collected and assessed historical data on wind speed, terrain, and distance to connections points of the grid. For our offshore wind energy projects, we chose prime locations based on the World Bank's Philippines Offshore Wind Roadmap. Two of the sites are located in the Visayas region while five of the sites are located in Luzon. We have also

conducted high-level feasibility assessments with premier engineering service providers, including Bureau Veritas, to confirm the quality of the wind resources in each site. We have also been in close communication with legacy wind turbine suppliers and are building relationships with cutting-edge international suppliers.

We believe in the strong potential of the Philippines offshore wind sites citing the success of Taiwan's offshore wind sector. We also understand that the Government is hastening their formulation of policy and legislative framework for offshore wind project and is keeping a close eye on these developments so that it can be in the prime position of pioneering offshore wind projects in the Philippines.

Our attributable capacity from our pipeline projects to be undertaken together with various partners and through various subsidiaries and joint ventures have not yet been determined. Our target pipeline reflects our current strategy and may change as proposed projects are reviewed or contracts are entered into, and subject to various factors, including market conditions, the general state of the economy and investment environment where the projects will be located and the ability to obtain financing, among others.

OTHER BUSINESSES

Retail Electricity Supply Business

On December 8, 2016, CESI obtained its RES license allowing it to sell electricity to the end-users in the contestable market. As of December 31, 2023, CESI has entered into agreements for the supply of approximately 218.2MWac of capacity with various contestable customers and end-users across a mix of industries including manufacturing, cold storage, malls and offices. As part of our growth plans, we established and expanded a strong customer base by, among others, selling electricity purchased from third party suppliers. As our pipeline of projects continue to come online, we expect the proportion of the sale of electricity from our energy projects to increase relative to the sale of electricity from back-to-back supply arrangements.

CESI became a "Direct Wholesale Electricity Spot Market Member" under the RES category on February 3, 2017. On November 24, 2021, its RES license was renewed another of five years from December 8, 2021 to December 27, 2026.

Our RES business forms part of our offtake strategy to expand our customer base to customers with larger energy requirements, such as multinational locators and private corporations. The synergy between CESI and our renewable energy generation business is mutually beneficial as CESI also sources some of its electricity supply from our operating companies, allowing such entities access to contestable customers, through RESAs negotiated at arm's length. Our tariffs are also fixed which provides for stable revenues for the term of such offtake contracts which typically ranges between one to 15 years.

Real Estate Investment Trust

CREIT

CREIT (formerly Enfinity Philippines Renewable Resources Inc.) was registered with the Philippine Securities and Exchange Commission on July 15, 2010. On May 25, 2021, CREIT amended its primary purpose to engage in the business of owning income-generating real estate assets, including renewable generating real assets, under a real estate investment trust ("**REIT**") under Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009. On February 22, 2022, CREIT successfully listed its shares with the PSE as the Philippines' first real estate investment trust for renewable energy real estate properties. Since CREIT's listing, it has tripled its leasable space portfolio, through land infusions and acquisitions, from 1.99 million sq. m. to 5.12 million sq. m. within a span of one year. CREIT increased its leasable space, through land infusions and acquisitions, to 7.1 million sq. m. as of December 31, 2023.

On March 15, 2024, CREC and CST1 sold a combined 28.79% interest in CREIT to SM Investments Corporation for ₱4,999,997,971.6, which was completed on March 27, 2024. As a result, our remaining effective interest in CREIT as of the date of this Prospectus is 32.88%. See "*Recent Developments – CREIT Disposition*" beginning on page 152 of this Prospectus.

CREIT's renewable energy property portfolio consists of the Leased Properties (as defined below) which include the lease of the Clark Solar Power Plant to CREC and parcels of freehold land leased to solar power plant operators, comprising (A) the Armenia Property, the Bulacan Property, the South Cotabato Property, the

Lumbangan Property, the Luntal Property, the Bolbok Phase 1 Property, the Bolbok Phase 2 Property, the Arayat Property, the Magalang Property, and the Pangasinan Property owned by CREIT and (B) its leasehold rights over the Toledo Property, the Silay Property, the Clark Solar Power Plant and the Dalayap Property.

The Clark Solar Power Plant, the Armenia Property, the Toledo Property, the Silay Property, the Dalayap Property, the Bulacan Property, the South Cotabato Property, the Lumbangan Property, the Luntal Property, the Bolbok Phase 1 Property, the Bolbok Phase 2 Property, the Arayat Property, the Magalang Property, and the Pangasinan Property (the “**Leased Properties**”) are leased by CREIT to its lessees comprising operating companies of our solar power plants including CREC, CST1, Citicore Solar Cebu, Inc. (“**Citicore Cebu**”), Citicore Solar Negros Occidental Inc. (“**Citicore Negros Occidental**”), CST2, CSBI, CSSCI, CSB2, CS Pampanga 1, CS Pampanga 2, and CSPI, respectively. The lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 688.0MW. Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI.

CREIT has increased its leasable area since its IPO in February 2022 and continues to expand. The lease revenue received by CREIT through its leasing activities, including from our subsidiary operating companies and those within the CPI group, are ultimately received by its investors, including us as sponsor and shareholder, through dividends declared and paid on a regular basis.

As a shareholder of CREIT, CREC receives regular and stable dividend distribution from CREIT, which, in turn, derives significant lease payments from properties leased by CPI from CREIT, allowing CREC to indirectly benefit from the three CPI properties.

The following table set forth particulars of the properties held in leased out by CREIT as of December 31, 2023:

	Clark Solar Power Plant	Armenia Property	Toledo Property	Silay Property	Dalayap Property	Bulacan Property	South Cotabato Property	Lumbangan Property	Luntal Property	Bolbok Phase 1 Property	Bolbok Phase 2 Property	Arayat Property	Magalang Property	Pangasinan Property
Location	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City	Brgy. Pasong Bangkal, San Ildefonso, Bulacan	Brgy. Centrala, Suralla, South Cotabato	Brgy. Lumbangan, Tuy, Batangas	Brgy. Luntal, Tuy, Batangas	Brgy. Bolbok, Tuy, Batangas	Brgy. Bolbok, Tuy, Batangas	Arayat, Pampanga	Magalang, Pampanga	Pangasinan
Land area (sq.m.)	250,318	138,164	730,000	431,408	103,731	253,880	79,997	1,062,083	839,535	741,016	933,979	419,214	70,433	1,049,102
Right over property	Leased	Owned	Leased	Leased	Leased	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned
Solar power plant installed capacity (MW)	22.325	8.84	60	25	7.55	15	6.23	125	72	72	105	42	14	113
Commissioning date	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016	March 12, 2016	December 9, 2015	N/A	N/A	TBD	TBD	TBD	TBD	TBD
FIT Eligibility	Yes	No	No	No	No	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tenant/Operator of solar power plant	CREC	CST1	Citicore Cebu	Citicore Negros Occidental	CST2	CSBI	CSSCI	CSB1	CSB1	CSB2	CSB2	CS Pampanga 1	CREC	CSPI
Tenancy period (approximate years)	18	25	19	18	19	24	24	25	25	25	25	25	20	25
Commencement of the tenancy	January 1, 2022	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021	January 1, 2022	January 1, 2022	January 1, 2023	January 1, 2023	February 1, 2023	February 1, 2023	February 1, 2023	August 1, 2023	July 1, 2023
Appraised value (₱ in millions) as of December 31, 2023⁽¹⁾	2,963.6	679.7	3,660.8	2,767.4	449.1	2,400.2	1,044.3	1,213.5	1,053.4	918.5	1,131.7	734.2	884.2	90.0

Note:

(1) Based on CREIT's annual report on Form 17-A submitted to the Philippine SEC for year ended December 31, 2023.

Property Management

Citicore Property Managers, Inc. (“CPMI”) is a corporation organized under the laws of the Philippines. CPMI was incorporated on August 4, 2021 and is a wholly owned subsidiary of CREC. CPMI performs the day-to-day property management functions of the CREIT’s properties pursuant to a property management agreement dated as of August 9, 2021, between the CREIT and the CPMI. These functions of CPMI include managing the execution of new leases and renewing or replacing expiring leases. In addition, CPMI oversees CREC’s operation and maintenance of the Clark Solar Power Plant; maintenance of the land premises underlying the Properties; formulation and implementation of policies and programs in respect of solar plant facility management; maintenance and optimization; secure and administer routine management services, including security control, fire precautions, communication systems and emergency management; and oversee plant operations management. CPMI receives management fees on a monthly basis for the provision of services to CREIT.

In addition, CPMI provides operation and maintenance services for GPS3, our joint venture corporation with AC Energy and Endeavor, in respect of the Arayat Phase 1 and Arayat Phase 2 projects.

COMPETITION

We believe that we face competition in the development of new power generation facilities, the acquisition of existing power plants, competition for financing for these activities, as well as in the retail electricity supply business. The performance of the Philippine economy and the potential for a shortfall in the Philippines’ energy supply have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of various electric power generation projects within the Philippines. Accordingly, competition for and from new power projects, and in retail electricity supply may increase in line with the long-term economic growth in the Philippines. Our main competition in the Philippine electricity market are coal, oil and natural gas based electricity generators as well as other renewable energy suppliers who use hydro, wind, geothermal and solar PV technologies according to Lantau. For discussion of competitive landscape in the Philippine power market, please see “*Industry Overview*,” on page 109 of this Prospectus.

INTELLECTUAL PROPERTY

We own exclusive rights to our corporate name. A summary of the details of our material intellectual property that we own is set out below:

Trademark and Type of Mark	Registration Number	Expiry Date
CITICORE	524430	January 12, 2033



Combination

Management believes that the business of CREC as a whole is not materially dependent on any trademark or on any other intellectual property.

INSURANCE

We maintain insurance at levels that we believe are customary in the power generation industry to protect against various losses and liabilities that may arise from the risks and hazards in the operations of our power generation businesses.

We maintain comprehensive property insurance, which includes coverage of our central warehouse, and liability insurance policies with coverage features and insured limits that we believe are consistent with market practice in the industry. These include construction all-risks with delay in start-up insurance, commercial general liability insurance, marine cargo insurance and terrorism, sabotage and political violence insurance covering facilities,

equipment and infrastructure under construction. Upon and during operations of our solar power plants, we ensure that property all-risk insurance, business interruption insurance, and political violence insurance are in place. Our political violence insurance also covers acts of terrorism, sabotage, riots, strikes, civil commotion, malicious damage, rebellion, revolution, mutiny, war and counter insurgency. Our insurance policies also cover risks of certain force majeure events up to the full replacement cost of our operating solar power plants and our solar power plants that are under construction.

The beneficiaries of our insurance policies are the operating companies of each of our operating projects and CREIT, as lessor, insofar as relevant lease payments are concerned. In addition, under some of our projects' debt agreements, the power project is required to name the lenders under such debt agreements as a beneficiary or a loss payee under some of its insurance policies, or assign the benefit of various insurance policies to the lenders.

As of December 31, 2023, the total amount covered under these insurances policies was ₱17.7 billion, which we believe is enough to compensate for costs associated with our operating projects in case of total loss.

To determine the appropriate insurance policies and levels of insurance coverage, we conduct regular risk analysis initiatives.

SUPPLIERS

Before we engage with potential suppliers, we ensure that they satisfy our criteria to ensure optimal performance and efficiency. Our broad base of vetted third-party service and materials suppliers are located in the Philippines and in other countries such as China for a variety of services, including but not limited to engineering, procurement and construction services, workforce services, and solar modules.

We employ a stringent vendor selection process where we have potential suppliers undergo a pre-qualification and due diligence exercise, conduct site visits and interview their employees to ensure that they satisfy our minimum qualification standards.

Our five largest suppliers that account for at least 78% of our total purchases for the year ended December 31, 2023. The supply for our solar PV panels account for 63% of our total purchases for the year ended December 31, 2023.

None of these suppliers is a related party. Our major supply contracts are entered into between the supplier and MCC-CCI. While MCC-CCI is not a subsidiary of CREC, it has entered into EPC contracts with a number of our subsidiaries and provided the materials it acquired through the various supply contracts it entered into. See *"Related Party Transactions"* on page 295 of this Prospectus.

Each of our renewable energy projects is not dependent on one or a limited number of suppliers for such third-party services and materials. For our solar modules, for instance, we source only from the top four of tier one solar module manufacturers based on gross sales and shipment volume. We are also diversifying our supplier base by exploring options of sourcing equipment from other countries such as Vietnam and Malaysia.

For the years ended December 31, 2021, 2022 and 2023, our five largest suppliers accounted for approximately 52%, 62% and 78% of our total purchases, respectively.

CUSTOMERS

As of December 31, 2023, our customers are primarily electric cooperatives and large electricity end-users such as malls, industrial and manufacturing plants, condominiums, and multinational locators under PPAs, PSAs and RESAs. We also sell electricity generated by our renewable energy plants to the WESM as a direct member.

As of December 31, 2023, our top five customers, excluding WESM, comprise 40.7% of the total peak generated capacity of our solar power plants, which is equivalent to 212MWac. Our largest customer accounted for approximately 14.13% of our total contracted capacity. All of our offtake contracts have a weighted average (by contracted capacity) term of three years as of December 31, 2023. Out of the total contracted capacity of our solar power plants as of December 31, 2023, 24.0% will expire in 2024, 38.9% will expire in 2025, and 37.1% will expire beyond 2025. Certain of our customers have been our clients since 2016 and have renewed their contracts. The details of our top five customers are summarized in the table below:

No.	Sector/Industry	% of total contracted capacity in MWac of the solar power plants (as of December 31, 2023)
Customer 1	Utility	14.13
Customer 2	RES	7.94
Customer 3	Commercial	7.27
Customer 4	Commercial	5.82
Customer 5	RES	2.80

In the medium to long term, we intend to expand our customer base by leveraging on Megawide's stable and wide network of suppliers and customers including, but not limited to, cement and steel plants. In addition, having been awarded 792.0MWac of total solar and wind energy capacities through the GEAP-2, we are able to include GEAP-eligible customers in our roster of customers. We employ a strategy to market our generated capacity to potential customers and, in the alternative, sell our capacity to the WESM.

EMPLOYEES AND LABOR RELATIONS

As of December 31, 2023, we had 265 employees located in the Philippines comprising 63 executives and managerial employees and 202 rank-and-file employees. As of December 31, 2023, we had 185 regular employees, and no project-based employees. The table below sets forth the breakdown of our employees by function as of December 31, 2023:

Company	Number of Employees
Executives and Managerial Employees	63
Rank-and-file employees	202
Total*	265
Project-based employees (operations)**	0

* We anticipate increasing the number of our employees to 70 within 12 months of the date of this Prospectus.

** All of our project-based and project management team employees were transferred to MCC-CCI effective December 1, 2023 and continue to perform their functions to the relevant projects.

Our employees are not members of any unions nor subject to any collective bargaining agreement. For the years ended December 31, 2021, 2022 and 2023, we have not been involved in any labor disputes which would have a material adverse effect on our results of operations and financial condition.

We intend to establish an employee stock option plan to provide incentive compensation to executives, officers, employees and other eligible participants who are consistent performers and contributors to our strategic and financial goals. See “Board of Directors and Senior Management – Employee Stock Option Plan”, on page 292 of this Prospectus.

Management believes that our current relationship with our respective employees is generally good and neither we nor any of our subsidiaries have experienced a work stoppage as a result of labor disagreements. We offer competitive compensation packages meticulously benchmarked with industry standards, job levels, and compensation ranges. In addition, we have monthly employee engagement programs and competency-based trainings and workshops for all employee levels. For these initiatives, we were awarded the “Best Employer Brand Awards” with Mr. Oliver Y. Tan being awarded the “CEO of the Year” by the Employer Branding Awards in Singapore on August 17, 2023. Further, on August 22, 2023, we were recognized as on the “Best Companies to Work for in Asia” and the “Most Caring Company” by HR Asia. On November 8, 2023 we were awarded the “ESG Programme of the Year” in the 19th Asian Power Awards. In 2024, we were awarded the “Most Sustainable Energy Company Philippines 2024” by the World Business Outlook.

ENVIRONMENT, SAFETY AND HEALTH

We are subject to environmental laws and regulations in the jurisdictions in which we develop, own, manage and/or operate power projects. These laws and regulations generally require that government permits and approvals are obtained both before construction and during operation of power plants. While we incur costs in the ordinary course of business to comply with these laws, regulations and permit requirements, we do not expect that the costs of compliance will have a material impact on our business, financial condition or results of operations. These laws and regulations frequently change and often become more stringent, or subject to more stringent interpretation or enforcement, and therefore future changes could require us to incur materially higher costs.

We have robust policies for to ensure the implementation of our environment, safety and health standards. We are guided by our Environment Management Policy (“EMP”) and our Environmental, Safety and Health (“ESH”) Policies and Procedures which is monitored and supervised by our Corporate Affairs and Foundation Department (“CAF”).

Our EMP details how our Environmental Management System (“EMS”) is established, documented, implemented and maintained on all relevant levels of the organization. The scope of the EMS includes the design, development, construction, test, operation and maintenance which occur at our headquarters and project sites to ensure the total well-being of its employees, clients, business partners and communities.

We are committed to undertake total involvement in promoting continual improvement of our EMS. We have incorporated sound environmental practices in our design, development construction, testing, operation and maintenance through:

- The use of efficient technologies and innovative measures that will optimize consumption of renewable resources (e.g., solar, water, air);
- To take part on integrated watershed management initiatives within the relevant sites (e.g., hydro power plants located within watershed area);
 - Implementation of community-based environmental management program to include the creation of environmental-friendly and sound measures, effective solid waste management plan, and creation of hazardous waste management system
 - Carrying out appropriate courses of actions to ensure compliance with applicable regulatory, statutory and other requirements;
 - Provision of EMS-related training, education and information among our people to ensure greater environmental awareness; and
 - Involvement on high impact and socially responsible initiatives to influence our communities towards environmental protection.

We are committed to minimize its environmental, health and safety impacts within the project sites, adjacent environment and communities. Our new projects undergo screening of probable environmental aspects, identifying significant environmental impacts and setting forth environmental objectives. We incorporate our environmental management programs together with the quality management.

At the commencement of project construction and operations, we provide an operational safety manual which we established to ensure that practical effective measures are in place to protect the health and safety of our employees, clients, subcontractors, suppliers, the environment and the public. On a regular basis, operating teams of our renewable energy projects meet with the assigned environmental management officer at each site to review its key processes and identify probable environmental aspects against environmental compliance certificate terms and conditions and for new projects against Environmental Management Bureau Revised Procedural Manual.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Since 2019, CREC through and together with its affiliate Citicore Foundation, provides impactful value-added benefits for stakeholders and communities. CREC integrates its sustainability principles into all aspects of its businesses and provides guidance for day-to-day operations and our sustainable business strategy. CREC's practices aim to create a socially sustainable organization. Corporate sustainability is at the core of such activities, which allows CREC to be ethically profitable while ensuring that host communities also benefit from the existence of the business. In this connection, we have also engaged the services of a third-party rating consultant to provide an ESG risk rating to evaluate CREC and its sustainability practices.

As CREC envisions itself as a community-focused renewable energy company, we recognize the importance of working with communities to create development programs that benefit our stakeholders. Our programs are classified under three key pillars as set out in our ESG policies, specifically: (i) environment, (ii) education, and (iii) employment. We focus on creating a positive impact in the areas and communities where we operate. Our initiatives include the provision of quality education, clean water, affordable and clean energy, economic growth, industry innovation and infrastructure, sustainable communities, climate action, environmental restoration, and stakeholder partnerships. We align our initiatives with the following United Nations' sustainable development goals:

- *Zero Hunger* – end hunger, achieve food security and improved nutrition and promote sustainable agriculture;
- *Quality Education* – ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- *Clean Water and Sanitation* – ensure availability and sustainable management of water and sanitation for all;
- *Affordable and Clean Energy* – ensure access to affordable, reliable, sustainable and modern energy for all;
- *Decent Work and Economic Growth* – promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- *Industry, Innovation and Infrastructure* – build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- *Sustainable Cities and Communities* – make cities and human settlement inclusive, safe, resilient and sustainable;
- *Climate Action* – take urgent action to combat climate change and its impacts;
- *Life on Land* – protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss; and
- *Partnerships for the Goals* – strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.



Environment

- *Citicore AgroSolar*

The Citicore-Megawide Group is geared towards improving lives by ensuring value creation in the environment and communities where it operates. At the forefront is Citicore AgroSolar, a banner program of Citicore Foundation launched in 2021, which melds agriculture and power generation to maximize the use of the same area of land and help address food security issues. This initiative allows for solar power plants and vegetable farming to coexist and aims to augment the income of the farmers through the provisions of livelihood, and ensures that farmers are not displaced by idle agricultural lands or the race for renewable energy and are nurtured and supported by recognizing that they remain integral to the country's economic development.

Since 2021, the Citicore-Megawide Group harvested at least 3,735 kilograms of crops such as turmeric, arugula and French beans, and provided livelihood to at least 45 partner-farmers and local off-takers who receive a percentage of the profit. The Citicore-Megawide Group held their ceremonial harvest on March 24, 2023 where *pechay* (local cabbage) crops were planted and grown alongside solar panels which will be harvested in two cycles. In recognition of our AgroSolar initiative, we received the “*ESG Programme of the Year*” award at the 19th Asian Power Awards held in Kuala Lumpur, Malaysia in November 2023.

As of December 31, 2023, we have invested approximately ₱2.0 million for the implementation of Citicore AgroSolar which, in turn has benefited approximately 1,200 of the local population of our four host communities. We believe that the implementation of the Citicore AgroSolar concept has been successful and, as such, we intend to continue doing the same for our future solar power projects.

- *EcoShed*

The Citicore-Megawide Group launched the EcoShed Program in order for these end-of-life solar panels, or those that are defective and can no longer be used in the solar plant, to be converted and upcycled into Eco-infrastructure projects like community waiting sheds that are beneficial to the residents of the communities where the solar plants are located. These waiting sheds are built in partnership with the local government units of host communities. After completing the works, these EcoSheds are then donated to these host communities.

As of December 31, 2023, we have invested approximately ₱0.3 million for the implementation of the EcoShed Program which, in turn has benefited approximately 600 of the local population of our four host communities.

- *CommuniTree*

We conduct tree-planting activities annually together with our employees and members of our host communities to ensure that we maintain biodiversity in and protect areas where our renewable energy projects are located. As of December 31, 2023, we have planted a total of approximately 6,400 trees through our CommuniTree Project.

As of December 31, 2023, we have invested approximately ₱0.2 million for the CommuniTree program which, in turn has benefited approximately 3,500 of the local population of our seven host communities.

- *Pailaw*

Powering communities with Citicore Solar Street Light Project. This project encourages greater use of renewable energy and ultimately fosters a safer pathway through the installation of community lighting. Through this project, we install solar-powered light units with its own individual solar panels which are charged during the daytime for use at night within our host communities.

As of December 31, 2023, we have installed 75 solar streetlights across nine barangays. We invested approximately ₱3.2 million for the Pailaw program which, in turn has benefited approximately 14,265 households with 1.5km stretch of public roads lit for seven of our host communities.

Education

- *Usbong Scholarships*

Usbong is a bridge scholarship grant program of Citicore Foundation focused on providing educational, financial, and technical support to deserving but underprivileged students from its host communities.

As of December 31, 2023, we have invested approximately ₱1.3 million for the Usbong Scholarship program which, in turn has benefited approximately 37 scholars from our 24 host communities in Luzon, Visayas and Mindanao.

- *Brigada Eskwela*

Through the Adopt-A-School Program, the private sector and professionals are given opportunities to contribute to the improvement of the public educational system in the country. We provide school supplies, construction materials, and other necessary tools to these schools. As of December 31, 2023, we have invested approximately ₱1.0 million for the Brigada Eskwela program which, in turn has benefited approximately 1,800 students from 18 different schools within our nine host communities.

- *Bantay Basa*

Bantay Basa is a school-based literacy program, anchored on improving reading competencies among underserved communities. The program is established at the school level and extended to the community members, making it proximally advantageous in identifying and targeting those who may have the greatest need but have the least in terms of resources and opportunities.

As of December 31, 2023, we have invested approximately ₱0.2 million for the Bantay Basa program which, in turn has benefited approximately 78 students from different schools within our three host communities.

- *Balik-Eskwela*

Balik-Eskwela is our initiative to extend helping hands to public elementary school students, ensuring that they receive essential school supplies which comprise backpacks, notebooks, crayons, pencils and raincoats that serve as invaluable tools for students for a productive academic year.

As of December 31, 2023, we have invested approximately ₱0.6 million for the Balik-Eskwela program which, in turn has benefited approximately 1,200 students from several schools within our 15 host communities.

Employment

- *T2E -Training-To-Employment*

The T2E campaign, in collaboration with TESDA, is a capacity-building initiative that equips residents from host communities with the necessary skills and competencies to achieve required capabilities and ensure employment after receiving the required technical training certifications. After training, we offer employment opportunities to the farmer-beneficiaries (either through direct employment or on project basis).

As of December 31, 2023, a total of 632 people participated in the T2E project for TESDA accreditation and AgroSolar trainings. We have invested approximately ₱40,000 for the T2E campaign. We currently have one farmer-beneficiary employed, while the rest are employed on a per project basis.

DESCRIPTION OF PROPERTY

We do not own any parcels of land. However, we have future plans to acquire parcels of land directly or through our subsidiaries, including Citicore Land Holdings, Inc.. Our subsidiaries own parcels of land related primarily to our projects in operation and under construction in the Philippines. See “*Description of Property*” on page 194 of this Prospectus.

We signed a lease agreement with CREIT for machineries, equipment, installations and other real properties reasonably required in carrying out the operation of the 22.3MW Clark Solar Power Plant, other than land leasehold rights located along Prince Balagtas Avenue Extension, Clark Freeport Zone, Municipality of Mabalacat, Pampanga, Philippines. We also signed another lease agreement with CREIT for the lease of 70,433 sq. m. of land located in Barangay Magalang, Pampanga, Philippines.

LEGAL PROCEEDINGS

We and our subsidiaries and affiliates, from time to time, are subject to various legal actions arising in the ordinary course of business. Below is a summary of material pending litigation involving us, our subsidiaries and affiliates, and CPI:

Court / Agency	Date Instituted	Principal Parties	Subject Matter	Relief Sought	Status⁽¹⁾
Court of Appeals	October 12, 2021	- Jesus Miracle Crusade International Ministry (“JMCIM”); and - CPI	Appeal on a complaint for Unlawful Detainer and Damages filed by JMCIM against CPI in connection with its alleged non-payment of rent in respect of the lease agreement between the parties.	- Vacate the property and remove all improvements done on the property out of its own expenses in accordance with the Lease Agreement; - Pay the amount of ₱10.5M representing the arrears of rent; - Pay moral damages of ₱0.5 million; - Pay exemplary damages of ₱0.5 million; - Pay legal interest of 6% annually; - Pay the cost of the suit.	The case is pending resolution of the Court of Appeals.
Regional Trial Court, Pasig City	January 31, 2023	- JMCIM; and - CPI	Petition for Declaration of Nullity of Contract with Damages in connection with the lease agreement between JMCIM and CPI	- Declaring the Contract of Lease entered into by and between CPI and JMCIM as null and void, and of no legal effect; - Directing JMCIM to return to CPI the amount of	The case is currently in the trial phase. CPI and JMCIM have both completed the presentation of witnesses. Defendant JMCIM filed

Court / Agency	Date Instituted	Principal Parties	Subject Matter	Relief Sought	Status⁽¹⁾
Regional Trial Court, Makati City	April 27, 2023	• PS Power Solutions, Inc.; and • MCC-CCI	Complaint for collection of Sum of Money with Damages on the basis of MCC-CCI's Notice of Award relative to the construction of the Arayat Phase 2 project.	₱7.0 million representing improperly paid rents from 2016 to 2017. For MCC-CCI to pay the following: • ₱30.4 million, representing MCC-CCI's outstanding obligation under the Notice of Award and agreed Project Completion, exclusive of retention, penalties, interest, legal fees and other charges; • At least ₱0.5 million as temperate damages; • At least ₱0.1 million as moral damages; • At least ₱0.1 million as exemplary damages; and • At least ₱0.2 million as attorney's fees and costs of suit	its Formal Offer of Evidence on December 20, 2023. The case is currently at the pre-trial stage.

Court / Agency	Date Instituted	Principal Parties	Subject Matter	Relief Sought	Status⁽¹⁾
Singapore International Arbitration Centre (“SIAC”)	March 17, 2023 (date of receipt of Notice of Arbitration)	• Enfinity Philippines Technology Services Inc.; • Enfinity Asia Pacific Limited; and • CREIT	Action for arbitration claiming unpaid settlement amount in connection with the settlement agreements entered in relation to the Services Agreements for the Concepcion Project	For CREIT to pay the following: • U.S.\$504,000.00 to Enfinity Philippines Technology Services Inc.; and • U.S.\$4,536,000.00 to Enfinity Asia Pacific Limited	On September 4, 2023, SIAC issued a letter to the parties informing them of the appointment of a sole arbitrator for the case. A preliminary meeting with the sole arbitrator was held on October 13, 2023. On February 23, 2024, CREIT filed its Witness Statements.
SIAC	March 17, 2023 (date of receipt of Notice of Arbitration)	• IB VOGT GMBH; • Citicore Solar South Cotabato; • Citicore Solar Tarlac 1; and • Citicore Solar Tarlac 2	Action for arbitration claiming amounts due under the Technical Consultancy and Services Agreement	For Citicore Solar South Cotabato, Citicore Solar Tarlac 1, and Citicore Solar Tarlac 2 to pay the respective amounts due on each of their separate agreements, amounting to a total aggregate claim of U.S.\$233,115.28.	The parties have signed a Compromise Agreement and have requested for a Consent Award from the tribunal.

Court / Agency	Date Instituted	Principal Parties	Subject Matter	Relief Sought	Status⁽¹⁾

Note:

(1) As of December 31, 2023.

Below is a summary of material pending litigation involving RNHC and our affiliate as of the date of this Prospectus:

Court / Agency	Date Instituted	Principal Parties	Subject Matter	Relief Sought	Status
Construction Industry Arbitration Commission (“CIAC”)	February 20, 2024 (date of receipt of Notice of Request for Arbitration)	- Asiatech Development and Builders Corp. - Megawide - MCC-CCI - RNHC	Action for arbitration claiming unpaid work, cost of acquiring rights of way, return of retention money, and damages	For Megawide, MCC-CCI and RNHC to pay a total aggregate amount of ₱47,633,723.63	Megawide, MCC-CCI, and Rio Norte Hydropower Corporation have filed their answers on March 18, 2024.

We believe that none of the lawsuits, legal actions or arbitration proceedings to which we or our subsidiaries and affiliates are currently subject to will materially affect the daily operations of our business nor will they have a material adverse effect on our consolidated financial position and results of operations. See “*Risk Factors – Risks Relating to Us and Our Business – We face litigation risks and regulatory disputes in the ordinary course of our business,*” on page 49 of this Prospectus.

DESCRIPTION OF PROPERTY

LAND, BUILDINGS AND LEASEHOLD IMPROVEMENTS

CREC

CREC does not own any parcels of land as of December 31, 2023. However, CREC has future plans to acquire parcels of land directly or through its subsidiaries, including through Citicore Land Holdings, Inc.

CREC signed a lease agreement on October 13, 2021, as amended on February 17, 2023, with CREIT for machineries, equipment, installations and other real properties reasonably required in carrying out the operation of the Clark Solar Power Project and other than land leasehold rights located along Prince Balagtas Avenue Extension, Clark Freeport Zone, Municipality of Mabalacat, Pampanga, Philippines (the “**Clark Property**”). In February 2024, CREC signed a lease agreement with CREIT for the lease of 70,433 sq. m. of land located in Barangay Magalang, Pampanga, Philippines.

Subsidiaries

Below is a summary of the properties owned or leased by our subsidiaries as of December 31, 2023.

A. Citicore Solar Bulacan, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Municipality of San Ildefonso, Province of Bulacan	Luzon	253,880	25 years	Leasehold (land and machineries) with rental amount of approximately ₱176,564,860.57, increasing yearly, payable from 2022 to 2046

B. Citicore Solar Tarlac 1, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Barangay Armenia, Tarlac City, Tarlac	Luzon	138,164	25 years	Leasehold (land only) with rental amount of ₱50,427,256.99 payable from 2021 to 2046

C. Citicore Solar Tarlac 2, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Barangay Dalayap, Tarlac City, Tarlac	Luzon	105,386	19 years	Leasehold (sublease of land only) with rental amount of ₱48,552,545.69 per year payable from 2021 to 2040, subject to increase
2.	Barangay Dalayap, Tarlac City, Tarlac	Luzon	103,731	25 years	Leasehold (sublease of land only) with rental amount of ₱300,000 per hectare per year payable from 2015 to 2040, subject to increase
3.	Barangay Dalayap, Tarlac City, Tarlac	Luzon	56,000	25 years	Leasehold (land only) with rental amount of ₱300,000 per hectare per year payable from 2015 to 2040, subject to increase
4.	Barangay Dalayap, Tarlac City, Tarlac	Luzon	47,000	25 years	Leasehold (sublease of land only) with rental amount of ₱300,000 per hectare per year payable from 2015 to 2040, subject to increase

D. Citicore Solar South Cotabato, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Municipality of Surrallah, Province of South Cotabato	Mindanao	79,997	25 years	Leasehold (land only) with rental amount of approximately ₱77,872,875.00, increasing yearly, payable from 2022 to 2046

E. Citicore Energy REIT Corp.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Barangay Armenia, Tarlac City, Tarlac	Luzon	138,164	N/A	Owned (no mortgages, liens, or encumbrances)
2.	Municipality of San Ildefonso, Province of Bulacan	Luzon	253,880	N/A	Owned (no mortgages, liens, or encumbrances)
3.	Municipality of Surrallah, Province of South Cotabato	Mindanao	79,997	N/A	Owned (no mortgages, liens, or encumbrances)
4.	Municipality of Tuy, Province of Batangas	Luzon	1,062,083	N/A	Owned (no mortgages, liens, or encumbrances)
5.	Municipality of Tuy, Province of Batangas	Luzon	839,535	N/A	Owned (no mortgages, liens, or encumbrances)
6.	Municipality of Tuy, Province of Batangas	Luzon	1,674,995	N/A	Owned (no mortgages, liens, or encumbrances)
7.	Barangay Dalayap, Tarlac City, Tarlac	Luzon	103,731	19 years	Leasehold (sublease of land only) with rental amount of ₱172,333.34 per month, subject to increase, payable from 2021 to 2040
11.	Municipality of Arayat, Province of Pampanga	Luzon	419,214	N/A	Owned (no mortgages, liens, or encumbrances)
12.	Municipality of Binalonan, Province of Pangasinan	Luzon	1,049,102	N/A	Owned (no mortgages, liens, or encumbrances)
13.	Barangay Talavera, Toledo City, Cebu	Visayas	730,000	25 years	Leasehold (land only) with rental amount of ₱6,000,000 per year

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
					payable from 2016 to 2041
14.	Barangay Magalang, Province of Pampanga	Luzon	70,433	20 years	Leasehold (land only)
15	Barangay Bolbok, Tuy, Batangas	Luzon	1,674,995	25 years	Leasehold (land only)

F. Citicore Solar Energy Corp.¹¹

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Municipalities of Arayat and Mexico, Pampanga	Luzon	579,465	N/A	Owned (no mortgages, liens, or encumbrances)
2.	Municipalities of Arayat and Mexico, Pampanga	Luzon	380,598	N/A	Owned (no mortgages, liens, or encumbrances)

G. Grencore Power Solutions 3, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Municipalities of Arayat and Mexico, Pampanga	Luzon	579,465	N/A	Owned (no mortgages, liens, or encumbrances)
2.	Municipalities of Arayat and Mexico, Pampanga	Luzon	380,598	N/A	Owned (no mortgages, liens, or encumbrances)

H. Citicore Solar Batangas 2, Inc.

¹¹ Properties owned by Citicore Solar Energy Corp. through its various subsidiaries.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Municipality of Tuy, Province of Batangas	Luzon	741,016	25 years	Leasehold (land only) with rental amount of ₱54,879,710.64 per year payable from 2023 to 2048
2	Municipality of Tuy, Province of Batangas	Luzon	933,979	25 years	Leasehold (land only) with rental amount of ₱67,410,508.26 per year payable from 2023 to 2048

I. Citicore Solar Batangas 1, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Municipality of Tuy, Province of Batangas	Luzon	170,002	25 years	Leasehold (land only) with rental amount of ₱11,566,936.08/year, increasing annually by 2.5%, payable from 2023 to 2047
2.	Municipality of Tuy, Province of Batangas	Luzon	188,189	25 years	Leasehold (land only) with rental amount of ₱6,578,903.00/year, increasing annually by 2.5%, payable from 2023 to 2047
3.	Municipality of Tuy, Province of Batangas	Luzon	112,646	25 years	Leasehold (land only) with rental amount of ₱6,043,790.31/year, increasing annually by 2.5%, payable from 2023 to 2047
4.	Municipality of Tuy, Province of Batangas	Luzon	228,453	25 years	Leasehold (land only) with rental amount of ₱15,536,163.90/year, increasing annually by 2.5%, payable from 2023 to 2047

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
5.	Municipality of Tuy, Province of Batangas	Luzon	959,945	25 years	Leasehold (land only) with rental amount of ₱66,236,250.00/year, increasing annually by 2.5%, payable from 2023 to 2047

J. Citicore Solar Negros Occidental, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Barangay Rizal, Silay City, Negros Occidental	Visayas	431,408	18 years	Leasehold (sublease of land only) with rental amount of ₱534,124,138.51 increasing yearly payable from 2022 to 2040

K. Citicore Solar Negros Occidental 2, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Silay City, Negros Occidental	Visayas	250,000	24 years and seven months	Leasehold (sublease of land only) payable from 2023 to 2048
2.	Silay City, Negros Occidental	Visayas	440,147	24 years and 7 months	Leasehold (sublease of land only) payable from 2023 to 2048

L. Sunny Side Up Power Corp.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approx. (sq. m.)	Area	Term	Nature of Right and Amount of Lease
1.	Mariveles, Bataan	Luzon	40,000		25 years	Leasehold for the lease of rooftops of 14 buildings with rental amount of ₱72,856,562.24 payable from 2021 to 2045

M. Citicore Solar Pangasinan 2, Inc.

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approx. (sq. m.)	Area	Term	Nature of Right and Amount of Lease
1.	Municipality of Binalonan, Province of Pangasinan	Luzon	1,049,102		N/A	Owned (no mortgages, liens, or encumbrances)

N. Rio Norte Hydropower Corporation¹²

No.	Property Location	NCR / Luzon / Visayas / Mindanao	Approximate Area (sq. m.)	Term	Nature of Right and Amount of Lease
1.	Echague, Isabela	Luzon	798,290	25 years	Leasehold via Forest Land Use Agreement with annual government share of ₱239,487.00 per year, subject to 10% increase yearly, payable from 2022 to 2048

¹² On November 28, 2023, we executed a Memorandum of Agreement for the purchase of 100% of the shares in Rio Norte Hydropower Corporation (“RNHC”), a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela, Luzon. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase such shares in RNHC. As of December 31, 2023, we provided a total of ₱737.2 million in deposits for future share subscription to RNHC in anticipation of our acquisition, which we expect to finalize in the second half of 2024. See “Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2023 compared to December 31, 2022” and “Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2022 compared to December 31, 2021” on pages 96 and 100 of this Prospectus.

DESCRIPTION OF PERMITS AND LICENSES

This section outlines the major permits and licenses necessary to operate our business. We believe that we have all the applicable and material permits and licenses necessary to operate our business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal. Moreover, we have adopted processes to strengthen our compliance culture in order to manage and ensure that all requirements, permits and approvals are obtained in a timely manner. See “*Risk Factors—Risks Relating to Us and Our Businesses—The operations of our power projects are subject to significant government regulation, including regulated tariffs such as the FIT and GEAP, and permitting and licensing requirements, and our margins and results of operations could be adversely affected by changes in the law or regulatory schemes*” on page 37 of this Prospectus.

We believe that we have all the material permits and licenses necessary for our business as currently conducted, which are valid and subsisting as of the date of this Prospectus, as confirmed by Adarlo Caoile & Associates Law Offices in a legal opinion dated April 1, 2024.

The list of material permits and licenses necessary for us and our subsidiaries to operate our respective businesses as of December 31, 2023 are set out below.

CREC

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-1966	January 20, 2024	December 31, 2024
2	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3323-2024	January 30, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	CNO. MFZ-SJNC24-1533712	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3526-2024	January 26, 2024	December 31, 2024
5	Solar Energy Service Contract	Department of Energy	SESC No. 2019-11-545	December 23, 2019	December 23, 2044
6	Certificate of Registration	Department of Energy	SESC No. 2019-11-545	December 23, 2019	December 23, 2044
7	Safety Officer’s Permit	Department of Energy	SWEMD-2023-039	March 27, 2023	March 26, 2024
8	Certificate of Registration	Bureau of Internal Revenue	010-007-383	May 15, 2018	N/A
9	Wind Energy Service Contract	Department of Energy	WESC No. 2022-08-214	September 16, 2022	September 16, 2047, extendible for another 25 years
10	Certificate of Registration	Department of Energy	Registration No. WESC No. 2022-08-214	September 16, 2022	September 16, 2047, extendible

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration for another 25 years
11	Wind Energy Service Contract	Department of Energy	WESC No. 2022-11-229	November 22, 2022	November 22, 2047, extendible for another 25 years
12	Certificate Registration	of Department of Energy	Registration No. WESC 2022-11-229	November 22, 2022	November 22, 2047, extendible for another 25 years
13	Wind Energy Service Contract	Department of Energy	WESC No. 2022-11-236	December 27, 2022	December 27, 2047, extendible for another 25 years
14	Certificate Registration	of Department of Energy	Registration No. WESC No. 2022-11-236	December 27, 2022	December 27, 2047, extendible for another 25 years
15	Certificate Registration	of Department of Energy	SESC No. 2014-07-086	July 27, 2014	July 27, 2039
16	Certificate Registration	of Department of Energy	SESC No. 2014-07-086-AFI	December 24, 2021	December 24, 2046
17	Certificate Compliance	of Energy Regulatory Commission	COC No. 16-12-M-00090L	December 8, 2016	July 13, 2024 (by virtue of ERC Resolution No. 17, Series of 2023, the validity of this permit was extended from December 8, 2021)
18	Certificate Registration	of Energy Regulatory Commission	ER No. 2022-0655-3	June 20, 2022	N/A
19	Safety Officer's Permit	Department of Energy	SWEMD-2022-241	October 16, 2023	October 2, 2024
20	Amended Confirmation of Commerciality	Department of Energy	SCC-2015-03-014-B	March 11, 2016	March 11, 2041
21	Certificate Registration	of Board of Investments	2015-222	October 16, 2015	N/A
22	Environmental Compliance Certificate	Department of Energy and Natural Resources	R03-1309-0378	October 20, 2014	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
23	Wastewater Discharge Permit	Department of Energy and Natural Resources	DP-R03-22-00132	April 5, 2022	Pending renewal of permit or license that expired on January 5, 2023
24	Certificate of Accreditation (Pollution Control Officer)	Department of Energy and Natural Resources	COA No. 35100-2021K-03PA-1537	November 24, 2021	November 24, 2024
25	Certificate of Non-Overlap	National Commission on Indigenous People	RIII-CNO-15-01-0001	January 8, 2015	N/A
26	Certificate of Non-Overlap	National Commission on Indigenous People	RIII-CNO-20-09-0021	September 17, 2020	N/A
27	Market Participation Agreement	Philippine Electricity Market Corporation	(Agreement)	Agreement dated February 18, 2016	N/A
28	Community Certificate	Tax City of San Juan	00397029	January 19, 2024	December 31, 2024
29	Certificate of Incorporation	Securities and Exchange Commission	CS201807415	May 15, 2018	May 15, 2068
30	Certificate of Registration (Updated)	Bureau of Internal Revenue	TIN: 010-007-383 OCN: 042RC20230000001021	TIN Issuance Date: May 18, 2018 OCN Date: March 30, 2023	N/A
31	Certificate of Registration (Branch)	Bureau of Internal Revenue	OCN: 126RC2021000001613	November 24, 2021	N/A
32	Barangay Clearance	Barangay Little Baguio	24-0218	January 26, 2024	December 31, 2024

SUBSIDIARIES

A. Citicore Wind Energy Corporation

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Wind Energy Service Contract	Department of Energy	WESC No. 2023-07-306	August 17, 2023	August 17, 2048

No.	Permit or License	Issuing Agency		Permit/License No.	Issue Date	Expiration	
						(extendible for another 25 years)	
2	Certificate of Registration	Department of Energy		Registration No. WESC 2023-07-306	August 17, 2023	August 17, 2048 (extendible for another 25 years)	
3	Wind Energy Service Contract	Department of Energy		WESC No. 2023-07-307	August 18, 2023	August 18, 2048 (extendible for another 25 years)	
4	Certificate of Registration	Department of Energy		Registration No. WESC 2023-07-307	August 18, 2023	August 18, 2048 (extendible for another 25 years)	
5	Wind Energy Service Contract	Department of Energy		WESC No. 2023-07-305	August 17, 2023	August 17, 2048 (extendible for another 25 years)	
6	Certificate of Registration	Department of Energy		Registration No. WESC No. 2023-07-305	August 17, 2023	August 17, 2048 (extendible for another 25 years)	
7	Wind Energy Service Contract	Department of Energy		WESC No. 2023-08-309	September 7, 2023	September 7, 2048 (extendible for another 25 years)	
8	Certificate of Registration	Department of Energy		Registration No. WESC No. 2023-08-309	September 7, 2023	September 7, 2048 (extendible for another 25 years)	
9	Wind Energy Service Contract	Department of Energy		WESC No. 2022-11-229	November 22, 2022	November 22, 2047 (extendible for another 25 years)	
10	Clearance to Undertake System Impact Study	Department of Energy		DOE-EPIMB-SIS No. 2023-10-105	October 9, 2023	N/A	
11	Clearance to Undertake System Impact Study	Department of Energy		DOE-EPIMB-SIS No. 2023-10-099	October 4, 2023	N/A	
12	Clearance to Undertake System Impact Study	Department of Energy		DOE-EPIMB-SIS No. 2023-10-098	October 4, 2023	N/A	
13	Business Permit	Office of the Mayor, City of San Juan		FMZ-2024-4279	February 5, 2024	December 31, 2024	
14	Community Certificate	Tax	City of San Juan	00397033	June 19, 2024	December 31, 2024	
15	Locational Clearance	Local Zoning Administration Office, City of San Juan		MFZ-SJNC24-1533716	January 26, 2024	December 31, 2024	
16	Sanitary Permit	City Health Officer, City of San Juan		MFZ-3548-2024	January 26, 2024	December 31, 2024	
17	Wind Energy Service Contract	Department of Energy		WESC No. 2023-08-31	September 20, 2023	September 20, 2048 (extendible for another 25 years)	
18	Wind Energy Service Contract	Department of Energy		WESC No. 2023-09-315	October 5, 2023	October 5, 2048 (extendible for another 25 years)	

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
19	Certificate of Incorporation	Securities and Exchange Commission	2022100073420-01	October 25, 2022	another 25 years) N/A
20	Certificate of Registration	Bureau of Internal Revenue	623-716-587	March 23, 2023	N/A
21	Barangay Clearance	Barangay Little Baguio	24-0149	January 23, 2024	December 31, 2024
22	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3303-2024	January 19, 2024	December 31, 2024

B. Citicore Wind Ilocos Norte Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023040095285-12	April 17, 2023	N/A
2	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4287	February 5, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533294	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3549-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00398342	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-329196	October 25, 2023	October 25, 2024
7	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3313-2024	January 30, 2024	December 31, 2024
8	Certificate of Registration	Bureau of Internal Revenue	626-950-620	May 24, 2023	N/A
9	Barangay Clearance	Barangay Little Baguio	24-0150	January 23, 2024	December 31, 2024

C. Citicore Wind Iloilo I Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023050099428-01	May 17, 2023	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
2	Certificate of Registration	Bureau of Internal Revenue	627-365-481	June 1, 2023	N/A

D. Citicore Wind Iloilo II Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023050100280-25	May 23, 2023	N/A
2	Certificate of Registration	Bureau of Internal Revenue	627-367-722	June 1, 2023	N/A

E. Citicore Wind Aklan Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023060104880-07	June 22, 2023	N/A
2	Certificate of Registration	Bureau of Internal Revenue	629-338-204	July 5, 2023	N/A

F. Citicore Wind Quezon Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023040095286-00	April 17, 2023	N/A
2	Certificate of Registration	Bureau of Internal Revenue	626-876-075	May 24, 2023	N/A

G. Citicore Wind Cagayan 1 Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023050097315-01	May 2, 2023	N/A
2	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4285	February 5, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533723	January 26, 2024	December 31, 2024

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3550-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00397039	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-713508	October 25, 2023	October 25, 2024
7	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	Certificate No. 3324-2024	January 30, 2024	December 31, 2024
8	Certificate of Registration	Bureau of Internal Revenue	627-339-529	June 1, 2023	N/A
9	Barangay Clearance	Barangay Little Baguio	24-0151	January 23, 2024	December 31, 2024

H. Citicore Wind Cagayan 2 Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023050097449-03	May 3, 2023	N/A
2	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4286	February 5, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533714	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3534-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00397031	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-743275	October 25, 2023	October 25, 2024
7	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3333-2024	January 30, 2024	December 31, 2024
8	Certificate of Registration	Bureau of Internal Revenue	627-323-889	June 1, 2023	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
9	Barangay Clearance	Barangay Little Baguio	24-0170	January 24, 2024	December 31, 2024

I. Citicore Wind Cagayan, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Wind Energy Service Contract	Department of Energy	WESC No. 2022-11-234	December 20, 2022	December 20, 2047, extendible for another 25 years
2	Certificate of Registration	Department of Energy	Registration WESC No. 2022-11-234	December 20, 2022	December 20, 2047, extendible for another 25 years
3	Wind Energy Service Contract	Department of Energy	WESC No. 2022-11-233	December 20, 2022	December 20, 2047, extendible for another 25 years
4	Certificate of Registration	Department of Energy	Registration WESC No. 2022-11-233	December 20, 2022	December 20, 2047, extendible for another 25 years
5	Wind Energy Service Contract	Department of Energy	WESC No. 2022-11-235	December 19, 2022	December 19, 2047, extendible for another 25 years
6	Certificate of Registration	Department of Energy	Registration WESC No. 2022-11-235	December 19, 2022	December 19, 2047, extendible for another 25 years
7	Wind Energy Service Contract	Department of Energy	WESC No. 2022 10-227	November 22, 2022	November 22, 2047, extendible for another 25 years
8	Certificate of Registration	Department of Energy	Registration WESC No. 2022 10-227	November 22, 2022	November 22, 2047, extendible for another 25 years
9	Certificate of Incorporation	Securities and Exchange Commission	2022070058248-06	July 1, 2022	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
10	Certificate of Registration	Bureau of Internal Revenue	615-155-826	September 27, 2022	N/A
11	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4276	February 5, 2024	December 31, 2024
12	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533300	January 26, 2024	December 31, 2024
13	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3545-2024	January 26, 2024	December 31, 2024
14	Community Tax Certificate	City of San Juan	00398348	January 19, 2024	December 31, 2024
15	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3314-2024	January 30, 2024	December 31, 2024
16	Barangay Clearance	Barangay Little Baguio	24-0152	January 23, 2024	December 31, 2024

J. Citicore Wind Guimaras 2, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023060102473-08	June 6, 2023	N/A
2	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4275	February 5, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533295	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3552-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00398343	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-451669	October 25, 2023	October 25, 2024

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
7	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3317-2024	January 30, 2024	December 31, 2024
8	Certificate of Registration	Bureau of Internal Revenue	629-184-033	July 3, 2023	N/A
9	Barangay Clearance	Barangay Little Baguio	24-0155	January 23, 2024	December 31, 2024

K. Citicore Wind Zambales 1 Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023050100168-29	May 22, 2023	N/A
2	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4274	February 5, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533729	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3547-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00398349	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-433802	October 25, 2023	October 25, 2024
7	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3346-2024	January 30, 2024	December 31, 2024
8	Certificate of Registration	Bureau of Internal Revenue	627-358-644	June 1, 2023	N/A
9	Barangay Clearance	Barangay Little Baguio	24-0148	January 23, 2024	December 31, 2024

L. Citicore Wind Zambales 2 Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	202306012447-07	June 6, 2023	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
2	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4280	February 5, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533722	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3539-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00397040	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-928778	October 25, 2023	October 25, 2024
7	Certificate of Registration	Bureau of Internal Revenue	629-340-692	July 5, 2023	N/A
8	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3315-2024	January 30, 2024	December 31, 2024
9	Barangay Clearance	Barangay Little Baguio	24-0175	January 24, 2024	December 31, 2024

M. Citicore Wind Pangasinan 1 Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023040095956-06	April 20, 2023	N/A
2	Certificate of Registration	Bureau of Internal Revenue	626-881-142	May 15, 2018	N/A

N. Citicore Wind Pangasinan 2 Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2023050099424-02	May 17, 2023	N/A
2	Certificate of Registration	Bureau of Internal Revenue	630-720-270	July 26, 2023	N/A

O. Citicore Solar Holdings Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit ¹³	Office of the Mayor, City of San Juan	FMZ-2023-2330	January 25, 2023	December 31, 2023
2	Certificate of Annual Inspection ¹⁴	Office of the City Building Official, City of San Juan	C-029590	January 24, 2023	December 31, 2023
3	Locational Clearance ¹⁵	Local Zoning Administration Office, City of San Juan	CNO. MFZ-SJNC23-1318979	January 24, 2023	December 31, 2023
4	Sanitary Permit ¹⁶	City Health Officer, City of San Juan	MFZ-2154-2023	January 24, 2023	December 31, 2023
5	Community Tax Certificate ¹⁷	City of San Juan	00419671	January 17, 2023	December 31, 2023
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-263897	June 6, 2023	June 6, 2024
7	Certificate of Incorporation	Securities and Exchange Commission	CS201509405	May 18, 2015	May 18, 2065

P. Citicore Solar Bulacan, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Compliance / Provisional Authority to Operate	Energy Regulatory Commission	16-12-M-00099L	December 20, 2016	December 7, 2024 (by virtue of ERC Resolution No. 17, Series of 2023, the validity of this permit was extended from December 19, 2021)
2	Environmental Compliance Certificate	Department of Energy and Natural Resources	R03-1506-02-64	November 9, 2015	N/A
3	Business Permit	Municipality of San Ildefonso	2024-0684	January 18, 2024	December 31, 2024

¹³ Application is ongoing renewal as evidenced by Tax Order Payment dated January 10, 2024.

¹⁴ Application is ongoing renewal as evidenced by Tax Order Payment dated January 10, 2024.

¹⁵ Application is ongoing renewal as evidenced by Tax Order Payment dated January 10, 2024.

¹⁶ Application is ongoing renewal as evidenced by Tax Order Payment dated January 10, 2024.

¹⁷ Community Tax Certificate is presumed to have been paid considering the same is a requirement for the processing of Business Permit.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
4	Certificate of Registration	Department of Energy	SESC-2015-06-231-AFI	February 16, 2016	June 28, 2041
5	Safety Officer's Permit	Department of Energy	SWEMD-2022-124	March 9, 2023	February 21, 2024
6	Certificate of Registration	Bureau of Internal Revenue	009-025-130	July 6, 2015	N/A
7	Certificate of Registration	Board of Investments	2015-172	August 25, 2015	N/A
8	Certificate of Confirmation of Commerciality	Department of Energy	SCC-2016-03-047	March 11, 2016 as amended on May 27, 2021	June 28, 2041
9	Distribution Impact Study	Distribution Utility (MERALCO)	No Number	September 2015	June 28, 2041
10	Certificate of Incorporation	Securities and Exchange Commission	CS201508897	May 7, 2015	May 7, 2065
11	Wastewater Discharge Permit	Department of Energy and Natural Resources	DP-R03-21-01511	March 15, 2021	Pending renewal of permit or license that expired on March 15, 2022
12	WESM Registration	Independent Electricity and Market Operator of the Philippines	PEMC-2016-0332	March 11, 2016	N/A
13	Certificate of No Coverage	National Commission on Indigenous People	RHH-CN0-16-06-0019-A	June 29, 2016	June 28, 2041
14	Solar Energy Service Contract	Department of Energy	No. 2015-06-231	June 15, 2015	June 15, 2040
15	Community Tax Certificate ¹⁸	City of San Juan	00083030	January 16, 2024	December 31, 2024
16	Barangay Clearance	Barangay Pasong Bangkal	OR No. 237765	January 18, 2024	December 31, 2024

Q. Sikat Solar Holdco Inc.

¹⁸ Community Tax Certificate is presumed to have been paid considering the same is a requirement for the processing of Business Permit.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4277	February 5, 2024	December 31, 2024
2	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3306-2024	January 30, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533720	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3555-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00397037	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection, City of San Juan	FSIC No. R16-307689	June 6, 2023	June 6, 2024
7	Certificate of Incorporation	Securities and Exchange Commission	CS201407313	April 11, 2014	April 11, 2064
8	Barangay Clearance	Barangay Little Baguio	24-0158	January 23, 2024	December 31, 2024

R. Citicore Solar Tarlac 1, Inc.¹⁹

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Solar Energy Service Contract	Department of Energy	No. 2016-02-277	February 19, 2016	February 19, 2041
2	Certificate of Registration	Department of Energy	SESC 2016-02-277	Amended certificate dated September 7, 2022	N/A
3	Certificate of Confirmation of Commerciality	Department of Energy	SCC-2016-03-050	Amended certificate dated September 7, 2022	N/A
4	Provisional Authority to Operate	Energy Regulatory Commission	(Letter)	March 22, 2022	December 14, 2024
5	Certificate of Registration	Board of Investments	2016-245	December 1, 2016	N/A

¹⁹ Certificate of Annual Inspection, and Locational Clearance are ongoing renewal as evidenced by Tax Order Payment dated January 15, 2024.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
6	Environmental Compliance Certificate	Department of Environment and Natural Resources	R03-12072015-3794	December 7, 2015	N/A
7	Wastewater Discharge Permit	Department of Environment and Natural Resources	DP-171-03TA-1383	September 13, 2017	Pending renewal of permit or license that expired on September 30, 2018
8	Certificate of Non-Coverage	National Commission on Indigenous People	Control No. RIII-CNO-16-08-0023	August 5, 2016	N/A
9	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0522-0677	May 19, 2022	N/A
10	Market Participation Agreement	Philippine Electricity Market Corporation	(Agreement)	Agreement dated March 8, 2016	N/A
11	WESM Registration	WESM	Ref. No. MLO/PEMC/2016/458	March 30, 2016	N/A
12	Business Permit	Tarlac City, Tarlac	2024-1193	Undated	December 31, 2024
13	Sanitary Permit to Operate ²⁰	Office of the City Health Officer, Tarlac City	NF-21-8487	January 24, 2023	December 31, 2023
14	Environmental Compliance Certificate	Office of the City Environment and Natural Resources, Tarlac City	R03-12072015-3794	December 7, 2015	N/A
15	Community Tax Certificate ²¹	Tax City of San Juan	00018379	January 19, 2023	December 31, 2023
16	Certificate of Registration	Energy Regulatory Commission	ER No. 2023-0028-3	February 10, 2023	N/A
17	Certificate of Incorporation	Securities and Exchange Commission	CS201321435	November 11, 2013	November 11, 2063

²⁰ Application is ongoing renewal as evidenced by Tax Order Payment dated January 15, 2024.

²¹ Community Tax Certificate is presumed to have been paid considering the same is a requirement for the processing of Business Permit.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
18	Certificate of Registration	Bureau of Internal Revenue	008-654-146	April 15, 2014	N/A

S. Citicore Solar Tarlac 2, Inc.²²

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Solar Energy Service Contract	Department of Energy	No. 2016-02-278	February 19, 2016	February 19, 2041
2	Certificate of Registration	Department of Energy	SESC 2016-02-278	February 19, 2016	February 19, 2041
3	Certificate of Confirmation of Commerciality	Department of Energy	SCC-2016-03-049	March 14, 2016	N/A
4	Certificate of Registration	Board of Investments	2016-246	December 1, 2016	N/A
5	Environmental Compliance Certificate	Department of Environment and Natural Resources	R03-10162015-3765	October 16, 2015	N/A
6	Certificate of Non-Overlap	National Commission on Indigenous People	Control No. RIII-CNO-16-08-0024	August 5, 2016	N/A
7	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCF-2015-196	October 19, 2015	N/A
8	Market Participation Agreement	Philippine Electricity Market Corporation	(Agreement)	Agreement dated March 8, 2016	N/A
9	WESM Registration	WESM	Ref. No. MLO/PEMC-2016/465	March 30, 2016	N/A
10	Business Permit ²³	Tarlac City, Tarlac	2024-1194	Undated	December 31, 2024
11	Sanitary Permit to Operate ²⁴	Office of the City Health Officer, Tarlac City	NF-21-0953	January 22, 2024	December 31, 2024
12	Environmental Compliance Certificate	Office of the City Environment and Natural	R03-10162015-3765	October 16, 2015	N/A

²² Sanitary Permit, Certificate of Annual Inspection, and Locational Clearance are ongoing renewal as evidenced by Tax Order Payment dated January 18, 2024.

²³ Application is ongoing renewal as evidenced by Tax Order Payment dated January 15, 2024.

²⁴ Application is ongoing renewal as evidenced by Tax Order Payment dated January 15, 2024.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
		Resources, Tarlac City			
13	Community Certificate ²⁵	Tax City of San Juan	00018380	January 19, 2023	December 31, 2023
14	Certificate of Registration	Energy Regulatory Commission	ER No. 2023-0021-3	February 10, 2023	N/A
15	Certificate of Incorporation	Securities and Exchange Commission	CS201321434	November 11, 2013	November 11, 2063
16	Certificate of Registration	Bureau of Internal Revenue	008-654-139	April 15, 2014	N/A
17	Fire Safety Inspection Certificate	Bureau of Fire Protection, Tarlac City	FSIC No. R03-814-3484	June 16, 2023	July 1, 2024

T. Citicore Solar Tarlac 3, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4289	February 5, 2024	December 31, 2024
2	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533726	June 26, 2024	December 31, 2024
3	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3536-2024	January 26, 2024	December 31, 2024
4	Community Certificate	Tax City of San Juan	00397043	January 19, 2024	December 31, 2024
5	Certificate of Incorporation	Securities and Exchange Commission	2023010081867-03	January 16, 2023	N/A
6	Certificate of Registration	Bureau of Internal Revenue	620-972-878	February 2, 2023	N/A
7	Barangay Clearance	Barangay Little Baguio	24-0172	January 24, 2024	December 31, 2024
8	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3305-2024	January 30, 2024	December 31, 2024

²⁵ Community Tax Certificate is presumed to have been paid considering the same is a requirement for the processing of Business Permit.

U. Citicore Solar Tarlac 4, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4283	February 5, 2024	December 31, 2024
2	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-000	January 26, 2024	December 31, 2024
3	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3537-2024	January 26, 2024	December 31, 2024
4	Community Certificate	Tax City of San Juan	00397044	January 19, 2024	December 31, 2024
5	Certificate of Incorporation	of Securities and Exchange Commission	2023030090519-00	March 14, 2023	N/A
6	Certificate of Registration	Bureau of Internal Revenue	623-970-105	March 28, 2023	N/A
7	Barangay Clearance	Barangay Little Baguio	24-0173	January 24, 2024	December 31, 2024
8	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3307-2024	January 30, 2024	December 31, 2024

V. Citicore Solar South Cotabato, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Compliance / Provisional Authority to Operate	Energy Regulatory Commission	17-02-M-00104M	February 28, 2017	February 28, 2024
2	Certificate of Non-Coverage	Department of Energy and Natural Resources	CNC-R12-1309-0010	September 13, 2013	September 13, 2038
3	Business Permit	Municipality of Surallah	2024-817	January 19, 2024	December 31, 2024
4	Fire Certificate	Municipality of Surallah	FSIC No. R12-0287069	April 18, 2023	April 18, 2024
5	Sanitary Permit ²⁶	Municipality of Surallah	2023-0514 R	January 12, 2023	January 12, 2024

²⁶ Application is ongoing renewal as evidenced by Official Receipt Worksheet dated January 19, 2024.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
6	Zoning Clearance	Municipality of Surallah	0662-23	January 12, 2024	January 12, 2025
7	Certificate of Registration	Department of Energy	SESC-2013-10-043	December 2, 2013 amended on September 19, 2022	December 2, 2038 (extendible for another 25 years)
8	Certificate of Confirmation of Commerciality	Department of Energy	SCC-2014-05-008-A	June 18, 2014 amended on September 7, 2022	December 1, 2038 (extendible for another 25 years)
9	Certificate of Registration	Bureau of Internal Revenue	TIN: 008-523-504 OCN: 111RC20220000001544	TIN Issuance Date: July 1, 2013 OCN Date: April 19, 2022	N/A
10	Certificate of Registration	Board of Investments	2014-096	June 25, 2014	N/A
11	Certificate of Incorporation	Securities and Exchange Commission	CS201308328	June 29, 2016	N/A
12	Water Permit	Department of Energy and Natural Resources	03-24-17-067	March 24, 2017	N/A

W. Citicore Energy REIT Corp.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-1964	January 20, 2024	December 31, 2024
2	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3328-2024	January 30, 2024	December 31, 2024
3	Locational Clearance ²⁷	Local Zoning Administration Office, City of San Juan	CNO. MFZ-SJNC23-1321510	January 25, 2023	December 31, 2023

²⁷ Application is ongoing renewal as evidenced by Tax Order Payment dated January 15, 2024.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3527-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00398339	January 19, 2024	December 31, 2024
6	Certificate of Non-Overlap	National Commission on Indigenous People	Control No. RIII-CNO-15-01-0001	January 8, 2015	N/A
7	Market Participation Agreement	Philippine Electricity Market Corporation	(Agreement)	Agreement dated February 18, 2016	N/A
8	WESM Registration	WESM	N/A	March 9, 2016	N/A
9	Certificate of Incorporation	Securities and Exchange Commission	CS201010780	July 15, 2010	N/A
10	Certificate of Registration	Bureau of Internal Revenue	007-813-849	August 4, 2010	N/A
11	Barangay Clearance	Barangay Little Baguio	24-0219	January 26, 2024	December 31, 2024

X. Citicore Property Managers, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4267	February 5, 2024	December 31, 2024
2	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3312-2024	January 30, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	CNO. MFZ-SJNC24-1533709	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3544-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00397026	January 19, 2024	December 31, 2024
6	Certificate of Incorporation	Securities and Exchange Commission	2021080021801-00	August 4, 2021	N/A
7	Certificate of Registration	Bureau of Internal Revenue	601-150-204	August 27, 2021	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
8	Certificate of Registration	Social Security System	80-0264744-7-000	September 5, 2022	N/A
9	Barangay Clearance	Barangay Little Baguio	24-0180	January 24, 2024	December 31, 2024

Y. Citicore Fund Managers, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4266	February 5, 2024	December 31, 2024
2	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3326-2024	January 30, 2024	December 31, 2024
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	CNO. MFZ-SJNC24-1533288	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3543-2024	January 26, 2024	December 31, 2024
5	Community Tax Certificate	City of San Juan	00398336	January 19, 2024	December 31, 2024
6	Certificate of Incorporation	Securities and Exchange Commission	2021070020255-01	July 21, 2021	N/A
7	Certificate of Registration	Bureau of Internal Revenue	600-556-166	August 3, 2021	N/A
8	Authority to Print	Bureau of Internal Revenue	OCN: 042AU2021000000175	August 3, 2021	August 2, 2026
9	Barangay Clearance	Barangay Little Baguio	24-0179	January 24, 2024	December 31, 2024

Z. Citicore Solar Energy Corp.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4281	January 5, 2024	December 31, 2024
2	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3311-2024	January 30, 2024	December 31, 2024

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
3	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533725	January 26, 2024	December 31, 2024
4	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3529-2024	January 26, 2024	December 31, 2024
5	Community Certificate	Tax City of San Juan	00397042	January 19, 2024	December 31, 2024
6	Fire Safety Inspection Certificate	Bureau of Fire Protection	FSIC No. R16-384143	October 25, 2023	October 25, 2024
7	Certificate of Incorporation	of Securities and Exchange Commission	CS201814464	July 20, 2018	July 20, 2068
8	Certificate of Registration	of Bureau of Internal Revenue	010-077-588	August 6, 2018	N/A
9	Certificate of Registration	of Bureau of Internal Revenue	TIN: 010-077-588 OCN: 042RC20230000001090	TIN Issue Date: August 6, 2018 OCN Date: April 11, 2023	N/A
10	Barangay Clearance	Barangay Little Baguio	24-0161	January 23, 2024	December 31, 2024

AA. Citicore Solar Batangas 1, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit ²⁸	Municipality of Tuy	No. 373	February 17, 2023	December 31, 2023
2	Certificate of Registration	Board of Investments	2023-113	June 15, 2023	N/A
3	Certificate of Non-Overlap	National Commission on Indigenous People	CNO-IVA-2023-055	May 11, 2023	N/A
4	Environmental Compliance Certificate ²⁹	Department of Environment and Natural Resources – Environmental Management Bureau	ECC-OL-R4A-2023-0105	February 17, 2023	N/A
5	Safety Officer's Permit	Department of Energy	SWEMD-2023-039	March 27, 2023	March 27, 2024

²⁸ Citicore Solar Batangas 1, Inc. has collated documentary requirements and the application is ongoing renewal.

²⁹ The Environmental Compliance Certificate is issued for one of the projects in the Batangas 1 Solar Project. The Environmental Compliance Certificate for the other project is being processed.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
6	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0323-0807	March 2, 2023	N/A
7	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0323-0806	March 2, 2023	N/A
8	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0123-0795	January 4, 2023	N/A
9	Certificate of Registration	Bureau of Internal Revenue	010-032-641	June 22, 2018	N/A
10	Solar Energy Service Contract	Department of Energy	SESC No. 2019-11-545	December 23, 2019	December 23, 2044
11	Certificate of Registration	Department of Energy	SESC No. 2019-11-545-AFI	September 15, 2023	N/A
12	Certificate of Confirmation of Commerciality	Department of Energy	SCC-2023-06-126	July 3, 2023	N/A
13	Solar Energy Service Contract	Department of Energy	SESC No. 2020-02-569	March 5, 2020	March 5, 2045
14	Certificate of Registration	Department of Energy	SESC No. 2020-02-569	March 5, 2020	N/A
15	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0423-0828	April 3, 2023	N/A
16	Certificate of Incorporation	Securities and Exchange Commission	CS201823404	October 17, 2018	October 17, 2068
17	Certificate of Registration – For Luntal-Bayudbod Solar Power Project	Board of Investments	2023-112	June 15, 2023	N/A

BB. Citicore Solar Batangas 2, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Environmental Compliance Certificate – For Bolbok 1 Solar Power Project	Department of Energy and Natural Resources	2023-0584	August 18, 2023	August 17, 2028
2	Fire Safety Inspection Certificate	Bureau of Fire Protection	FSIC No. R16-619931	April 5, 2023	April 5, 2024
3	Business Permit ³⁰	Municipality of Tuy	No. 610 CY 2023	September 11, 2023	December 31, 2023

³⁰ Citicore Solar Batangas 2, Inc. has collated documentary requirements and the application is ongoing renewal.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
4	Sanitary Permit ³¹	Municipality of Tuy	N/A	September 11, 2023	December 31, 2023
5	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0423-0829	April 3, 2023	N/A
6	Solar Energy Service Contract	Department of Energy	SESC No. 2020-02-565	March 25, 2020	March 25, 2045
7	Certificate of Registration	Department of Energy	SESC No. 2020-02-565	March 25, 2020	March 25, 2025, renewable for the same period until the end-of-project life is reached or a maximum of 25 years
8	Certificate of Registration	Bureau of Internal Revenue	010-179-005	November 17, 2018	N/A
9	Certificate of Registration – For Bolbok 1 Solar Power Project	Board of Investments	2023-126	June 21, 2023	N/A
10	Certificate of Incorporation	Securities and Exchange Commission	CS201823379	October 17, 2018	N/A
11	Certificate of Non-Overlap	National Commission on Indigenous People	CNO-IVA-2023-057	June 9, 2023	N/A
12	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0423-0829	April 3, 2023	N/A
13	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC-0423-0827	April 3, 2023	N/A
14	Solar Energy Operating Contract	Department of Energy	SEOC No. 2023-07-676	July 21, 2023	July 21, 2048
15	Certificate of Registration	Department of Energy	SEOC No. 2023-07-676	July 21, 2023	N/A
16	Environmental Compliance Certificate	Department of Environment and Natural Resources – Environmental Management Bureau	ECC-OL-R4A-2023-0657	September 29, 2023	N/A
17	Certificate of Registration	Board of Investments	2024-056	March 13, 2024	N/A

³¹ Citicore Solar Batangas 2, Inc. has collated documentary requirements and the application is ongoing renewal.

CC.Citicore Solar Negros Occidental 2, Inc. ³²

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Registration – Silay 2a Solar Power Project	Department of Energy	2023-07-679	July 28, 2023	N/A
2	Solar Energy Operating Contract – Silay 2A	Department of Energy	2023-07-679	July 28, 2023	July 28, 2048, extendible for another 25 years
3	Certificate of Registration – Silay 2b Solar Power Project	Department of Energy	2023-07-679	July 28, 2023	N/A
4	Solar Energy Operating Contract – Silay 2B	Department of Energy	2023-07-678	July 28, 2023	July 28, 2048 extendible for another 25 years
5	Business Permit	City of San Juan	FMZ-2024-4292	February 5, 2024	December 31, 2024
6	Certificate of Registration	Bureau of Internal Revenue	620-975-588	February 2, 2023	N/A
7	Clearance to Undertake System Impact Study	Department of Energy	DOE-EPIMB-SIS No. 2023-08-077	August 22, 2023	N/A
8	Clearance to Undertake System Impact Study	Department of Energy	DOE-EPIMB-SIS No. 2023-08-078	August 24, 2023	N/A
9	Certificate of Incorporation	Securities and Exchange Commission	2023010081866-11	January 16, 2023	N/A
10	Certificate of Non-Overlap	National Commission on Indigenous Peoples Region VI/VII	CNO-VI-2023-649	November 13, 2023	N/A
11	Certificate of Non-Overlap	National Commission on Indigenous Peoples Region VI/VII	CNO-VI-2023-650	November 13, 2023	N/A
12	Certificate of Annual Inspection`	City of San Juan	3342-2024	January 30, 2024	December 31, 2024
13	Locational Clearance	City of San Juan	MFZ-SJNC24-000	January 26, 2024	December 31, 2024

³² Sanitary Permit, Certificate of Annual Inspection, and Locational Clearance are ongoing renewal as evidenced by Tax Order Payment dated January 9, 2024.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
14	Sanitary Permit	City of San Juan	MFZ-3533-2024	January 26, 2024	December 31, 2024
15	Community Tax Certificate	City of San Juan	00398340	January 19, 2024	December 31, 2024
16	Business Permit	City of Silay	2024-1002428	February 15, 2024	December 31, 2024
17	Certificate of Registration	Board of Investments	2024-057	March 13, 2024	N/A
18	Certificate of Registration	Board of Investments	2024-058	March 13, 2024	N/A

DD. Citicore Solar Quezon, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Solar Energy Operating Contract	Department of Energy	SEOC No. 2023-07-684	August 9, 2023	August 8, 2048, extendible for another 25 years
2	Certificate of Registration – Pagbilao 1 Solar Power Project	Department of Energy	SEOC-2023-07-684	August 9, 2023	N/A
3	Solar Energy Operating Contract – Pagbilao 2	Department of Energy	SEOC-2023-08-694	October 2, 2023	October 1, 2048, extendible for another 25 years
4.	Certificate of Registration – Pagbilao 2 Solar Power Project	Department of Energy	SEOC-2023-08-694	October 2, 2023	N/A
5	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4269	February 5, 2024	December 31, 2024
6	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533297	January 26, 2024	December 31, 2024
7	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3530-2024	January 26, 2024	December 31, 2024
8	Community Tax Certificate	City of San Juan	00398345	January 19, 2024	December 31, 2024
9	Certificate of Registration	Bureau of Internal Revenue	622-880-880	March 9, 2023	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
10	Clearance to Undertake System Impact Study	Department of Energy	DOE-EPIMB-SIS No. 2023-09-081	September 4, 2023	N/A
11	Clearance to Undertake System Impact Study	Department of Energy	DOE-EPIMB-SIS No. 2023-10-107	October 16, 2023	N/A
12	Certificate of Incorporation	Securities and Exchange Commission	2023030088446-01	March 1, 2023	N/A
13	Barangay Clearance	Barangay Little Baguio	24-0163	January 24, 2024	December 31, 2024
14	Certificate of Annual Inspection	Office of the City Building Official, City of San Juan	3316-2024	January 30, 2024	December 31, 2024

EE. Citicore Solar Pampanga 1, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Solar Energy Operating Contract	Department of Energy	SEOC No. 2023-07-685	August 17, 2023	August 17, 2048, extendible for another 25 years
2	Certificate of Registration	Department of Energy	Registration No. SEOC 2023-07-685	August 17, 2023	August 17, 2048, extendible for another 25 years
3	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4294	February 5, 2024	December 31, 2024
4	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533293	January 26, 2024	December 31, 2024
5	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3553-2024	January 26, 2024	December 31, 2024
6	Community Tax Certificate	City of San Juan	00398341	January 19, 2024	December 31, 2024
7	Certificate of Endorsement as a Requirement for BOI Registration	Department of Energy	N/A	September 5, 2023	N/A
8	Clearance to Undertake System Impact Study	Department of Energy	DOE-EPIMB-SIS No. 2023-09-086	September 8, 2023	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
9	Certificate of Incorporation	Securities and Exchange Commission	2023010083673-10	January 27, 2023	N/A
10	Certificate of Registration	Bureau of Internal Revenue	620-958-960	February 1, 2023	N/A
11	Barangay Clearance	Barangay Little Baguio	24-0156	January 23, 2024	December 31, 2024
12	Certificate of Annual Inspection	City of San Juan	3338-2024	January 30, 2024	December 31, 2024

FF. Citicore Solar Pampanga 2, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4270	February 5, 2024	December 31, 2024
2	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-000	January 26, 2024	December 31, 2024
3	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3540-2024	January 26, 2024	December 31, 2024
4	Community Tax Certificate	City of San Juan	00397041	January 19, 2024	December 31, 2024
5	Certificate of Incorporation	Securities and Exchange Commission	2023020086688-11	February 17, 2023	N/A
6	Certificate of Registration	Bureau of Internal Revenue	623-991-738	March 28, 2023	N/A
7	Barangay Clearance	Barangay Little Baguio	24-0176	January 24, 2024	December 31, 2024
8	Certificate of Annual Inspection	City of San Juan	3320-2024	January 30, 2024	December 31, 2024

GG. Citicore Solar Pangasinan, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Solar Energy Operating Contract	Department of Energy	SEOC No. 2023-07-686	August 17, 2023	August 17, 2048, extendible for another 25 years
2	Certificate of Registration	Department of Energy	Registration No. SEOC 2023-07-686	August 17, 2023	N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
3	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4284	February 5, 2024	December 31, 2024
4	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533296	January 26, 2024	December 31, 2024
5	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3538-2024	January 26, 2024	December 31, 2024
6	Community Certificate	Tax City of San Juan	00398344	January 19, 2024	December 31, 2024
7	Certificate of Incorporation	Securities and Exchange Commission	2023030093505-02	March 31, 2023	N/A
8	Certificate of Registration	Bureau of Internal Revenue	626-926-649	May 25, 2023	N/A
9	Endorsement for System Impact Study	DOE	DOE-EPIMB-SIS No. 2023-10-097	October 2, 2023	N/A
10	Barangay Clearance	Barangay Little Baguio	24-0174	January 24, 2024	December 31, 2024
11	Certificate of Annual Inspection	City of San Juan	3309-2024	January 30, 2024	December 31, 2024

HH. Citicore Solar Pangasinan 2, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Solar Energy Operating Contract	Department of Energy	SEOC No. 2023-08-688	August 31, 2023	August 31, 2048, extendible for another 25 years
2	Certificate of Registration	Department of Energy	Registration No. SEOC 2023-08-688	August 31, 2023	August 31, 2048, extendible for another 25 years
3	Business Permit	Office of the Mayor, City of San Juan	FMZ-2024-4288	February 5, 2024	December 31, 2024
4	Locational Clearance	Local Zoning Administration Office, City of San Juan	MFZ-SJNC24-1533717	January 26, 2024	December 31, 2024
5	Sanitary Permit	City Health Officer, City of San Juan	MFZ-3531-2024	January 26, 2024	December 31, 2024
6	Community Certificate	Tax City of San Juan	00397034	January 19, 2024	December 31, 2024
7	Certificate of Incorporation	Securities and Exchange Commission	2023040096380-10	April 25, 2023	N/A
8	Certificate of Registration	Bureau of Internal Revenue	626-803-867	May 23, 2023	N/A
9	Barangay Clearance	Barangay Little Baguio	24-0164	January 24, 2024	December 31, 2024
10	Certificate of Annual Inspection	City of San Juan	3341-2024	January 19, 2024	December 31, 2024

II. Rio Norte Hydropower Corporation³³

³³ On November 28, 2023, we executed a Memorandum of Agreement for the purchase of 100% of the shares in RNHC, a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Municipality of Echague	2024-0203112000-0547	January 12, 2024	December 31, 2024
2	Certificate of Registration	Board of Investments	2019-130	July 19, 2019	N/A
3	Certificate of Registration with Tax Identification Number	Bureau of Internal Revenue	TIN 009-083-092-00000	September 8, 2015	N/A
4	Certificate of Energy Project of National Significance under Pre-Development Phase	Department of Energy – Energy Investment Coordinating Council	N/A	April 10, 2019	N/A
5	Environmental Compliance Certificate	Department of Environment and Natural Resources – Environmental Management Bureau	ECC-CO-2104-0019	January 22, 2022	N/A
6	Certificate of Non-Coverage for the 69kV Transmission Line	Department of Environment and Natural Resources – Environmental Management Bureau	N/A	February 16, 2021	N/A
7	Certificate of Non-Overlap	National Commission on Indigenous People – Region II	CNO-2019-01-01	January 4, 2019	N/A
8	Certificate of Incorporation	Securities and Exchange Commission	CS201513716	July 10, 2015	July 10, 2065
9	Forest Landuse Agreement	Department of Environment and Natural Resources	FLAG No. 01-2022	Agreement dated February 2, 2022	N/A
10	Conditional Water Permit	Department of Environment and	CWP No. 03-21-18-079	March 21, 2018	Pending renewal of permit or license that

in Isabela, Luzon. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase such shares in RNHC. As of December 31, 2023, we provided a total of ₱737.2 million in deposits for future share subscription to RNHC in anticipation of our acquisition, which we expect to finalize in the second half of 2024. See “*Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2023 compared to December 31, 2022*” and “*Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2022 compared to December 31, 2021*” on pages 96 and 100 of this Prospectus.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
		Natural Resources			expired on February 28, 2023. The application for renewal was refiled on November 20, 2023 and is pending approval.
11	Gratuitous Special Use Permit	Department of Environment and Natural Resources	GSUP R02-2023-002	September 6, 2023	September 6, 2028
12	Hydropower Service Contract	Department of Energy	HSC No. 2013-08-273	Agreement dated September 11, 2018	N/A
13	Barangay Clearance	Barangay San Miguel	001	January 11, 2024	December 31, 2024
14	Fire Safety Inspection Certificate	Bureau of Fire Protection	FSIC No. R02-RW-91538	January 12, 2024	January 12, 2025

JJ. Citicore Energy Solutions Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	CS201613732	June 28, 2016	June 28, 2066
2	RES License	Energy Regulatory Commission	11-2021-0084RS	November 24, 2021	December 7, 2026
3	GEOP License	Department of Energy	GEOP OPN 2021-03-0007	April 22, 2021	April 22, 2026
4	Business Permit	City of San Juan	FMZ-2024-1965	January 19, 2024	December 31, 2024
5	Certificate of Annual Inspection	City of San Juan	3302-2024	January 30, 2024	December 31, 2024
6	Locational Clearance	City of San Juan	MFZ-SJNC24-1533290	January 26, 2024	December 31, 2024
7	Sanitary Permit	City of San Juan	MFZ-3525-2024	January 26, 2024	December 31, 2024
8	Community Tax Certificate	City of San Juan	00398338	January 19, 2024	December 31, 2024

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
9	Certificate of Registration	Bureau of Internal Revenue	009-333-221	June 28, 2016	N/A
10	RES License	ERC	RES License No. 11-2021-0084RS	November 24, 2021	December 7, 2026
11	Barangay Clearance	Barangay Little Baguio	24-0220	January 26, 2024	December 31, 2024

KK. Sunny Side Up Power Corp.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Registration	Authority of the Freeport Area of Bataan	COR No. 2022-094	March 3, 2022	N/A; subject to revocation by the Authority of the Freeport Area of Bataan
2	Certificate of Incorporation	Securities and Exchange Commission	CS201423018	November 27, 2014	November 27, 2064
3	Certificate of Registration	Bureau of Internal Revenue	008-913-325	February 9, 2015	N/A
4	Certificate of Registration (Updated)	Bureau of Internal Revenue	TIN: 008-913-325 OCN: 020RC20220000004763	TIN Issuance Date: February 9, 2015 OCN Date: October 4, 2022	N/A

LL. Grencore Power Solutions 1, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business License	Authority of the Freeport Area of Bataan	Business License No. ADB-001-24	December 29, 2023	December 31, 2024
2	Certificate of Incorporation	Securities and Exchange Commission	CS201809679	June 8, 2018	June 8, 2068
3	Certificate of Registration	Bureau of Internal Revenue	010-032-730	June 9, 2018	N/A

MM. Grencore Power Solutions 3, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Solar Energy Operating Contract	Department of Energy	SEOC No. 2022-04-623	May 5, 2022	May 5, 2047, extendible for

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
					another 25 years
2	Business Permit	Municipality of Arayat	G-035403-00087	January 24, 2024	December 31, 2024
3	Fire Safety Inspection Certificate	Bureau of Fire Protection	FSIC No. R03-603-1139-S2024	January 22, 2024	March 2025
4	Sanitary Permit	Municipality of Arayat	0001257	January 24, 2024	December 31, 2024
5	Business Permit	Municipality of Mexico	2024-0305413000-1563	January 29, 2024	December 31, 2024
6	Sanitary Permit	Municipality of Mexico	1093-24	January 29, 2024	December 31, 2024
7	Community Tax Certificate	Municipality of Mexico	00170099	January 22, 2024	December 31, 2024
8	Certificate of Non-Overlap	National Commission on Indigenous People	RIII-CNO-20-09-0021	April 19, 2021	N/A
9	Environmental Compliance Certificate	Department of Environment and Natural Resources – Environmental Management Bureau	ECC-OL-R03-2020-0558	November 13, 2020, as amended on May 12, 2021 and August 4, 2021	N/A
10	Certificate of Compliance / Provisional Authority to Operate	Energy Regulatory Commission	17-02-M-00104M	June 21, 2022	June 20, 2024
11	Certificate of Endorsement	Department of Energy	DOE-EPIMB-ERC-P2P No. 2022-005	March 22, 2022, as amended on April 11, 2022	N/A
12	WESM Registration	Independent Electricity and Market Operator of the Philippines	Ref No. OP-RJN-22-OBT	February 8, 2022	N/A
13	Market Participation Agreement	Philippine Electricity Market Corporation	(Agreement)	Agreement dated October 28, 2021	N/A
14	Certificate of Accreditation (Pollution Control Officer)	Department of Energy and Natural Resources	COA No. 37000-2021K-03PA-1431	November 9, 2021	November 9, 2024

No.	Permit or License		Issuing Agency	Permit/License No.	Issue Date		Expiration
15	Wastewater Discharge Permit		Department of Environment and Natural Resources	DP-R03-22-04800	July 11, 2022		The application for renewal of permit or license that expired on July 11, 2023 is currently pending approval. The target release date is April 30, 2024.
16	Certificate of Registration	of	Board of Investments	2020-221	November 20, 2020		N/A
17	Conversion Order		Department of Agrarian Reform	DARCO Order No. LUCF-0321-0541	March 29, 2021		N/A
18	Conversion Order		Department of Agrarian Reform	DARCO Order No. LUCC 1220-0470	December 17, 2020		N/A
19	Solar Energy Service Contract		Department of Energy	SESC No. 2019-12-558	December 23, 2019		December 22, 2044
20	Certificate of Registration	of	Department of Energy	SESC No. 2019-12-558-AFI	February 24, 2021		N/A
21	Certificate of Confirmation of Commerciality	of	Department of Energy	SCC-2022-04-114	April 22, 2022		N/A
22	Transmission Agreement	Service	National Grid Corporation of the Philippines	(Agreement)	Agreement dated April 21, 2022		July 25, 2031
23	Connection Agreement		National Grid Corporation of the Philippines	(Agreement)	Agreement dated April 21, 2022		July 25, 2031
24	Certificate of Non-Overlap		National Commission on Indigenous People	CNO-III-2022-0068	June 10, 2022		N/A
25	Environmental Compliance Certificate		Department of Environment and Natural Resources – Environmental Management Bureau	ECC-OL-R03-2021-0669	November 18, 2021		N/A

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
26	Certificate of Registration	Department of Energy	SEOC No. 2022-04-623	May 5, 2022	N/A
27	Certification	National Irrigation Administration	N/A	N/A	N/A
28	Certificate of Registration	Board of Investments	2022-109	July 26, 2022	N/A
29	Connection Agreement	National Grid Corporation of the Philippines	(Agreement)	Agreement dated April 24, 2023	January 25, 2033
30	Final Certificate of Approval to Connect	National Grid Corporation of the Philippines	KAP-CAD-RRA-2023-09-164	September 21, 2023	N/A
31	Provisional Certificate of Approval to Connect	National Grid Corporation of the Philippines	KAP-CAD-RRA-2022-03-214	March 14, 2022	N/A
32	Certificate of Endorsement	Department of Energy	DOE-EPIMB-ERC-P2P No. 2022-11-020	December 1, 2022	N/A
33	Conversion Order	Department of Agrarian Reform	LUCF No. 2021-215	October 29, 2021	N/A
34	Conversion Order	Department of Agrarian Reform	LUCF No. 2021-212	October 29, 2021	N/A
35	Conversion Order	Department of Agrarian Reform	LUCF No. 2021-210	November 2, 2021	N/A
36	Conversion Order	Department of Agrarian Reform	DARCO Order No. LUCC 0622-0701	June 21, 2022	N/A
37	Certificate of Incorporation	Securities and Exchange Commission	CS201823404	October 17, 2018	October 17, 2068
38	Certificate of Registration	Bureau of Internal Revenue	010-168-348	October 24, 2018	N/A
39	Certificate of Registration	Bureau of Internal Revenue	TIN: 010-168-348 OCN: 21ARC20220000002778	TIN Issuance Date: October 24, 2018 OCN Date: May 20, 2022	N/A
40	Fire Safety Inspection Certificate	Bureau of Fire Protection, Arayat Fire Station	FSIC No. R03-603-1139-S2024	January 22, 2024	March 2025

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
40	Barangay Business Permit	Barangay Buenavista	OR No. 1208562	January 22, 2024	December 31, 2024
41	Environmental Management Clearance	Municipality of Mexico	1411	January 22, 2024	December 31, 2024
42	Barangay Business Clearance	Barangay San Antonio	-	January 24, 2024	December 31, 2024

NN. Greencore Power Solutions 5, Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	Securities and Exchange Commission	2022080065436-10	August 25, 2022	N/A
2	Certificate of Registration	Bureau of Internal Revenue	615-157-743	September 27, 2022	N/A

OO. Solar Power Utilities Generator Corporation³⁴

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Business Permit	Pasig City	24 APT-031664	January 5, 2024	December 31, 2024
2	Certificate of Registration	Board of Investments	2016-069	April 12, 2016	N/A
3	Certificate of Eligibility for Reclassification of Agricultural Lands	Department of Agrarian Reform	N/A	December 15, 2016	N/A
4	Certificate of Confirmation of Commerciality	Department of Energy	SCC-2021-05-100	June 11, 2021	N/A
5	Environmental Compliance Certificate	Department of Environment and Natural Resources – Environmental Management Bureau Region III	ECC-OL-R03-2016-0025	February 19, 2016	N/A
6	Certificate of Non-Coverage	Department of Environment and Natural	CNC-OL-R03-2016-05-05473	May 11, 2016	N/A

³⁴ On October 18, 2023, we executed a Memorandum of Agreement to purchase all of the shares of SPUGC and all of SPUGC's rights and interests over all permits and licenses for the construction, maintenance and operation of the Zambales 1 Solar Project and the transfer of the lease in relation to the land on which the Zambales 1 Solar Project is located. The corresponding sale covering the acquisition by us of such shares is pending.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
		Resources – Environmental Management Bureau Region III			
7	Certificate of Non-Overlap	National Commission on Indigenous People Regional Office No. III	RIII-CNO-30-06-0012	June 30, 2012	N/A
8	Certificate of Incorporation	Securities and Exchange Commission	CS200915513	October 6, 2009	October 6, 2059
9	Solar Energy Service Contract	Department of Energy	SESC No. 2015-09-257	December 23, 2015	December 23, 2040
10	Environmental Permit to Operate	City Environment and Natural Resources Pasig City	16130	January 24, 2023	December 31, 2023
11	Solar Energy Service Contract	Department of Energy	SESC No. 2015-09-257	December 23, 2015	December 23, 2040
12	Environmental Permit to Operate	City Environment and Natural Resources Pasig City	16130	January 24, 2023	December 31, 2023

PP. Citicore Solar Bulacan 2 Inc.

No.	Permit or License	Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Registration	Bureau of Internal Revenue	629-345-180	July 5, 2023	N/A
2	Certificate of Incorporation	Securities and Exchange Commission	2023060102897-01	June 8, 2023	N/A
3	Business Permit	City of San Juan	FMZ-2024-4282	February 5, 2024	December 31, 2024
4	Certificate of Annual Inspection	City of San Juan	3343-2024	January 30, 2024	December 31, 2024
5	Locational Clearance	City of San Juan	MFZ-SJNC24-1533728	January 26, 2024	December 31, 2024
6	Sanitary Permit	City of San Juan	MFZ-3532-2024	January 26, 2024	December 31, 2024

No.	Permit or License		Issuing Agency	Permit/License No.	Issue Date	Expiration
7	Community Certificate	Tax	City of San Juan	00398350	January 19, 2024	December 31, 2024
8	Barangay Clearance		Barangay Little Baguio	24-0165	January 24, 2024	December 31, 2024

QQ. Citicore Land Holdings, Inc.

No.	Permit or License		Issuing Agency	Permit/License No.	Issue Date	Expiration
1	Certificate of Incorporation	of	Securities and Exchange Commission	2023100121258-06	October 16, 2023	N/A
2	Certificate of Registration		Bureau of Internal Revenue	637-137-884	October 26, 2023	N/A
3	Business Permit		Office of the Mayor, City of San Juan	FMZ-2024-5361	February 21, 2024	December 31, 2024

MATERIAL AGREEMENTS

CREC

Our Company has entered into the following material contracts or agreements as of December 31, 2023:

No.	Contract	Date	Parties	Consideration	Description
1.	Joint Venture Agreement	January 20, 2021	GPS1, CPI, and CREC	₱40.5 million	Joint Venture Agreement for the operation, maintenance, rehabilitation and expansion of power distribution system of the Authority Freeport Area of Bataan Project
2.	Omnibus Loan and Security Agreement	October 19, 2018 (as amended on April 19, 2023)	Development Bank of the Philippines as the lender, CREC as borrower, CPI as third-party share charger and surety, and Development Bank of the Philippines-Trust Banking Group as facility agent, accounts agent and collateral agent	Up to ₱2.8 billion (aggregate principal amount)	CREC was granted a loan facility from Development Bank of the Philippines to finance its general corporate requirements.
3.	Wind Energy Service Contract	November 22, 2022	Department of Energy and CREC	Signing fee of ₱1,142,100.00	CREC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 11,421 hectares in Aparri, Cagayan, Philippines.
4.	Wind Energy Service Contract	September 26, 2022	Department of Energy and CREC	Signing fee of ₱899,100	CREC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 8,991 hectares in Ilocos Norte and Cagayan, Philippines (on shore and offshore).
5.	Wind Energy Service Contract	December 27, 2022	Department of Energy and CREC	Signing fee of ₱510,300	CREC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an

area amounting to 5,103 hectares in offshore of Cagayan.

6.	Power Supply Agreement	July 4, 2023	CREC and Clark Electric Distribution Corporation	Electricity fee to be computed	Clark Electric Distribution Corporation contracted CREC to purchase 30 MW electricity from CREC
7.	Memorandum of Agreement	November 28, 2023, as amended on February 1, 2024	CREC and CPI	₱737,200,000 in deposits for future subscription	CPI as owner of 100% issued and subscribed capital stock of RNHC intends to transfer its 25,007 common shares and such number of common shares that shall cover up CREC's deposit for future subscriptions with RNHC to CREC
8.	Solar Energy Service Contract	July 27, 2014	CREC (assigned by CREIT) and DOE	1% of gross income	CREC has the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 324 hectares in Pampanga
9.	Memorandum of Agreement	October 18, 2023	CREC, SPUGC represented by Ma. Angeli S. Nuñez ("Ms. Nuñez"), and Ms. Nuñez in her own capacity	₱44,321,819	SPUGC agreed to sell to all of its shares of stock to CREC and Ms. Nuñez agreed to lease parcels of land in Zambales to CREC for the development of a solar power plant project

SUBSIDIARIES

Our subsidiaries have entered into the following material contracts or agreements, subject to regulatory approval:

A. Citicore Energy REIT Corp.

No.	Contract	Date	Parties	Consideration	Description
1.	Fund Management Agreement	July 26, 2021, as amended	CREIT, and CFMI	A fund management fee of 0.5% of earnings before interest, taxes, depreciation, and amortization.	CFMI was contracted to manage and supervise the assets and liabilities of CREIT to generate rental income and to increase assets.
2.	Property Management Agreement	August 2021	9, CREIT and CPMI	A property management fee of 1.5% of CREC's net operating	CPMI was contracted to manage and supervise the properties of CREIT.

No.	Contract	Date	Parties	Consideration	Description
				revenue of the immediately preceding quarter.	
3.	Renewable Energy Payment Agreement	December 6, 2016	CREIT and National Transmission Corporation	To be computed	CREIT and National Transmission Corporation entered into this agreement to govern the payment of revenue for CREIT's electricity generation.

B. Citicore Solar Energy Corporation

No.	Contract	Date	Parties	Consideration	Description
1.	Green Mezzanine Construction Loan Facility Agreement	September 8, 2023, as amended on March 25, 2024	CSEC, CREC and Pentagreen Capital Assets Pte. Ltd.	U.S.\$30,000,000 (aggregate)	CSEC, as borrower, entered into a loan facility agreement with Pentagreen Capital Assets Pte. Ltd. as Arranger, Facility Agent and Security Agent. On March 25, 2024, we executed an Amendment to the Green Mezzanine Construction Loan Facility Agreement to extend the availability period further to July 31, 2024.
2.	Omnibus Agreement	September 8, 2023	CSEC, CREC and Pentagreen Capital Assets Pte. Ltd.	U.S.\$30,000,000 (aggregate)	CSEC, as borrower, granted CREC as Assignor, Sponsor, and Share Security Grantor, a first-priority security interest over its rights, benefits, and privileges under the intercompany loans granted to CSEC.

C. Greencore Power Solutions 3, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Onshore Contract (Engineering,	March 4, 2021	GPS3 and MCC-CCI	₱658,843,985.90	MCC-CCI was contracted to provide all design, engineering, procurement,

No.	Contract	Date	Parties	Consideration	Description
	Procurement and Construction Contract)				manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 50.0MW solar photovoltaic power generation plant in Pampanga, Philippines.
2.	Offshore Supply Contract (Engineering, Procurement and Construction Contract)	March 4, 2021	GPS3, Globalcore and Equipment Trading Limited	U.S.\$26,481,052.85	Globalcore and Equipment Trading Limited was contracted to provide all procurement, supply, inspection, testing, importation, and delivery services for the 50.0MW solar photovoltaic power generation plant in Pampanga, Philippines
3.	Omnibus Agreement	February 4, 2021 (as amended on February 9, 2022 and May 25, 2022)	GPS3, AC Energy CSEC, and Endeavor	₱2.3 billion (aggregate amount)	GPS3 entered into term loan facilities with AC Energy Corporation as lender to finance 50.0MW solar photovoltaic power generation plant in Pampanga, Philippines.
4.	Transmission Service Agreement	April 21, 2022	National Grid Corporation of the Philippines and GPS3	N/A	GPS3 contracted the National Grid Corporation of the Philippines for transmission services for the 50.0MW solar photovoltaic power generation plant in Pampanga, Philippines.
5.	Metering Service Agreement	April 21, 2022	National Grid Corporation of the Philippines and GPS3	N/A	GPS3 contracted the National Grid Corporation of the Philippines for metering services for the 50.0MW solar photovoltaic power generation plant in Pampanga, Philippines.

No.	Contract	Date	Parties	Consideration	Description
6.	Connection Agreement	April 21, 2022	National Grid Corporation of the Philippines and GPS3	N/A	GPS3 contracted the National Grid Corporation of the Philippines for connection to its system for the 50.0MW solar photovoltaic power generation plant in Pampanga, Philippines.

D. Solar Power Utilities Generator Corporation

No.	Contract	Date	Parties	Consideration	Description
1.	Engineering Procurement Construction Contract	October 23, 2023	SPUGC and MCC-CCI	₱3,130,423,604.90	MCC-CCI. was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 30.0MW solar photovoltaic power generation plant in Zambales, Philippines.
2.	Solar Energy Service Contract	December 23, 2015	Department of Energy and SPUGC	1% of gross income	SPUGC was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 324 hectares in Zambales.
3.	Memorandum of Agreement	October 18, 2023	CREC, SPUGC, and Ma. Angeli S. Nuñez (as lessor of SPUGC's lease properties)	₱44,321,819.00	CREC offered to purchase all shares of stock and lease all properties leased by SPUGC

E. Citicore Solar Pangasinan 2, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Engineering Procurement	Undated	CSPI2 and MCC-CCI	₱4,986,796,838.59	MCC-CCI was contracted to provide all design,

No.	Contract	Date	Parties	Consideration	Description
	Construction Contract				engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of an 80.0MW solar photovoltaic power generation plant in Pangasinan, Philippines.
2.	Solar Energy Operating Contract	August 31, 2023	Department of Energy and CSPI2	1% of gross income	CSPI2 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 90.72 hectares in Pangasinan

F. Citicore Solar Quezon, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Engineering Procurement Construction Contract	October 23, 2023	CSQ and MCC-CCI	₱4,298,078,550.00	MCC-CCI was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 70.0MW solar photovoltaic power generation plant in Quezon, Philippines.
2.	Engineering Procurement Construction Contract	October 23, 2023	CSQ and MCC-CCI	₱1,490,202,982.71	MCC-CCI was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning

No.	Contract	Date	Parties	Consideration	Description
					of a 27.0MW solar photovoltaic power generation plant in Quezon, Philippines.
3.	Solar Energy Operating Contract	August 9, 2023	Department of Energy and CSQ	1% of gross income	CSQ was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 92.26 hectares in Pagbilao, Quezon

G. Citicore Solar Batangas 1, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Engineering Procurement Construction Contract	Undated (amended on June 19, 2023)	CSB1 and MCC-CCI	₱976,667,987.32	MCC-CCI was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 50.0MW solar photovoltaic power generation plant in Batangas, Philippines.
2.	Engineering Procurement Construction Contract	Undated (amended on June 19, 2023)	CSB1 and MCC-CCI	₱1,545,041,530.18	MCC-CCI was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 90.0MW solar photovoltaic power generation plant in

No.	Contract	Date	Parties	Consideration	Description
					Batangas, Philippines.
3.	Omnibus Loan and Security Agreement	August 1, 2023 (as amended on October 23, 2023)	CSB1, CSEC. CPI, Edgar B. Saavedra, BDO Unibank, Inc., BDO Unibank, Inc. – Trust and Investments Group, BDO Capital & Investment Corporation	₱5,620,860,000.00	CSB1 entered into a loan facility agreement to fund the development and construction of two solar photovoltaic power generation plants in Batangas, Philippines.

H. Citicore Solar Batangas 2, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Engineering Procurement Construction Contract	October 23, 2023	CSB2 and MCC-CCI	₱3,852,410,657.57	MCC-CCI was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 75.0MW solar photovoltaic power generation plant in Batangas, Philippines.
2.	Engineering Procurement Construction Contract	October 23, 2023	CSB2 and MCC-CCI	₱2.6 billion	MCC-CCI was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 50.0MW solar photovoltaic power generation plant in Batangas, Philippines.

I. Citicore Solar Tarlac 1, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Formal Instrument of Agreement and General Conditions of Contract for the Engineering, Design and Procurement Contract for the Armenia Solar Photovoltaic Power Project (Offshore Contract)	December 21, 2015	CST1, ib vogt GmbH	U.S.\$4,235,827.02	ib vogt GmbH was contracted to provide all design and engineering for the Armenia Solar Photovoltaic Power Project and the design, engineering procurement, of equipment to be used for the Armenia Solar Photovoltaic Power Project
2.	Formal Instrument of Agreement and General Conditions of Contract for the Construction Contract for the Armenia Solar Photovoltaic Power Project (Onshore Contract)	December 21, 2015	CST1, A.D. Villanueva Builders	U.S.\$1,005,648.18	A.D. Villanueva Builders was contracted to provide the onshore design, engineering, construction, commissioning, testing, and delivery of the Armenia Solar Photovoltaic Power Project.
3.	Solar Energy Service Contract	February 19, 2016	Department of Energy and CST1	1% of gross income	CST1 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 324 hectares in Tarlac.

J. Citicore Solar Tarlac 2, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Formal Instrument of Agreement and General Conditions of Contract for the Engineering, Design and Procurement	December 21, 2015	CST2, ib vogt GmbH	U.S.\$3,482,246.92	ib vogt GmbH was contracted to provide the design, engineering procurement, of equipment to be used for the Dalayap Solar Photovoltaic Power Project.

No.	Contract	Date	Parties	Consideration	Description
	Contract for the Dalayap Solar Photovoltaic Power Project (Offshore Contract)				
2.	Formal Instrument of Agreement and General Conditions of Contract for the Construction Contract for the Dalayap Solar Photovoltaic Power Project (Onshore Contract)	December 21, 2015	CST2, Villanueva Builders	A.D. U.S.\$955,856.48	A.D. Villanueva Builders was contracted to provide the onshore design, engineering, construction, commissioning, testing, and delivery of the Dalayap Solar Photovoltaic Power Project.

K. Citicore Solar South Cotabato, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Formal Instrument of Agreement and General Conditions of Contract for the Engineering, Design and Procurement Contract for the Surallah Solar Photovoltaic Power Project (Offshore Contract)	August 27, 2015	CSSC, ib vogt GmbH	U.S.\$7,286,952.96	ib vogt GmbH was contracted to provide all design and engineering for the Surallah Solar Photovoltaic Power Project and the design, engineering procurement, of equipment to be used for the Surallah Solar Photovoltaic Power Project
2.	Formal Instrument of Agreement and General Conditions of Contract for the Construction Contract for the Surallah Solar Photovoltaic	August 27, 2015	CSSC, Villanueva Builders	A.D. U.S.\$753,359.04	A.D. Villanueva Builders was contracted to provide the onshore design, engineering, construction, commissioning, testing, and delivery of the Surallah Solar Photovoltaic Power Project.

No.	Contract	Date	Parties	Consideration	Description
	Power Project (Onshore Contract)				
3.	Metering Service Agreement	December 3, 2015	South Cotabato I Electrical Cooperative Inc. and CSSC	To be computed	CSSC contracted with South Cotabato I Electrical Cooperative Inc. to connect its system as an eligible renewable energy plant.
4.	Renewable Energy Supply Agreement	June 25, 2015	South Cotabato I Electrical Cooperative Inc. and CSSC	To be computed	CSSC contracted with South Cotabato I Electrical Cooperative Inc. to accept and pay for the actual cost recovery revenue for CSSC's renewable energy plant to be remitted to the National Transmission Corporation
5.	Renewable Energy Payment Agreement	August 9, 2016	CSSC and National Transmission Corporation	To be computed	CSSC and National Transmission Corporation entered into this agreement to govern the payment of revenue for CSSC's electricity generation.

L. Citicore Solar Negros Occidental 2, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Engineering Procurement Construction Contract	October 23, 2023	CSNO, MCC- Citicore Construction, Inc.	₱2,026,855,116.54	MCC-Citicore Construction, Inc. was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 30.0MW solar photovoltaic power generation plant in Negros Occidental, Philippines.
2.	Engineering Procurement Construction Contract	October 23, 2023	CSNO, MCC- Citicore Construction, Inc.	₱1,081,070,650.46	MCC-Citicore Construction, Inc. was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 20.0MW solar photovoltaic

power generation plant in
Negros Occidental, Philippines.

3. Solar Energy Service Contract July 28, 2023 Department of Energy and CSNO2 1% of gross income CSNO2 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 39.09 hectares in Negros Occidental.
4. Solar Energy Service Contract July 28, 2023 Department of Energy and CSNO2 1% of gross income CSNO2 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 25 hectares in Negros Occidental.

M. Citicore Solar Pangasinan, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Engineering Procurement Construction Contract	Undated	CSP, MCC-Citicore Construction, Inc.		MCC-Citicore Construction, Inc. was contracted to provide all design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of a 90.0MW solar photovoltaic power generation plant in Pangasinan, Philippines.
2.	Solar Energy Service Contract	August 2023	17, Department of Energy and CSP	Not indicated	CSP was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 102.89 hectares in Pangasinan.

N. Citicore Solar Bulacan, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Renewable Energy Payment Agreement	August 2016	17, CSB and National Transmission Corporation	To be computed	CSB and National Transmission Corporation entered into this agreement to govern the payment of revenue for CSB's electricity generation.

2.	Solar Energy Service Contract	June 15, 2015	Department of Energy and CSB	Not indicated	CSB was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 81 hectares in Bulacan.

O. Citicore Wind Cagayan, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Wind Energy Service Contract	December 20, 2022	Republic of the Philippines through the Department of Energy and CWC	Signing fee of ₱1,174,500	CWC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 11,745 hectares in Negros Occidental and Iloilo (offshore).
2.	Wind Energy Service Contract	November 22, 2022	Republic of the Philippines through the Department of Energy and CWC	Signing fee of ₱1,279,800	CWC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 12,798 hectares in Zambales and Bataan (offshore).
3.	Wind Energy Service Contract	December 19, 2022	Republic of the Philippines through the Department of Energy and CWC	Signing fee of ₱899,100	CWC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 8,991 hectares in San Antonio, Zambales (onshore and offshore).
4.	Wind Energy Service Contract	December 20, 2022	Republic of the Philippines through the Department of Energy and CWC	Signing fee of ₱1,571,400	CWC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 15,714 hectares in San Antonio, offshore and onshore Iloilo and offshore of Negros Occidental.

P. Citicore Wind Energy Corporation

No.	Contract	Date	Parties	Consideration	Description
1.	Wind Energy Service Contract	September 20, 2023	Republic of the Philippines through the Department of Energy and CWEC	Signing fee of ₱639,900	CWEC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 6,399 hectares in Ilocos Norte.
2.	Wind Energy Service Contract	August 17, 2023	Republic of the Philippines through the Department of Energy and CWEC	Signing fee of ₱623,700	CWEC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 6,237 hectares in Iloilo.
3.	Wind Energy Service Contract	August 17, 2023	Republic of the Philippines through the Department of Energy and CWEC	Signing fee of ₱486,000	CWEC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 4,860 hectares in Zambales.
4.	Wind Energy Service Contract	August 18, 2023	Republic of the Philippines through the Department of Energy and CWEC	Signing fee of ₱510,300	CWEC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 5,103 hectares in Pangasinan.
5.	Wind Energy Service Contract	September 7, 2023	Republic of the Philippines through the Department of Energy and CWEC	Signing fee of ₱32,400	CWEC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 324 hectares in Camarines Sur.
6.	Wind Energy Service Contract	October 5, 2023	Republic of the Philippines through the Department of Energy and CWEC	Signing fee of ₱129,600	CWEC was granted the exclusive right to explore, develop, and utilize the wind energy resources involving an area amounting to 1,296 hectares in Pangasinan.

Q. Citicore Energy Solutions, Inc.

No.	Contract	Date	Parties	Consideration	Description

1.	Retail Contract	Supply	July 24, 2023	CESI and SM Prime Holdings, Inc.	Line rental charges and electricity fees to be computed depending on actual generation	CESI was contracted to supply energy to SM Prime Holdings, Inc.
2.	Retail Contract	Supply	July 20, 2023	CESI and Laguna Metts Corporation	Line rental charges and electricity fees to be computed depending on actual generation	CESI was contracted to supply energy to Laguna Metts Corporation
3.	Retail Contract	Supply	July 03, 2023	CESI and Dynasty Management and Development Corporation	Line rental charges and electricity fees to be computed depending on actual generation	CESI was contracted to supply energy to Dynasty Management and Development Corporation
4.	Retail Contract	Supply	July 03, 2023	CESI and Dynasty Management and Development Corporation	Line rental charges and electricity fees to be computed depending on actual generation	CESI was contracted to supply energy to Dynasty Management and Development Corporation
5.	Retail Contract	Supply	March 10, 2023	CESI and Quanta Paper Corporation	Line rental charges and electricity fees to be computed depending on actual generation	CESI was contracted to supply energy to Quanta Paper Corporation

R. Rio Norte Hydropower Corporation³⁵

No.	Contract	Date	Parties	Consideration	Description
1.	Power Agreement	Supply April 25, 2018 as amended on February 17, 2023	Isabela 1 Electric Cooperative, Incorporated and RNHC	Selling rate to be computed	Isabela 1 Electric Cooperative contracted RNHC to purchase its generated energy output from its hydro renewable energy projects

S. Citicore Solar Tarlac, Inc

No.	Contract	Date	Parties	Consideration	Description

³⁵ On November 28, 2023, we executed a Memorandum of Agreement for the purchase of 100% of the shares in RNHC, a subsidiary of our parent company, CPI, which has begun to develop and construct a run-of-river hydro project with a gross installed capacity of 25.7MW located in Isabela, Luzon. On February 1, 2024, the Memorandum of Agreement was amended to, among others, extend the period by which CPI agrees to sell and we agree to purchase its shares in RNHC. As of December 31, 2023, we provided a total of ₱737.2 million in deposits for future share subscription to RNHC in anticipation of our acquisition, which we expect to finalize in the second half of 2024. See “*Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2023 compared to December 31, 2022*” and “*Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operation – Statement of Financial Position – As of December 31, 2022 compared to December 31, 2021*” on pages 96 and 100 of this Prospectus.

1.	Metering Agreement	Service	February 29, 2016	Tarlac Electric, Incorporated and CST	N/A	The parties executed the agreement relative to CST's metering points of its Tarlac renewable energy facility.
2.	Connection Agreement		February 29, 2016	Tarlac Electric, Incorporated and CST	N/A	The parties executed the agreement relative to the interconnection of CST's 8.84MWp PV Plant to Tarlac Electric, Incorporated's distribution system.

T. Citicore Solar Pampanga 1, Inc.

No.	Contract	Date	Parties	Consideration	Description
1.	Solar Energy Service Contract	August 2023	Department of Energy and CS Pampanga 1	1% of gross income	CS Pampanga 1 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 47.28 hectares in Pampanga.

U. Citicore Solar Batangas 2, Inc. (formerly Greencore Power Solutions 2, Inc.)

No.	Contract	Date	Parties	Consideration	Description
1.	Solar Energy Service Contract	March 25, 2020	Department of Energy and GPS2	1% of gross income	GPS2 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 324 hectares in Batangas.
2.	Solar Energy Service Contract	March 25, 2020	Department of Energy and GPS2	1% of gross income	GPS2 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 1,296 hectares in Batangas.
3.	Solar Energy Service Contract	July 21, 2023	Department of Energy and GPS2	1% of gross income	GPS2 was granted the exclusive right to explore, develop, and utilize the solar energy resources involving an area amounting to 86 hectares in Batangas.

V. Sunny Side Up Power Corp.

No.	Contract	Date	Parties	Consideration	Description
1.	Power Supply Contract	February 7, 2020	SSUPC and Authority of the Freeport Area of Bataan	₱67,837,500.00	Authority of the Freeport Area of Bataan contracted SSUPC to produce solar power
2.	Engineering, Procurement, and Construction Services Agreement	July 3, 2020	SSUPC and Solaric Corp.	₱208,867,166.21	SSUPC engaged Solaric Corp. for the construction and operation of a 6,566 kilowatt-peak rooftop-mounted photovoltaic power generation facility in the Freeport Area of Bataan, Mariveles, Province of Bataan
3.	Engineering, Procurement, and Construction Services Agreement	July 12, 2023	SSUPC and MCC-Citicore Construction, Inc.	Not indicated	SSUPC engaged MCC-Citicore Construction for the construction and operation of a 4,360 kilowatt-peak rooftop-mounted photovoltaic power generation facility in the Freeport Area of Bataan, Mariveles, Province of Bataan
5.	Registration Agreement	June 29, 2020	SSUPC and Authority of the Freeport Area of Bataan	For the development of the area with a projected investment of ₱245,500,000.00	SSUPC's Application for Registration as a Freeport Area of Bataan enterprise was granted and its rights outlined in the agreement

REGULATORY AND ENVIRONMENTAL MATTERS

The following description is a summary of certain laws and regulations in the Philippines, which are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.

ENERGY LAWS

Electrical Power Industry Reform Act

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (“**EPIRA**”) established a framework for the organization and operation of the electric power industry in connection with its restructuring, with the industry divided into four sectors: generation, transmission, distribution and supply. The structural reforms resulted among others in the creation of two government-owned and controlled corporations, the Power Sector Assets and Liabilities Management Corporation (“**PSALM**”) and the TransCo.

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone, and continues to undergo, significant restructuring. Through the EPIRA, the Government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The major aspects of the reforms include the (1) restructuring of the entire power industry to introduce competition in the generation sector, (2) change from government to private ownership, and (3) introduction of a stable regulatory framework for the electricity sector.

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission and distribution sectors will remain regulated. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services. The EPIRA also included provisions on cross-ownership with TransCo and other anti-competitive behavior provisions, which have been modified by Republic Act No. 9511, the franchise of the NGCP.

The Generation Sector

The generation sector converts fuel and other forms of energy into electricity. This sector, by utility, consists of the following: (i) National Power Corporation (“**NPC**”)–owned and –operated generation facilities; (ii) NPC–owned plants, which consist of plants operated by Independent Power Producers (“**IPPs**”), as well as IPP–owned and –operated plants; and (iii) IPP–owned and –operated plants that supply electricity to customers other than NPC. Successes in the privatization process of NPC continue to build up momentum for the power industry reforms.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP agreements of NPC, which excludes the assets devoted to missionary electrification through the NPC Small Power Utilities Group. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for contracts with various suppliers and private distribution utilities, or through spot sale transactions in the WESM. Competition will be based largely on pricing, subject to availability of transmission lines to wheel electricity to the grid and/or buyers. Recovery by distribution utilities of their purchased power cost is subject to review and regulation by the ERC to determine reasonableness of the cost that are passed on to consumers. With the implementation of Retail Competition and Open Access (“**RCOA**”), generation rates, except those intended for the end-users who may not choose their supplier of electricity (“**Captive Customers**”), ceased to be regulated to a certain extent.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to retail electricity suppliers through either bilateral contracts or the WESM as described below. With the implementation of RCOA on December 26, 2013, generation companies may likewise sell electricity to eligible end-users with an average

monthly peak demand of 750kW and certified by the ERC to be such (“**Contestable Market**”). No generation company is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25.0% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility’s total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of the EPIRA.

The EPIRA provides that power generation is not a public utility operation and thus, engaging in power generation does not require securing national franchises and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. Republic Act No. 11659, otherwise known as the Public Service Act, as amended, which serves as basis to determine whether an activity or service constitutes an operation of a public utility, does not include power generation among those deemed as public utilities. However, in order to operate, generation companies must obtain a Certificate of Compliance from the ERC, as well as health, safety and environmental clearances from appropriate government agencies under existing laws. Upon implementation of RCOA, the prices charged by a generation company for the supply of electricity shall not be subject to regulation by the ERC except as otherwise provided under the EPIRA.

In 2017, the Department of Energy (“**DOE**”) issued DOE Circular No. 2017-12-0013, allowing end-users with an average peak demand of 750kW (“**Contestable Customers**”) to voluntarily participate in the retail market. In 2020, the ERC issued Resolution No. 12, Series of 2020, outlining the timeline for implementing the RCOA. Qualified contestable customers with existing electronic meters capable of recording and reading time intervals, featuring a built-in communication port for remote and manual data retrieval, would be eligible to switch to the Competitive Retail Electricity Market or the Contestable Market starting February 26, 2021.

The ERC may impose fines and penalties for violations by generation companies of the EPIRA and the EPIRA IRR policies as well as the ERC’s rule and regulations on market power abuse, cross-ownership and anti-competitive behavior.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the operation of the electrical transmission systems throughout the Philippines. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code (“**Grid Code**”). TransCo is also mandated to provide Open Access to all industry participants. The EPIRA granted TransCo a monopoly over the high-voltage network and subjected it to performance-based regulations.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. Since the transmission of electric power is a regulated common carrier business, the transmission wheeling charges of TransCo are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of a concession over, the transmission assets while the subtransmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.\$3.95 billion. NGCP was officially granted the authority to manage and operate the country’s sole transmission system on January 15, 2009. Ownership of all transmission assets, however, remained with TransCo.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

Under Republic Act No. 11659 or the Public Service Act, as amended, the transmission and distribution sectors are still considered as public utilities. Section 11, Article XII of the 1987 Philippine Constitution states that no franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least

60% of whose capital is owned by such citizens; nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period of 50 years.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from Congress, although franchises relating to electric cooperatives remained under the jurisdiction of the National Electrification Administration until the end of 2006. All distribution utilities are also required to obtain a Certificate of Public Convenience and Necessity from the ERC to operate as public utilities.

All distribution utilities are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code ("**Distribution Code**"), the Distribution Services and Open Access Rules and the performance standards set out in the EPIRA IRR.

The distribution sector is and will continue to be regulated by the ERC, with distribution and wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by distribution utilities for the supply of electricity to its Captive Customers is subject to ERC approval. In addition, as a result of the Government's policy of promoting free competition and open access, distribution utilities are required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines.

The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken solely by franchised distribution utilities. However, with the implementation of RCOA, the supply function has become competitive. The business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to the "Contestable Market" (i.e., a market of electricity end-users who have a choice on their supplier of electricity) is considered a business with a public interest dimension. As such, the EPIRA requires all suppliers of electricity to the Contestable Market to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior.

With the implementation of the RCOA, a RES is allowed to enter into retail electricity supply agreements ("**RESA**") with Contestable Customers. This set-up encourages competition at the retail level. It has been planned that the threshold for retail competition will gradually increase over time, provided that retail electricity suppliers are sufficiently creditworthy to be suitable offtakers for generation companies.

In 2022, the ERC promulgated ERC Resolution No. 04, Series of 2022 or the Rules for the Electric Retail Aggregation Program ("**Retail Aggregation Rules**"). Under the Retail Aggregation Rules, two or more end-users or all end-users within a contiguous area may join together and be treated as a single Contestable Customer, based on the current demand threshold demand prescribed under the rules, as may be reduced from time to time, wherein such Contestable Customer shall be part of the Contestable Market.

No limit shall be imposed on the number of end-users whose demand shall be consolidated, provided, that the total aggregated demand of such single group has complied with the applicable level of contestability for individual contestable customers. The electricity requirements of end-users whose total monthly average peak demand is at least 500kW for the past three months and are located within a contiguous area may be aggregated effective on December 26, 2022.

Restrictions on Cross-Ownership under EPIRA and the National Grid Corporation of the Philippines Charter

EPIRA

The EPIRA prohibits participants in the electricity industry from engaging in any anti-competitive behavior including cross-ownership. The EPIRA contemplates two prohibitions.

First, there is a prohibition on the ownership of any interest, direct or indirect, in TransCo or any of its concessionaires. The prohibition applies to the following:

- (a) Generation companies or distribution utilities;
- (b) Subsidiaries of the generation company or distribution utility;
- (c) Affiliates of the generation company or distribution utility;
- (d) Stockholders of the generation company or distribution utility;
- (e) Officials of the generation company or distribution utility; or
- (f) Other entities engaged in generating and supplying electricity specified by the ERC.

Second, there is a prohibition imposed on the ownership of any interest, direct or indirect, in any generation company or distribution utility. The prohibition applies to the following:

- (a) TransCo;
- (b) TransCo concessionaires;
- (c) Stockholders of TransCo or a TransCo concessionaire, or any of the stockholders' relatives within the fourth civil degree of consanguinity or affinity; or
- (d) Officials of TransCo or a TransCo concessionaire, or any of the officials' relatives within the fourth civil degree of consanguinity or affinity.

National Grid Corporation of the Philippines Charter

The NGCP is a TransCo concessionaire and was granted a franchise under Republic Act No. 9511 ("**NGCP Charter**"). As a TransCo concessionaire, it is subject to the prohibitions on cross-ownership under EPIRA.

Section 7 of the NGCP Charter provides prohibitions on cross-ownership. These prohibitions apply in addition to those under EPIRA. The provisions on cross-ownership under Section 45 of EPIRA which are inconsistent with Section 7 of the NGCP Charter shall be deemed modified accordingly insofar as NGCP is concerned.

First, there is a prohibition imposed on the ownership of any shares of stock in any generation company, distribution utility, or its respective subsidiary or affiliate, or other entity engaged in generating and supplying electricity specified by the ERC ("**Power Industry Player**"). The prohibition applies to the following:

- (a) NGCP; or
- (b) Any of NGCP's stockholders, directors, or officers, or any of their relatives within the fourth degree of consanguinity and their respective spouses.

Second, there is a prohibition imposed on the ownership of any shares of stock in NGCP. The prohibition applies to the following:

- (a) Any Power Industry Player; or
- (b) The stockholders, directors or officers of a Power Industry Player, or any of their relatives within the fourth civil degree of consanguinity and their respective spouses.

The NGCP Charter provides exceptions to the above prohibitions. The prohibition shall not apply to:

- (a) A relative by blood or marriage, if such relative of any stockholder, director or officer of NGCP has no employment, consultancy, fiduciary, contractual, commercial or other economic relationship or interest in NGCP, or conversely, if such relative of any stockholder, director or officer of a Power Industry Player has no employment, consultancy, fiduciary, contractual, commercial or other economic relationship or interest in the Power Industry Player;
- (b) Ownership of shares of stock in a company listed in the PSE even if such listed company is a Power Industry Player, if such share ownership is not more than one percent (1%) of the total outstanding shares of such listed Power Industry Player; or
- (c) Ownership of shares of stock which is not more than one percent (1%) in a company listed in the PSE which owns or controls shares of stock in NGCP, provided that such owner of shares of stock in the listed corporate stockholder of NGCP shall not own more than one percent (1%) of the shares of stock or equity interest in any Power Industry Player.

Penalties for Violation of Cross-Ownership Restrictions

The EPIRA imposes a fine ranging from a minimum of ₱50,000.00 to a maximum of ₱50,000,000.00 for any violation of or non-compliance with EPIRA. Further, any person found guilty of violating the prohibition on cross-ownership shall suffer the penalty of *prision mayor* and a fine ranging from ₱10,000.00 to ₱10,000,000.00, or both, at the discretion of the court. Furthermore, EPIRA imposes penalties (both fine and/or imprisonment) to members of the Board of Directors, the President, the Chief Executive Officer or Chief Operating Officer found guilty of violating or refusing to comply with any provision of the EPIRA or its implementing rules.

The NGCP Charter provides that no shares of stock issued or acquired in violation of the prohibition on cross-ownership shall be allowed to vote or be entitled to representation at any stockholders' meeting of NGCP, nor shall the holder thereof be entitled to any of the rights of a stockholder of NGCP, including the right to dividends, during the existence of such prohibited cross-ownership.

Competitive Market Devices under EPIRA

Wholesale Electricity Spot Market

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. The establishment of the WESM facilitates a transparent and competitive electricity market for the country.

All generation companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC are eligible to become WESM members subject to compliance with membership requirements.

On June 28, 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly trading period). These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the Philippine Electricity Market Corporation (“PEMC”) was incorporated as a non-stock, non-profit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM. The PEMC was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

The PEMC and the Independent Electricity Market Operator of the Philippines Inc. (“IEMOP”), have executed the Operating Agreement to formalize the transfer of all functions, assets and liabilities associated with market

operations from PEMC to the IEMOP effective on September 26, 2018. IEMOP is poised to take over the WESM, a function that is currently performed by PEMC. Republic Act No. 9136 requires PEMC to divest itself of this function in favor of a separate entity that is independent of the market participants. On February 6, 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. IEMOP, a nonstock, non-profit corporation, led by a board of directors, all of whom are independents and do not have any interest or connection to the WESM participants, was incorporated and organized to implement the transition plan. Starting on September 26, 2018, the IEMOP runs the electricity market and manages the registration of market participants, receive generation offers, come out with market prices and dispatches schedules of the generation plants, and handle billing, settlement, and collections, among other things. Under the policy and regulatory oversight of the DOE and the ERC, PEMC remains the governing body for WESM to monitor compliance of the market participants with the market rules.

Retail Competition and Open Access

The EPIRA likewise provides for a system of RCOA on transmission and distribution wires, whereby TRANSCO/NGCP and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution and wheeling charges. Conditions for the commencement of the open access system are as follows:

- (a) establishment of the WESM;
- (b) approval of unbundled transmission and distribution wheeling charges;
- (c) initial implementation of the cross-subsidy removal scheme;
- (d) privatization of at least 70.0% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- (e) transfer of the management and control of at least 70.0% of the total energy output of power plants under contract with NPC to the IPPAs.

Prior to the implementation of the RCOA, the distribution utility exclusively procures energy on behalf of its customers, and delivers the energy through its distribution wires. With RCOA, competing Retail Electricity Suppliers will do the buying and selling of electricity, and have the distribution utility deliver the energy for them through the distribution utility's existing distribution wires. The Contestable Customers will have more choices in pricing and power supply contracting, thereby getting the best deal in terms of price and value for money.

The implementation of retail competition and open access is mandated by the EPIRA, subject to the fulfilment of certain conditions including, but not limited to, the establishment of the WESM, the unbundling of transmission and distribution wheeling charges, and privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that transmission and distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable and adverse financial effect on a distribution utility. The initial implementation of the cross-subsidy removal scheme was accomplished in 2001.

These arrangements are now in place, in satisfaction of the conditions for RCOA.

The EPIRA likewise provides for a socialized pricing mechanism such as the lifeline rate subsidy to be set by the ERC for marginalized or low-income Captive Customers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy removal for a period of 10 years, unless extended by law. Its application was extended for another 10 years by Republic Act No. 10150, which was approved in June 2011.

Implementation of Performance Based Regulation

On June 22, 2009, the ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering Performance Based Regulation (“**PBR**”) for the fourth entry points, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies’ customers. Under the PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period will be set by reference to projected revenues which are reviewed and approved by the ERC and used by the ERC to determine a distribution utility’s efficiency factor. For each year during the regulatory period, a distribution utility’s distribution charge is adjusted upwards or downwards taking into consideration the utility’s efficiency factor set against changes in overall consumer prices in the Philippines.

The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Government Approval Process

As set forth in the EPIRA and the Public Service Act, as amended, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC from the ERC to operate facilities used in the generation of electricity. A COC is valid for a period of five years from the date of issuance.

In addition to the COC requirement, a generation company must comply with technical, financial and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and the Distribution Code promulgated by the ERC. In this connection, the ERC has issued “Guidelines for the Financial Standards of Generation Companies,” which sets the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements for the two most recent 12-months periods, if available, a schedule of liabilities, and a five-year financial plan. For the duration of the COC, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be a ground for the imposition of fines and penalties.

The ERC also governs the approval process for Power Supply Agreement (“**PSA**”) between distribution utilities and power suppliers. Under ERC Resolution No. 38, Series of 2006, Rule 20 (B), the ERC specified that the procedures for Applications for Approval of Power Supply Contract other than those covered by the Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Rates (ERC Res. No. 11, Series of 2005). Aside from the regulatory certificates from the Philippine SEC, BOI, DOE, and the like, the ERC also requires additional documentary support for PSA approval. For instance, they require financial data such as debt-to-equity ratios, project costs, annual interests, weighted average cost of capital, bank loans, to name a few. The ERC also requires a specification of the cash flow on the initial costs, operating & maintenance expenses, Minimum Energy Offtake, fuel costs, and the like. In addition, technical and economic characteristics of the generating plant such as the kWh generation (basis of maintenance allowance), installed capacity, mode of operation, and dependable capacity, also need to be presented for ERC approval.

Further, pursuant to DOE Department Circular No. DC2015-06-0008 or “Mandating All Distribution Utilities to Undergo Competitive Selection Process (CSP) in Securing Power Supply Agreements (PSA)”, all distribution utilities shall procure PSAs only through Competitive Selection Process (“**CSP**”). DC2015-06-0008 took effect immediately on June 30, 2015 upon publication. In *Alyansa Para Sa Bagong Pilipinas, Inc. v. Energy Regulatory Commission* (G.R. No. 227670, May 3, 2019), the Supreme Court of the Philippines ruled that all PSA applications submitted to the ERC on or after June 30, 2015 shall comply with CSP. Upon compliance with the CSP, the power

purchase cost resulting from such compliance shall retroact to the date of effectivity of the complying PSA, but in no case earlier than June 30, 2015, for purposes of passing on the power purchase cost to consumers.

Under the said resolution, ERC must render a decision within 90 days from the date of filing of the application. If no decision is rendered within the 90-day period, the PSA shall be deemed approved, unless the extension of the period is due to extraordinary circumstances.

Upon the introduction of RCOA, the rates charged by a generation company will no longer be regulated by the ERC, except rates for Captive Customers (which are determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction and operation, including environmental licenses and permits.

Retail rates charged by RES to Contestable Customers will not require ERC approval. Only the retail rates charged by Distribution Utilities to their Captive Customers will be subject to the approval of the ERC.

The Renewable Energy Act

The Renewable Energy Act of 2008 or Republic Act No. 9513 ("**Renewable Energy Act**") was enacted to promote the development, utilization, and commercialization of renewable energy resources. The DOE is the lead agency mandated to implement the Renewable Energy Act.

The Renewable Energy Act aims to:

- (a) Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
- (b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and nonfiscal incentives;
- (c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment; and
- (d) establish the necessary infrastructure and mechanism to carry out the mandates specified in this Act and other existing laws.

Renewable energy developers and local manufacturers, fabricators and suppliers of locally-produced renewable energy equipment shall register with the DOE, through the Renewable Energy Management Bureau. Upon registration, a certification shall be issued to each developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to incentives under the Renewable Energy Act.

Under the Renewable Energy Act, renewable energy developers, as duly certified by the DOE, in consultation with the BOI, shall be entitled to incentives, including:

- (a) income tax holiday for the first seven years of its commercial operations;
- (b) duty-free importation of renewable energy machinery, equipment, and materials within the first ten years upon issuance of a certification of a renewable energy developer;

- (c) special realty tax rates on equipment and machinery;
- (d) net operating loss carry-over;
- (e) corporate tax rate on net taxable income;
- (f) accelerated depreciation of plant, machinery, and equipment;
- (g) zero percent value-added tax rate for the sale of fuel or power generated from renewable sources of energy;
- (h) cash incentive on renewable energy developers for missionary electrification;
- (i) tax exemption of carbon credits; and
- (j) tax credit on domestic capital equipment and services.

Renewable Portfolio Standards

The Renewable Portfolio Standards (“**RPS**”) under DOE Circular No. DC2017-12-0015 is a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy (“**RE**”) resources. Entities mandated to comply with the RPS On-Grid Rules include: (a) all distribution utilities for their Captive Customers; (b) all suppliers of electricity for the contestable market; (c) generating companies only to the extent of their actual supply to their directly connected customers; and (d) other entities as may be recommended by the National Renewable Energy Board and approved by the DOE. The RPS On-Grid Rules likewise require that in complying with the RPS requirement, mandated participants undertake competitive selection process in sourcing RE generation supply for its customers.

The RPS On-Grid Rules shall be implemented in the Luzon, Visayas, and Mindanao Grids. Under these rules, the renewable energy share of electricity coming from renewable energy resources in the energy mix shall be based on the aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. The minimum annual requirement per mandated participant shall be computed in accordance with the formula provided in the RPS On-Grid Rules. The minimum annual increment required under the RPS On-Grid Rules shall be initially set at one percent to be applied to the net electricity sales of a mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary to ensure that the aspirational target of RE share will be achieved. On September 23, 2023, the DOE issued Department Circular No. DC2022-11-0034 which adjusted the Annual Increment Renewable Energy Percentage to 2.52% starting 2023.

In complying with the RPS On-Grid Rules, Mandated Participants shall use RE Certificates (“**RECs**”). RECs are certificates issued by the RE Registrar to electric power industry participants showing energy sourced, produced, and sold or used. RECs may be traded in the RE Market in complying with the RPS. The REC shall represent all renewable and environmental attributes from one MWh of electricity sourced from duly registered RE facilities. RECs may be obtained from any one, a combination or all of the following:

- (a) allocation from the RE Registrar pursuant to the relevant rules issued by the DOE. RE generation under the FIT System allocated by the RE Registrar;
- (b) generation from an Eligible RE Facility that has a PSA with the Mandated Participant;
- (c) purchase or acquisition of RECs from the RE Market;
- (d) any generation from Net Metering arrangements which have been properly measured;
- (e) any generation from an RE Facility installed in the end-user’s premises for own-use; and
- (f) synchronized to the distribution utility’s system, which have been properly measured.

For purposes of compliance with the RPS On-Grid Rules, the following technologies and resources shall be eligible renewable energy facilities: biomass, waste to energy technology, wind energy, solar energy, run-of-river

hydroelectric power systems, impounding hydroelectric power systems, ocean energy, hybrid systems as defined in the Renewable Energy Act with respect to the RE component, geothermal energy, and other RE technologies that may be later identified by the DOE. For RE facilities utilizing these technologies to be eligible under the RPS compliance and attribution of RECs, they shall have been in commercial operations after the effectivity of the Renewable Energy Act.

In addition to the technologies enumerated above, the following additional generation from renewable energy facilities after the effectivity of the Renewable Energy Act shall be considered for compliance as determined by DOE: (a) Existing and New Generation Facilities under the FIT System; (b) Incremental capacity resulting from expansion of an existing RE Generation Facility; (c) Incremental capacity resulting from the upgrading of an existing RE Generation Facility that includes retrofitting, refurbishing or re-powering; (d) New capacities resulting from a change in the technology (from a non-RE to RE Generation Facility); provided, that cofiring of coal plants that is modified to use agricultural wastes as fuel shall not be allowed unless the DOE provides for a clear mechanism that measures with certainty the use of RE resources as fuel in such Generation Facility; (e) RE Generation Facilities installed in end-user's premises participating under the Net Metering Program; (f) RE Generation Facilities installed in the end-user's premises for own-use and synchronized to the distribution utility's system; and (g) Mothballed RE Generation Facilities that are restored into operation.

The Feed-In Tariff System

To accelerate the development of emerging renewable energy resources, a feed-in tariff system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass was created under the Renewable Energy Act. The Feed-in Tariff system ("**FIT**") is a scheme that involves the obligation on the part of electric power industry participants to source electricity from RE generation at a guaranteed fixed price applicable for a given period of time. The FIT is adopted to accelerate the development of emerging RE Resources through a fixed tariff mechanism and is mandated for wind, solar, ocean, run-of-river hydropower, and biomass energy resources.

The FIT rules shall include, but not limited to the following:

- (a) Priority connections to the grid for electricity generated from emerging renewable energy resources such as wind, solar, ocean, run-of-river hydropower and biomass power plants within the territory of the Philippines;
- (b) The priority purchase and transmission of, and payment for, such electricity by the grid system operators;
- (c) Determine the fixed tariff to be paid to electricity produced from each type of emerging renewable energy and the mandated number of years for the application of these rates, which shall not be less than 12 years; and
- (d) The feed-in tariff to be set shall be applied to the emerging renewable energy to be used in compliance with the RPS as provided for in the Renewable Energy Act and in accordance with the RPS rules established by the DOE.

Electricity consumers who are supplied with electricity through the distribution of transmission network shall share in the cost of the FITs in part through a uniform charge (in ₱/kWh) referred to as the FIT-All and applied to all billed kWh. NGCP ensures that the FIT-All fund is sufficient to pay all renewable energy producers regularly.

The Green Energy Option Program

The Renewable Energy Act introduced the Green Energy Option Program ("**GEOP**"), which provides end-users the option to choose renewable energy resources as their sources of energy. The GEOP enables end users to directly contract from renewable energy facilities their energy requirements distributed through their respective distribution utilities.

Further, TransCo or its successors-in-interest, distribution utilities, PEMC, and all relevant parties are mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the GEOP. The end-user who will enroll under the GEOP should be informed by way of its monthly

electric bill, how much of its monthly energy consumption and generation charge is provided by renewable energy facilities.

The Green Energy Auction Program

DOE Department Circular No. DC 2021-11-0036 or the Revised Guidelines for the Green Energy Auction Program in the Philippines (“**GEAP Guidelines**”) provides for the mechanisms to implement the Green Energy Auction Program (“**GEAP**”) as a means to accelerate the development of renewable energy systems and the promotion and commercialization of its applications, encourage free and active private sector participation and investment in all energy activities, and provide adequate capacity to meet demand, including reserve requirements.

The GEAP consists of two components – Green Energy Tariff and Green Energy Auction.

The Green Energy Tariff refers to the price, in ₱/kWh, resulting from the conduct of each Green Energy Auction corresponding to each Winning Bidder as defined in the GEAP Guidelines on a pay-as-bid basis. The general principle observed in the determination of the Green Energy Tariff is that the same shall reflect the value of electricity, resulting from a competitive process that Qualified Bidders are capable of supply the prescribed capacity volume and delivery periods. The Winning Bidder/s shall have the most competitive bid price offered based on the Terms of Reference for a particular Auction Round Procedure, as determined by the Green Energy Auction Committee. Qualified Bidders refers to RE Developers/Generators registered with the DOE who have been notified of their qualifications and have been furnished user-specific electronic identification to be used for the auction. The Winning Bidder refers to the Qualified Bidder determined to have the most responsive bid or offer in a particular bid round.

The Green Energy Tariff component is to provide price signals on the commercial value of electricity generated from renewable energy facilities resulting from a competitive process and set the benchmark price for distribution utilities under the Opt-In Mechanism.

The Opt-In Mechanism was introduced to reduce FIT-All charges to the electricity end-users, and to meet any Distribution Utilities supply and RPS requirements. Under the Opt-In Mechanism, any Distribution Utility shall have the option to procure from the GEAP pool of a Winning Bidder under a particular auction round and thereby carve out such procured volumes from the pool compensable by the FIT-All.

The generation cost reflected in the contract between the Distribution Utility exercising the Opt-In option and the Winning Bidder/s shall be the offered price or the blended offer price of the Winning Bidder/s in the relevant auction round. The contracted generation under such contract shall be charged by the Distribution Utility against its captive customers and the corresponding Renewable Energy Certificates generated from the “Opt-In Capacity” generation shall accrue in favor of the Distribution Utility off-taker. The GEA Capacity and basis for calculating the FIT-All Fund shall be decreased according to the corresponding Opt-In Capacity contracted by the Distribution Utility. The Green Energy Tariff corresponding to the Opt-In Capacity Volume shall be charged, not against the FIT-All Fund, but against the Opting-In Participants as part of the generation charge payable by the relevant captive customers.

The Green Energy Auction is a competitive process of procuring renewable energy supply undertaken pursuant to the GEAP Guidelines. It is a mechanism to facilitate the selection of eligible renewable energy plants through a competitive process or auction. The GEAP Guidelines provides for the Green Energy Auction Guiding Principles, which shall be observed in the conduct of a Green Energy Auction and the development of specific Terms of Reference for each auction round, are the following:

- (a) The auction shall be conducted for New and Existing RE Capacities, as defined in the GEAP Guidelines, and are duly registered with the DOE with no existing power purchase agreement/power supply agreement with any distribution utility or end-user at the time of the agreed delivery date/s;
- (b) Participating entities shall be allowed full recovery of prudent and reasonable economic costs incurred, provided, that the Winning Bidders’ bid offers shall be considered their prudent and reasonable economic costs;
- (c) Efficiency and competitive prices of electricity shall be promoted;
- (d) Fair and transparent processes will be observed in all stages of the GEAP; and
- (e) Clean and sustainable forms of energy will be harnessed.

Energy Virtual One Stop Shop Law

Republic Act No. 11234 or the Energy Virtual One Stop Shop (“**EVOSS**”) Law which became effective on March 30, 2019 established an online process of completing the requirements of energy related projects to ensure the timely completion of power generation, transmission and distribution projects by eliminating duplication in documentary submissions and processes through an online platform for government agencies to coordinate and share information. It provides for the paperless and electronic application and processing system which proponents can access all information necessary in the application of new projects, submit all requirements and monitor the approval.

The EVOSS Law provided specific timeframe within which the government agencies involved to issue the required permits and licenses upon receipt of the complete documents. The failure of a particular agency to act upon the applications duly filed with complete supporting documents within the prescribed period shall deem the application approved. Penalties may also be imposed on government officials or employees that fail to comply with the mandated timeframes. The EVOSS Law also created the EVOSS Steering Committee which had a limited life of two years from the effectivity of the law or until March 29, 2021. To maintain the momentum and continuity of the initiatives of the law, Executive Order No. 143 was signed last July 2, 2021, which created the EVOSS Task Group, which has the same composition and has the same powers and functions as the EVOSS Steering Committee.

In connection with the implementation of the EVOSS, the DOE issued DOE Department Circular No. DC 2023-06-0020 or the “Policy and Administrative Framework for the Efficient and Optimal Development of the Country’s Offshore Wind (OSW) Resources”, which applies to all Offshore Wind (“**OSW**”) projects throughout the Philippines and to all government agencies involved in the permitting process of OSW projects (“**Permitting Agencies**”). This DOE circular mandates Permitting Agencies to submit to the DOE its permitting requirements and processes, which shall be streamlined by the EVOSS Secretariat leading to the expeditious and efficient development of OSW resources. The permitting of OSW projects shall be integrated into the EVOSS System. Upon successful integration into the EVOSS System, all OSW applicants and developers shall lodge their applications, requests and payment of applicable fees pertaining to OSW development into the EVOSS System. The Permitting Agencies shall process all applications and requests, and issue the corresponding permits within the prescribed timeline within the EVOSS System in compliance with the EVOSS Law and its implementing rules and regulations.

The Energy Efficiency and Conservation Act

The Energy Efficiency and Conservation Act (“**EEC**”) or Republic Act No. 11285 was enacted to establish a framework for introducing and institutionalizing policies on energy efficiency and conservation.

Under the EEC, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to incentives under Executive Order No. 226 or the “Omnibus Investments Code of 1987,” and other applicable laws for ten years from the effectivity of the EEC. After the lapse of ten years, the inclusion of energy sufficient projects in the annual investment priorities plan shall be reviewed and may be extended by the BOI. Energy efficient projects are exempt from the nationality requirements under Article 32(1) of the Omnibus Investments Code of 1987, unless the project involved exploration, development and utilization of natural resources which is reserved to Filipino citizens, or corporations or association at least 60% of whose capital is owned by Filipino citizens as per Section 2, Article XII of the 1987 Constitution. Further, establishments that will implement or are implementing energy efficient projects are entitled to provision of awards and recognitions, and technical assistance from government agencies in the development and promotion of energy efficient technologies.

The following acts are prohibited under the EEC:

- (a) failing to comply with energy labelling;
- (b) removing, defacing, or altering any energy label on the energy-consuming product before the product is sold to the first purchaser, or leased to the first lessee;
- (c) failing to provide accurate information or provision of false or misleading energy information as required to be submitted under the EEC;

- (d) selling, leasing, or importing energy-consuming products that do not comply with the minimum energy performance;
- (e) failing or willfully refusing to appoint or designate a Certified Energy Conservation Officer or Certified Energy Manager;
- (f) willfully refusing to submit to an on-site inspection by the DOE;
- (g) failing or willfully refusing to submit any of the reports required;
- (h) failing to comply with issued orders of the DOE in the discharge of its enforcement powers; and
- (i) violating any provisions of the IRR, codes, and guidelines issued in accordance with the EEC.

The DOE is empowered to impose fines and penalties for the violation of the provisions of the EEC, its implementing rules and regulations, and other related issuances. The fines and penalties shall range from ₱10,000.00 to ₱1,000,000.00, without prejudice to criminal penalties and penalties under existing regulations. The responsible officers and employees of establishments who commit any of the prohibited acts listed above shall, upon conviction, suffer the penalty of imprisonment of one year to five years, or a fine ranging from a minimum of ₱100,000.00 to ₱100,000,000.00 or twice the amount of costs avoided for noncompliance, whichever is higher, or both, upon the discretion of the court. Any person who aids or abets the commission of the prohibited acts or causes such commission by another, shall be liable as a principal. In case of associations, partnerships, or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, director, or officer responsible for the violation.

ENVIRONMENTAL LAWS

Environmental Impact Statement System

Projects relating to resource exploration and extraction are required to comply with the Philippine Environmental Impact Statement System (“**EIS System**”). The EIS System was established by virtue of P.D. 1586 entitled “Establishing An Environmental Impact Statement System, Including Other Environmental Management Related Measures And For Other Purposes,” issued in 1978. The EIS System requires all government agencies, government owned or controlled corporations and private companies to prepare an Environmental Impact Assessment (“**EIA**”) for any project or activity that affects the quality of the environment. An EIA is a process that involves evaluating and predicting the likely impacts of a project (including cumulative impacts) on the environment and includes designing appropriate preventive, mitigating and enhancement measures to protect the environment and the community’s welfare. An entity that complies with the EIS System is issued an Environmental Compliance Certificate (“**ECC**”), which is a document certifying that, based on the representations of the project proponent, the proposed project or undertaking will not cause significant negative environmental impacts and that the project proponent has complied with all the requirements of the EIS System.

To strengthen the implementation of the EIS System, the Office of the President of the Philippines issued Administrative Order (“**A.O.**”) No. 42 in 2002, providing the streamlining of the ECC application processing and approval procedures. Pursuant to A.O. 42, the DENR promulgated DENR A.O. No. 2003-30, also known as the IRR for the Philippine EIS System, in 2003.

Under the IRR, only projects that pose potential significant impact to the environment would be required to secure ECCs prior to commencement. In determining the scope of the EIS System, two factors are considered, namely: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

The DENR, through its regional offices or through the Environmental Management Bureau (“**EMB**”), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement (“**EIS**”) to the EMB, which is a result of a positive determination by the EMB on the preventive, mitigating and enhancement measures adopted addressing possible adverse consequences of the project to the environment. The EIS refers to the document, prepares and submitted by the project proponent and/or the Environmental Impact Assessment Consultant which provides for a comprehensive study of the significant impacts of a project to the environment. On the other hand, a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“**IEE**”) to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required in addition to the IEE.

The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas. While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socioeconomic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC.

On January 18, 2024, the DENR issued DENR Administrative Order No. 2024-02 or the "Interim Guidelines for Environmental Compliance Certificate (ECC) under the Philippine Environmental Impact Statement System (PEISS) for Offshore Wind (OSW) Energy Projects". The Administrative Order shall cover offshore wind projects issued with ECC to the issuance of the said order and all offshore wind projects issued with Offshore Wind Energy Service Contract with the DOE. The Administrative Order prescribes specific procedures and requirements for the issuance of ECC for offshore wind projects. It prescribes requirements for each stage of offshore wind projects, including the Pre-Application Stage, Pre-Development/Exploration Stage, Development/Construction and Operation Stage, and Decommissioning Stage.

The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the abandonment phase of the project. Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures.

Aside from the EIS and IEE, engineering geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

Philippine Clean Water Act

In 2004, the Philippine Clean Water Act was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

The Philippine Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

Philippine Clean Air Act

R.A. 8749 or "The Philippine Clean Air Act of 1999" is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the DENR is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market-based instruments, and setup a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking.

The Philippine Clean Air Act of 1999 requires enterprises that operate or utilize air pollution sources to obtain an Authority to Construct or a Permit to Operate from the DENR with respect to the construction or use of air pollutants. The issuance of said permits seek to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

The Toxic Substances and Hazardous and Nuclear Waste Control Act

R.A. No. 6969 or "The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990," regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health

or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

Hazardous wastes are substances brought into the country without any safe commercial, industrial, agricultural or economic usage. On the other hand, toxic wastes are substances that are poisonous and have carcinogenic, mutagenic, or teratogenic effects on human or other life forms.

Ecological Solid Waste Management Act

R.A. No. 9003 or “The Ecological Solid Waste Management Act of 2000” provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The same law mandates all, especially, the local government units, to adopt a systematic, comprehensive and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport and storage of solid waste.

The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

The Water Code

Presidential Decree No. 1067, or “The Water Code of the Philippines,” (“**Water Code**”) requires a water permit for the appropriation or use of natural bodies of water. Use or appropriation of water includes, among others, the utilization of water in factories, industrial plants and mines, including the use of water as an ingredient of a finished product. Appropriation of water without a water permit, when one is required, is subject to the imposition of the corresponding penalties imposed by the Water Code and its implementing rules and regulations.

The Water Code imposes nationality restrictions for the application for water permit. Only corporations organized under the laws of the Philippines, at least 60% of the capital of which is owned by citizens of the Philippines may apply for a permit to appropriate water with the National Water Resources Board (“**NWRB**”) in accordance with the Water Code.

Code on Sanitation of the Philippines

Presidential Decree No. 856 provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial and food establishments. Food establishment is defined as any establishment where food or drinks are manufactured, processed stored, sold, or served. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation or entity shall operate a food establishment without first obtaining a sanitary permit. The permit shall be valid for one year, and shall be renewed every year.

LABOR LAWS

The Philippine Constitution

The Philippine Constitution provides that the State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. The seven basic rights that are specifically guaranteed by the Philippine Constitution are as follows:

- (a) right to organize;
- (b) right to conduct collective bargaining or negotiation with management;
- (c) right to engage in peaceful concerted activities, including strikes in accordance with law;
- (d) right to enjoy security of tenure;
- (e) right to work under humane conditions;
- (f) right to receive a living wage; and

- (g) right to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

Labor Code of the Philippines

The Department of Labor and Employment (“DOLE”) is the Philippine Government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines (“**Labor Code**”) and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favor of labor. The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

Contracting and subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work, or service within a definite or predetermined period, regardless of whether such job, work, or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a “trilateral relationship” among: (i) the principal who decides to farm out a job, work, or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, Department Order No. 174 (2017) (“**D.O. No. 174-17**”) was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor’s or subcontractor’s employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

D.O. No. 174-17 provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor’s or subcontractor’s employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislation, to the extent of the work performed under the employment contract.

On May 2, 2018, then President Rodrigo Duterte signed Executive Order No. 51, reiterating the prohibition of the practice of illegal contracting or subcontracting in the country. The executive order aims to protect the worker’s right to security of tenure, self-organization, and collective bargaining and peaceful concerted activities.

Occupational Safety and Health Standards Law

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors, or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires providing complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

The Rules for Occupational Safety and Health Standards (“**OSHS**”) issued by the Bureau of Working Conditions of the DOLE establishes the threshold limit values (“**TLV**”) for toxic and carcinogenic substances which may be present in the atmosphere of the work environment. The TLV refer to airborne concentration of substances and represent the conditions under which it is believed that nearly all workers may be repeatedly exposed daily without adverse effect. The TLV also pertains to the time weighted concentrations for an eight-hour workday and a total of 48 work hours per week.

The employees' exposure to the substances identified in the OSHS must be limited to the ceiling value given for the relevant substance in the OSHS, or must not exceed the eight-hour time weighted average limit given for that substance in the OSHS, as the case may be.

To protect the employees, an employer is required to furnish its workers with protective equipment for the eyes, face, hands, and feet as well as protective shields and barriers, whenever necessary, by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation, or physical contact. The employer is responsible for ensuring the adequacy and proper maintenance of personal protective equipment used in its workplace.

To ensure compliance with the OSHS, every establishment or place of employment will be inspected at least once a year. Special inspection visits may be authorized by the Regional Labor Office to investigate accidents, occupational illnesses or dangerous occurrences, especially those resulting in permanent total disability or death, to conduct surveys of working conditions for the purpose of evaluating and assessing environmental contaminants and physical conditions, or to conduct investigations, inspections or follow-up inspections upon request of an employer, worker or a labor union of the establishment.

Any violation of the provisions of the OSHS will be subject to the applicable penalties provided under Department of Labor and Employment Department Order No. 198-18 and imposable upon any employer, contractor, or subcontractor who wilfully fails or refuses to comply with the OSHS standards or a compliance order issued by the Secretary of Labor and Employment or his/her authorized representative.

Depending on the size of the workforce and the nature of the workplace as either hazardous or non-hazardous, an employer is obliged to provide certain free medical and dental attendance and facilities. For large-scale industries with workers of 200 to 600, the employer is required to provide the services of a part-time occupational health physician and a part-time dentist, each of whom is required to stay on the premises of the workplace at least four hours a day, six times a week, and each working in alternate periods. It is also required to provide the services of a full-time occupational health nurse and a full-time first aider. The employer must further maintain an emergency clinic, unless there is a hospital or dental clinic within 25 minutes of travel, and ensure that it has facilities readily available for transporting its workers to the hospital or clinic in case of an emergency.

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must provide to DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

Moreover, Republic Act No. 7877 makes it the duty of every employer to create a committee on decorum and investigation of sexual harassment cases. Such committee must be composed of at least one representative each from management, the union, the employees from the supervisory rank, and the rank-and-file employees. In addition, it is likewise the duty of the employer to promulgate rules and regulations prescribing the procedure for the investigation of sexual harassment cases and the administrative sanctions therefor, which rules must be formulated in consultation with, and approved by, the employees.

An employer, contractor or subcontractor who wilfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

In 2023, the DOLE issued Department Order No. 238, Series of 2023 or the Rules on the Administration and Enforcement of Labor Standards pursuant to Article 128 of the Labor Code of the Philippines, as renumbered, and Republic Act No. 11058, strengthening the exercise of the visitorial and enforcement power of the Secretary of Labor and Employment and outlining the procedure for the conduct of occupational safety and health investigations.

Social Security System, PhilHealth, and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("SSS"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the DOH tasked with ensuring sustainable, affordable, and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship. The law provides that a member should have paid his contributions for at least three months within the six months prior to the first day of availment, including those of his dependents, to be entitled to the benefits of the program.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

OTHER LABOR-RELATED LAWS AND REGULATIONS

Employment of Foreign Nationals

Under Department Order No. 186, Series of 2017 (“**D.O. No. 186-17**”), issued by the DOLE, all foreign nationals who intend to engage in gainful employment in the Philippines shall apply for an Alien Employment Permit (“**AEP**”). However, D.O. No. 186-17 clarifies that an AEP is not an exclusive authority for a foreign national to work in the Philippines. It is just one of the requirements in the issuance of a work visa (9g) to legally engage in gainful employment in the country. The foreign national must obtain the required special temporary permit from the Professional Regulation Commission in case the employment involves practice of profession and Authority to Employ Alien from the Department of Justice where the employment is in a nationalized or partially nationalized industry, as well as from the Department of Environment and Natural Resources in case of employment in a mining company. D.O. No. 186-17 also provides for the list of foreign nationals who are exempt and excluded from securing an AEP.

Under D.O. No. 186-17, the Regional Director shall impose a fine of ₱10,000.00 for every year or a fraction thereof to foreign nationals found working without a valid AEP. Employers found employing foreign nationals without a valid AEP shall also pay a fine of ₱10,000.00 for every year or a fraction thereof. Further, an employer who is found to have failed to pay the penalty provided under D.O. No. 186-2017 shall not be allowed to employ any foreign national for any position in the employer’s company.

On January 6, 2021, the DOLE has issued Department Order No. 221, Series of 2021, or the Revised Rules and Regulations for the Issuance of Employment Permits to Foreign Nationals. One of the notable revisions in the new Rules with respect to the processing of the AEP application is the requirement of a publication in a newspaper of general circulation by the employer of the job vacancy to which the foreign national is intended to be hired at least 15 calendar days prior to the application for an AEP. An additional requirement in the AEP application is a duly notarized affidavit stating that no applications were received or no Filipino applicant was considered for the position. Moreover, foreign nationals providing consultancy services were removed in the list of categories excluded from the AEP.

DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarity liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more

than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel. All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

INTELLECTUAL PROPERTY LAWS

Intellectual Property Code

Under the Intellectual Property Code of the Philippines (the “**IP Code**”), the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal Government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as prima facie evidence of the validity of registration and the registrant’s ownership of the mark. A certificate of registration shall remain in force for an initial period of ten years and may be renewed for periods of ten years at its expiration.

The IP Code applies to license agreements which generally fall within the definition of technology transfer arrangements (“**TTAs**”). The IP Code defines TTAs as contracts or agreements involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or rendering of a service including management contracts; and the transfer, assignment or licensing of all forms of intellectual property rights, including licensing of computer software except computer software developed for mass market. TTAs must comply with Sections 87 and 88 of the IP Code, i.e., TTAs cannot contain the provisions which are prohibited under Section 87 but must contain the mandatory provisions under Section 88. Failure to comply with these provisions of the IP Code will automatically render the entire arrangement unenforceable.

OTHER LAWS

Nationality Restrictions

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act (“**FIA**”) and the Twelfth Regular Foreign Investment Negative List (the “**Negative List**”) categorize the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

As of the date of this Prospectus, we do not own parcels of land in the Philippines. However, we have plans to acquire parcels of land in the ordinary course of our business activities. This is reflected in our Amended Articles of Incorporation, which authorizes us to acquire land; thus, our foreign shareholdings may not exceed 40% of our total issued and outstanding capital stock.

The Philippine Constitution provides that the exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may

enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens.

In 2009, the DOE promulgated Department Circular No. DC2009-05-0008 or the Implementing Rules and Regulations of the Renewable Energy Act. In the said Department Circular No. DC2009-05-0008, the DOE interpreted the Constitutional restriction to apply to “potential energy sources such as kinetic energy from water, marine current and wind, thermal energy from solar, ocean, geothermal and biomass.” The exploration, development and utilization of renewable energy resources, namely, solar, wind, hydropower, geothermal and ocean or tidal energy was reserved to Filipino citizens and corporations or associations at least sixty percent (60%) of whose capital is owned by Filipinos.

In 2022, the DOE promulgated Department Circular No. DC2022-11-0034 amending Department Circular No. DC2009-05-0008. In Department Circular No. DC2022-11-0034, the DOE recognized that the Renewable Energy Act contains no provision imposing the afore-cited ownership restriction. Thus, the DOE amended Department Circular No. DC2009-05-0008 and confirmed that the State may enter into renewable energy Service or Operating Contracts with Filipino and/or foreign citizens or Filipino and/or foreign-owned corporations or associations.

Following this amendment, foreign investors may now own up to 100% of renewable energy companies. However, with respect to hydropower or hydroelectric power, the Department of Justice clarified in Department of Justice Opinion No. 23, series of 2022, that the “[g]eneration of hydroelectric power entails the use of a dam or diversion structure to alter the flow of a river or any inland body of water to generate kinetic energy from the wash of water as it flows downstream through the dam”, and under the Water Code, “only Filipino citizens and entities can directly appropriate such waters, such as by the use of a dam, for purposes of power generation.” Thus, if an entity must appropriate waters to generate hydroelectric energy, the entity that constructs the dam (or any similar edifice) to divert the water, must be Filipino, *i.e.*, with 60% of its capital owned by Filipinos. This limitation only applies to the entity that appropriates the water, since as per the Department of Justice, “once the water passes through the dam and rushes downstream, the energy produced by it is considered kinetic energy” and the entity to harness this energy is not subject to foreign ownership restrictions.

Property Registration Decree

The Philippines has implemented a land registration system that serves as proof of land ownership and is legally binding for all parties involved. Once a land is registered, the title to that registered land becomes indisputable after a year from the decree of registration, except in cases where specific claims are noted on the certificate of title. Ownership of registered lands cannot be lost through adverse possession or legal prescription. Presidential Decree No. 1529, also known as the Property Registration Decree, has consolidated the laws related to land registration and is based on the widely recognized principles underlying the Torrens System.

After conducting a survey and following the necessary steps of application, publication, service of notice, and a hearing, unregistered land can be brought under this system through either judicial or administrative proceedings. The act of registration serves as the pivotal action to convey or impact the land concerning third parties. Registration must be completed in the office of the Register of Deeds for the province or city where the land is located. Any conveyance, mortgage, lease, lien, attachment, court order, judgment, instrument, or entry that affects registered land and is filed or recorded in the Register of Deeds’ office for the province or city where the land is located serves as constructive notice to all individuals from the time it is officially registered, filed, or recorded in the Register of Deeds’ records.

All interests in registered land that are less than full ownership, like liens created by mortgages and leases, must be registered by submitting the document that establishes, transfers, or claims these interests to the Register of Deeds. An annotation of these transactions will be made by the Register of Deeds on the certificate of title, and it will be duly signed by the Register of Deeds. An annotation will also be added to the owner’s duplicate.

For any subsequent transfer or encumbrance of the land, it is essential to complete the registration process to bind third parties. Upon the presentation of the required documents and the payment of applicable fees and taxes, a new Transfer Certificate of Title in the name of the transferee will be issued.

The Indigenous Peoples’ Rights Act of 1997

Republic Act No. 8371, otherwise known as the Indigenous Peoples’ Rights Act, establishes the state’s mandate to recognize, promote, and protect the rights of Indigenous Cultural Communities and Indigenous Peoples. In order to achieve this, the law established the National Commission on Indigenous Peoples (“NCIP”), a

government agency tasked with, among others, the protection of the ancestral lands and domains of Indigenous Peoples.

Corporations with large-scale projects for the development, exploitation, and utilization of land, water, air, and other natural resources within ancestral lands must undergo the NCIP's Free Prior and Informed Consent ("FPIC") process. The NCIP shall send representatives to hold community assemblies with the affected Indigenous Peoples. After the assemblies, the NCIP will allow the affected communities to independently hold their own decision-making processes. Only consents which are given from these independent decision-making processes will be deemed valid by the NCIP and will allow the corporation to execute its large-scale projects.

Additionally, when there is doubt as to whether or not the large scale project is within ancestral lands, the corporation can ask for the issuance of a Certificate of Non-Overlap as proof that the project is not being undertaken on ancestral lands, provided that it must be executed with an undertaking that should it later be found out that there is encroachment into ancestral lands, the FPIC process must be conducted.

Local Government Code

Republic Act No. 7160, as amended, otherwise known as the Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that local government units shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

Local government units exercise police power through their respective legislative bodies. Specifically, the local government unit, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the local government unit.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Anti-Money Laundering Act

On January 29, 2021, Republic Act No. 11521 was enacted, amending certain provisions of Republic Act No. 9150, otherwise known as the Anti-Money Laundering Act ("AMLA"). The necessary changes were likewise incorporated in the 2018 Implementing Rules and Regulations through the Anti-Money Laundering Council's ("AMLC") Regulatory Issuance A, B, and C No. 1 Series of 2021 which took effect on January 31, 2021. In particular, R.A. No. 11521 revised the list of "Covered Persons" under the AMLA to include real estate brokers and developers. As such, real estate brokers and developers are now required to submit a covered transaction report involving any single cash transaction exceeding ₱7,500,000 or its equivalent in any other currency.

Further, R.A. No. 11521 provides the following suspicious transactions with Covered Persons, regardless of the amounts involved, where any of the following circumstances exist:

- (a) there is no underlying legal or trade obligation, purpose or economic justification;
- (b) the client is not properly identified;
- (c) the amount involved is not commensurate with the business or financial capacity of the client;
- (d) taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the Act;
- (e) any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered person;
- (f) the transaction is in any way related to an unlawful activity or offense under this Act that is about to be, is being or has been committed; or

- (g) any transaction that is similar or analogous to any of the foregoing.

Under the AMLA, Covered Persons shall subject covered transaction and suspicious transaction reports to the AMLC, and shall identify and record the true identity of their customers, whether permanent or occasional, and whether natural or juridical persons, or legal arrangements based on official documents. To comply with this, such Covered Persons are obligated to implement appropriate systems of collecting and recording identification information and identification documents, and shall implement and maintain a system of verifying the true identity of their clients, including validating the truthfulness of the information and confirming the authenticity of the identification documents presented, submitted, and provided by the customer, using reliable and independent sources, documents, data, or information. All records of transactions and records of closed accounts are required to be maintained and stored for five years from the date of a transaction or after their closure, respectively.

Data Privacy Act

Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012 (“**DPA**”), was signed into law on August 15, 2012, to govern the processing of all types of personal information (*i.e.*, personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT, which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

To this end, the appointment of a Data Protection Officer (“**DPO**”) is a legal requirement for all personal information controllers (“**PICs**”) and personal information processors (“**PIPs**”). The DPO is accountable for ensuring the Company’s compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register its DPO and its Data Processing System (“**DPS**”) unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, or the processing includes sensitive personal information of at least 1,000 individuals. A DPS processing personal or sensitive personal information involving automated decision-making or profiling shall, in all instances, be registered with the National Privacy Commission.

The DPA seeks to protect the confidentiality of “personal information,” which is defined as “any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual.” The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on “personal information controllers” and “personal information processors.” It also provides for penal and monetary sanctions for violations of its provisions.

Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act (“**PCA**”) came into effect August 5, 2015 and is the primary competition law in the Philippines.

The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the “PCC”), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

- (a) anti-competitive agreements between or amongst competitors that restrict competition as to price or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
- (b) practices which are regarded as abuse of dominant position by engaging in conduct that would substantially prevent, restrict or lessen competition; and
- (c) mergers or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

The PCA provides for mandatory notification to the PCC where the value of such transaction exceeds ₱3.2 billion (“**Size of Transaction**”), and where the size of the ultimate parent entity of either party exceeds ₱7.8 billion (“**Size of Party**”). Notification is also mandatory for joint venture transactions if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱3.2 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱3.2 billion.

On November 22, 2017, the PCC published the 2017 Rules on Merger Procedures (“**Merger Rules**”) which provides the procedure for the review or investigation of mergers and acquisition pursuant to the PCA. The Merger Rules provides, among others, that parties to a merger that meet the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

In the event that transactions imbued with high public interest do not meet the thresholds, the PCC may still launch a *motu proprio* investigation in the interest of consumer protection. Parties may not consummate a notifiable transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules.

Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1% to 5% of the value of the transaction.

Merger or acquisition agreements that substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services as may be determined by the PCC are prohibited. Parties and their ultimate parent entities found to have entered into prohibited mergers may be imposed fines of up to ₱110 million to ₱275 million.

Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and wilfully participate in such criminal offenses. Administrative fines of ₱110 million to ₱275 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On January 19, 2021, the PCC issued Memorandum Circular No. 21-001 adjusting the schedule of fines for violations of the Merger Rules. Administrative fines may now amount to up to ₱275 million. Commitment of acts such as, failure to comply with a ruling, order, or decision of the PCC or the disclosure, publication, transfer, copying or dissemination of confidential information may amount to a fine of ₱55,000 up to ₱2.2 million.

Philippine Revised Corporation Code

The Philippine Revised Corporation Code was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Philippine Revised Corporation Code are:

- (a) Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.
- (b) The Code allows the creation of a “One Person Corporation” (“**OPC**”), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.
- (c) Material contracts between the corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least 2/3 of the entire membership of the board of directors, with at least a majority of the independent directors voting to approve the same.
- (d) The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia*, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.
- (e) In case of transfer of shares of listed companies, the Philippine SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the rules of the Philippine SEC.

The Philippine Revised Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

Foreign Investments Act

The FIA liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Negative List signed on June 27, 2022. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities as the term is defined under the Public Service Act, as amended. The FIA was amended by Republic Act No. 8179, which was signed into law on March 28, 1996, and was again amended by Republic Act No. 11647, which was signed into law on March 2, 2022 and took effect on March 17, 2022.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%. A corporation with more than 40% foreign equity may be allowed to lease land for a period of 25 years, renewable for another 25 years. However, under Republic Act No. 7652, otherwise known as the Investors’ Lease Act, a corporation with more than 40% foreign equity investing in the Philippines may be allowed to lease private lands for a period of 50 years, renewable once for a period of not more than 25 years, provided that the lease is for purposes of and in connection with the establishment of industrial estates, factory, assembly or processing plant, agro-industrial enterprises, land development for tourism, industrial, or commercial use and/or other similar priority productive endeavors.

Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the FIA, and other existing laws, amendments thereto, and implementing rules and regulations of said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration with the BSP is not required. BSP Circular No. 471 issued on January 24, 2005 subjects foreign exchange dealers and money changers to RA No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed in the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document (“**BSRD**”) or BSRD Letter-Advice from the registering custodian bank and the broker’s sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary’s sworn statement attesting to the board resolution covering the dividend declaration and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor’s custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during a foreign exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Our overall management and supervision are undertaken by the Board of Directors. Our executive officers and management team cooperate with the Board of Directors by preparing appropriate information and documents concerning our business operations, financial condition and results of operations for its review. Currently, the Board of Directors consists of seven (7) members, of which three (3) are independent directors. The directors named below were elected at the Company's annual stockholders meeting on August 8, 2023. All directors will hold office until their successors have been duly elected and qualified.

The following table sets forth the Board of Directors of the Company:

Name	Age	Position	Citizenship
Edgar B. Saavedra	49	Director/Chairman	Filipino
Oliver Y. Tan	46	Director/President/CEO	Filipino
Abigail Joan R. Cosico	50	Director/ Chief Investor Relations, Corporate Communications, and Branding Officer	Filipino/Canadian
Manuel Louie B. Ferrer	49	Director/Treasurer	Filipino
Leonilo G. Coronel	77	Independent Director	Filipino
Roy A. Cimatu	77	Independent Director	Filipino
Ephyro Luis B. Amatong	51	Independent Director	Filipino



Edgar B. Saavedra – Director and Chairman

Mr. Saavedra is the co-founder of Megawide Construction Corporation in 1997 and has more than 20 years of engineering experience. He received his Bachelor's degree in Engineering from De La Salle University and after obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany. Currently, he is the Chairman of all the companies under the Citicore group, MWM Terminals, Inc, Megawide Terminals, Inc, Altria East Land Inc., PH1 World Developers, Inc., Cebu2World Development, Inc., Citicore Infrastructure Holdings, Inc., Citicore-Megawide Consortium, Inc., Megawide Land, Inc., and Wide-Horizons Inc..



Oliver Y. Tan – Director, President and Chief Executive Officer

Mr. Tan holds a degree in Business Administration from the Philippine School of Business Administration. Currently, he holds the position of President and Director of Citicore Infrastructure Holdings, Inc., Treasurer, Director & Vice President of Citicore Holdings Investment, Inc., Treasurer and Director of Megawide Terminals, Inc., Treasurer and Director at Megawide Land, Inc., Corporate Secretary & Director at Future State Myspace

Property, Inc., Corporate Secretary and Director at Irmo, Inc., Chief Executive Officer and Director of Citicore Energy REIT Corp., and President & Director at Citicore Power Inc..

A visionary executive who has a formidable track record in finance, Mr. Tan's leadership paved the way for the Company to diversify and expand toward becoming an emerging pure-play renewable energy company, which has interests in sustainable business ventures with like-minded partners and stakeholders.



Manuel Louie B. Ferrer – Director and Treasurer

Mr. Ferrer obtained his degree in Industrial Design in 1996 from the De La Salle University.

He is the Chairman of the Board of Trustees and President of Megawide Corporate Foundation, Inc. Currently, Mr. Ferrer is the Executive Director of Megawide Construction Corporation. He is also the President of the following companies: GMR-Megawide Cebu Airport Corporation, MWM Terminals, Inc., Megawide Terminals, Inc. Altria Eastland, Inc. Cebu2World Development Inc., and Wide-Horizons, Inc. Further, he serves as Vice Chairman of the Board of Directors of PH1 World Developers, Inc. Director for Citicore Holdings Investment, Inc., Megawide Land, Inc., GlobeMerchants, Inc. and SSP Mactan Cebu Corporation.



Abigail Joan R. Cosico – Director and Chief Investor Relations, Corporate Communications, and Branding Officer

Ms. Cosico holds a Bachelor of Science degree in Management from the Ateneo de Manila University and an MBA in Business Management, Major in Finance from the Asian Institute of Management.

Ms. Cosico currently serves as the Chief Investor Relations, Corporate Communications, and Branding Officer of the Company. She is also the Director and Treasurer of Citicore Fund Managers, Inc., President and Director of Citicore Property Managers, Inc., and Chief Investor Relations Officer at Citicore Power, Inc. and Megawide Construction Corporation. Prior to these roles, she held various senior executive positions and key commercial and finance functions during her 15-year stint at one of the country's largest diversified conglomerates in the Philippines.



Retired General Roy A. Cimatu – Independent Director

Ret. Gen. Cimatu obtained his Bachelor of Science degree from the Philippine Military Academy in 1970, and his Master in Business Administration from the Ateneo de Manila University in 1994.

He served in various positions under the Philippine government, on which his most notable distinctions were the rank of Chief of Staff of the Armed Forces of the Philippines. He retired from his service to the military in September 2002 with the rank of four-star general. He was also appointed as the Secretary of Environmental and Natural Resources (2017-2022), and Presidential Special Envoy to the Middle East with the rank of Ambassador Consultant on Environmental Efforts.



Atty. Ephyro Luis B. Amatong – Independent Director

Atty. Amatong holds a Bachelor of Laws (LL.B., 2001) degree from the University of the Philippines College of Law, and a Bachelor of Science in Business Economics (B.S.B.E., 1997) degree, *cum laude*, from the University of the Philippines School of Economics. He was admitted to the Philippine Bar in 2002 and the New York Bar in 2007. He holds a Master of Laws (LL.M., 2006) degree, International Finance Concentration, from Harvard Law School.

From May 2014 to March 2022, Atty. Amatong was a Commissioner of the Philippine Securities and Exchange Commission. Before that, he served in various other capacities in government including as an Assistant Secretary of the Philippine Department of Finance.

Currently, Atty. Amatong is a partner with MOSVELDTT Law as well as a consultant for the World Bank Group/International Finance Corporation, an Advisor to the Sustainable Banking and Finance Network, and an Advisor to the Chair of the ASEAN Capital Markets Forum. He is also a Professorial Lecturer with the University of the Philippines College of Law, an Advisor to the Board of Directors of Alternergy Holdings Corporation, an Independent Director of Asialink Finance Corp., Global Dominion Finance, Inc. and South Asialink Finance Corp., and a Trustee of the Andres Bonifacio College.



Leonilo G. Coronel – Independent Director

Mr. Coronel holds a Bachelor of Arts, Major in Economics from the Ateneo de Manila University. He is currently the Vice Chairman and has been a director of the Philippine National Bank since 2013. He has held directorship positions in various financial institutions such as DBP Daiwa Securities, RBB Microfinance Foundations, and other companies such as Software Ventures International Corporation, Philippine Business for Social Progress, and Bankers Association of the Philippines. He was previously one of the independent directors of Megawide.

The following table sets forth our key executive and corporate officers (“**Senior Management**”):

Name	Age	Position	Citizenship
Oliver Y. Tan	46	President and Chief Executive Officer	Filipino
Manuel Louie B. Ferrer	48	Treasurer	Filipino
Abigail Joan R. Cosico	50	Chief Investor Relations, Corporate Communications, and Branding Officer	Filipino/Canadian
Mia Grace Paula S. Cortez	41	Chief Finance Officer and Chief Risk Officer	Filipino
Jaime P. del Rosario	37	Chief Compliance Officer	Filipino
Danica C. Evangelista	30	Corporate Secretary and Data Protection Officer	Filipino
Freniel Mikko P. Austria	32	Chief Audit Executive	Filipino



Oliver Y. Tan is the President and Chief Executive Officer of the Company. He holds a degree in Business Administration from the Philippine School of Business Administration. Currently, he holds the position of President and Director of Citicore Infrastructure Holdings, Inc., Treasurer, Director & Vice President of Citicore Holdings Investment, Inc., Treasurer and Director of Megawide Terminals, Inc., Treasurer and Director at Megawide Land, Inc., Corporate Secretary & Director at Future State Myspace Property, Inc., Corporate Secretary and Director at Irmo, Inc., Chief Executive Officer and Director of Citicore Energy REIT Corp., and President & Director at Citicore Power Inc..

A visionary executive who has a formidable track record in finance, Mr. Tan’s leadership paved the way for the Company to diversify and expand toward becoming an emerging pure-play renewable energy company, which has interests in sustainable business ventures with like-minded partners and stakeholders.



Manuel Louie B. Ferrer is the Treasurer of the Company. Mr. Ferrer graduated from the De Lasalle University in 1996 with a Bachelor of Science degree in Industrial Design. He is the Chairman of the Board of Trustees and President of Megawide Corporate Foundation, Inc. Currently, Mr. Ferrer is the Executive Director of Megawide Construction Corporation. He is also the President of the following companies: GMR-Megawide Cebu Airport Corporation, MWM Terminals, Inc., Megawide Terminals, Inc. Altria Eastland, Inc. Cebu2World Development Inc., and Wide-Horizons, Inc. Further, he serves as Vice Chairman of the Board of Directors of PH1 World Developers, Inc. Director for Citicore Holdings Investment, Inc., Megawide Land, Inc., GlobeMerchants, Inc. and SSP Mactan Cebu Corporation.



Abigail Joan R. Cosico currently serves as the Chief Investor Relations, Corporate Communications, and Branding Officer of the Company. She is also the Director and Treasurer of Citicore Fund Managers, Inc., President and Director of Citicore Property Managers, Inc., and Chief Investor Relations Officer at Citicore Power, Inc. and Megawide Construction Corporation. Prior to these roles, she held various senior executive positions and key commercial and finance functions during her 15-year stint at one of the country's largest diversified conglomerates in the Philippines.

Ms. Cosico holds a Bachelor of Science degree in Management from the Ateneo de Manila University and an MBA in Business Management, Major in Finance from the Asian Institute of Management.



Mia Grace Paula S. Cortez is the Chief Finance Officer and Chief Risk Officer of the Company. She is also currently the Chief Financial Officer of CPI and its subsidiaries. She was previously the Controller for AG&P from 2013 to 2014 and a Senior Manager for Punongbayan & Araullo from 2010 to 2013, and the Group Controller for Megawide Construction Corporation from 2015 to 2022.

Ms. Cortez holds a Bachelor of Science in Accountancy from St. Scholastica's College. She has been a Certified Public Accountant since 2003, and is a Certified Management Accountant from The Institute of Certified Management Accountant, Australia.



Atty. Jaime P. Del Rosario is the Chief Compliance Officer of the Company. Atty. Del Rosario is currently the Vice President for Legal and Regulatory for CPI and its subsidiaries. He was previously with the Alsons Power Group as Legal Counsel and a Senior Associate with the San Diego Ycasiano Macias Estorco Cataneda Sanchez Law Offices. He holds a Juris Doctor degree and a Bachelor of Science Legal Management degree from San Beda University.



Atty. Danica C. Evangelista is the Corporate Secretary and the Data Protection Officer of the Company. She previously worked as a Supervising Legislative Staff Officer in the Senate of the Philippines and was an associate in Picazo Buyco Tan Fider and Santos Law Offices.

Atty. Evangelista obtained her Juris Doctor degree from the Ateneo de Manila University School of Law and holds a Bachelor of Science in Statistics from the University of the Philippines – Diliman. She is a member of the Integrated Bar of the Philippines.



Freniel Mikko P. Austria currently serves as the Chief Audit Executive of the Company. He is concurrently a Management Associate to the Chairman of Megawide Construction Corporation, where he is involved in the governance, risk, and compliance programs of the renewable energy and real estate segments.

Prior to this role, he worked within the internal audit of SM Investments Corporation, and the assurance and consulting services of Ernst & Young, and PwC Philippines. He is a Certified Analytics Professional and an active contributor to the Institute for Operations Research and the Management Sciences since 2019. He is currently taking his MBA with specialization in Business Analytics at the University of Illinois Urbana-Champaign.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND SENIOR MANAGEMENT

To the best of our knowledge, in the last five years, none of the above-named directors or members of Senior Management has been subject to the following:

- (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or
- (d) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

FAMILY RELATIONSHIPS

There are no family relationships either by consanguinity or affinity up to the fourth civil degree among our Directors, executive officers and shareholders.

BOARD COMMITTEES

Specific responsibilities of the Board of Directors are delegated to its duly established Board Committees. A brief description of the functions and responsibilities of the key committees are set out below:

A. The Executive Committee

The Executive Committee (“**ExCom**”) shall exercise all the fiduciary powers of the Board of Directors to be able to act upon any matter which cannot be postponed until the next regularly scheduled Board of Directors meeting, as well as oversee, to the extent allowed by the By-Laws of the Company, the management of the Company’s business and other affairs, particularly during the periods when the Board of Directors has no scheduled meetings, or is unavailable or unable to meet. The ExCom’s role is particularly important in emergency or crisis situations when the President or Chief Executive Officer needs a focus group to deliberate on issues requiring immediate and critical decisions.

Moreover, the Board of Directors of the Company has delegated to the ExCom the authority to approve all transactions, policies, procedures, rules, regulations, and all other activities, which are necessary, in relation, or incidental to its powers, functions, roles, and responsibilities, as provided in the By-Laws of the Company. The ExCom may further perform such other functions as may be delegated or authorized by the Board of Directors.

The ExCom shall have at least three (3) members, composed of the Chairman of the Board of Directors and the other Executive Directors appointed by the Board of Directors on an annual basis. To ensure the Board of Directors’ exercise of an objective and independent judgment on all corporate affairs, a Non-Executive Director may be appointed in the ExCom, provided he or she has a proven track record in the conduct of the affairs of the Company or in the industry.

The committee is chaired by Edgar B. Saavedra and with Oliver Y. Tan, Manuel Louie B. Ferrer, and Abigail Joan R. Cosico as members.

B. The Audit and Risk Oversight Committee

The Audit and Risk Oversight Committee (“**AROC**”) shall have the explicit authority to investigate any matter in the performance of its duties and responsibilities as established in the By-Laws of the Company, including gaining full access to any Company files and information, as well as the complete cooperation of management, with full discretion to invite any Director or executive officer to attend its meetings. The AROC may form and delegate authority to sub-committees, as it may deem necessary or appropriate. Moreover, the Board of Directors of the Company has delegated to the AROC the authority to approve all transactions, policies, procedures, rules, regulations, and all other activities, which are necessary, in relation, or incidental to its powers, functions, roles, and responsibilities, as provided in the By-Laws of the Company. The AROC may also perform such other functions as may be delegated or authorized by the Board of Directors.

The AROC shall have at least three members, composed of Directors who shall be appointed by the Board of Directors on an annual basis and who shall preferably have accounting and finance backgrounds. The AROC shall be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent.

The committee is chaired by Leonilo G. Coronel and with Ephyro Luis B. Amatong, Roy A. Cimat, and Abigail Joan R. Cosico as members.

C. The Related Party Transaction Review and Compliance Committee

The Related Party Transaction Review and Compliance Committee (“**RPTRCC**”) shall have the explicit authority to investigate any matter in the performance of its duties and responsibilities as established in the By-Laws of the Company, including gaining full access to any Company files and information, as well as the complete cooperation of management, with full discretion to invite any Director or executive officer to attend its meetings. The RPTRCC may form and delegate authority to sub-committees, as it may deem necessary or appropriate. Moreover, the Board of Directors of the Company has delegated to the RPTRCC the authority to approve all transactions, policies, procedures, rules, regulations, and all other activities, which are necessary, in relation, or incidental to its powers, functions, roles, and responsibilities, as provided in the By-Laws of the Company.

The RPTRCC shall have at least three members, composed of non-executive directors, majority of whom shall be independent directors, including the Chairman.

The committee is chaired by Ephyro Luis B. Amatong and with Leonilo G. Coronel, Roy A. Cimat and Oliver Y. Tan as members.

D. The Remuneration and Human Capital Committee

The Remuneration and Human Capital Committee (“**RHCC**”) shall assist the Board of Directors in its responsibilities on:

- (a) the nomination and election process of the Directors;
- (b) the selection and supervision of key officers;
- (c) determining the appropriate compensation of the Directors and key officers; and
- (d) provide the strategic direction and guidance with regard to management and organization development functions.

The RHCC shall have at least three members, but not more than five members, composed of the Directors, who shall be appointed by the Board of Directors on an annual basis. At least one member of the RHCC shall have relevant background and experience in corporate governance and/or human resources.

The committee is chaired by Manuel Louie B. Ferrer and with Abigail Joan R. Cosico and Oliver Y. Tan as members.

E. The Environmental, Social, and Governance Committee

The Environmental, Social, and Governance Committee (“ESGC”) shall exercise the following powers and functions with regard to the Board of Directors’ duties on:

- (a) the development and implementation of corporate governance principles and policies;
- (b) the development and implementation of an efficient and effective regulatory and compliance system; and
- (c) the adoption and implementation of approaches in addressing our ESG commitments.

Moreover, the Board of Directors has delegated to the ESGC the authority to approve all transactions, policies, procedures, rules, regulations, and all other activities, which are necessary, in relation, or incidental to its powers, functions, roles, and responsibilities, as provided in the By-Laws of the Company.

The ESGC shall have at least three members, composed of three Directors, who shall be appointed by the Board of Directors on an annual basis.

The committee is chaired by Roy A. Cimatú and with Manuel Louie B. Ferrer and Abigail Joan R. Cosico as members.

F. The Finance Committee

The Finance Committee (“FinCom”) shall assist the Board of Directors in its oversight responsibilities on all corporate finance matters of the Company and its business units, and shall exercise the following powers and functions:

- (a) ensure that the Company shall prepare timely and accurate management reports that will assist the Board of Directors in its oversight functions, and help boost decision-making and strategy execution by the management and senior officers of the Company. Aside from the accuracy of the financial data, management reports must present valuable insight to the Board of Directors and management on driving operating performance and providing early warning signals for significant business risk exposures;
- (b) evaluate major capital expenditures and projects, which would require Board of Directors approval and formalization in an annual or special shareholders’ meeting. The FinCom shall play a key role in overseeing the planning and execution of major capital projects, ensuring, for example, that the projects are on schedule at all times, within budget, and do not pose any potential business risk exposures to the organization. The top level review and evaluation prior to the Board of Directors approval shall be performed by the FinCom;
- (c) prior to the Board of Directors’ approval, conduct a final review of all share capital transactions focusing on sensitive areas such as conflict of interest, insider trading, and other irregularities. Share capital transactions may include increase of decrease in issued and paid-up capital, recapitalization, or share buy-back. Shareholdings are subject to change for a variety of reasons, such as (a) invitation of prospective investors; (b) creation of group structures; (c) tax and succession planning; (d) necessity of raising capital funds for expansion and other purposes; (e) transfer of controlling interests; and (f) amending stockholders’ rights and interests;
- (d) manage our working capital funds and long-term investments and monitor management’s policies and procedures on the proper sources and uses of corporate funds and other liquid resources. The FinCom’s functions shall cover the review of management’s plans and strategies and all intercompany activities relating to the maintenance of cash and bank balances, investment portfolios, and intercompany loan transactions. The FinCom shall also ensure that all long-term investments are decided upon based on established investment guidelines and limits.
- (e) regularly monitor how management determines the right debt-equity mix for us that would result in high market valuation of its shares;
- (f) ascertain that there are Board of Directors-approved plans and strategies to manage our foreign currency exchange transactions and other exposure to economic risks of the Company and its business units;

- (g) develop our overall short-term, mid-term, and long-term strategic financial plans for the Board of Directors' consideration, and provide strategic oversight monitoring and guidance over their implementation, Provided, that the oversight responsibility of the FinCom shall exclude areas of financial and tax reporting, as well as related party transactions, which falls under the purview of other Board committees;
- (h) oversee our annual budgeting process and review and recommend, if necessary, the annual budgets submitted to our Chief Executive Officer; and
- (i) other functions as may be delegated or authorized by the Board of Directors. Moreover, the Board of Directors has delegated to the FinCom the authority to approve all transactions, policies, procedures, rules, regulations, and all other activities, which are necessary, in relation, or incidental to its powers, functions, roles, and responsibilities, as provided in the By-Laws of the Company.

The FinCom shall have at least four members, composed of Directors with at least one independent director and/or a member with the relevant background and experience in accounting, banking, and/or finance. In the same manner, the Chairman of the FinCom shall preferably be an independent director who is knowledgeable in the foregoing fields.

The committee is chaired by Ephyro Luis B. Amatong and with Oliver Y. Tan, Leonilo G. Coronel. and Edgar B. Saavedra as members.

CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors has adopted the Manual on Corporate Governance (“**Manual**”), which institutionalizes the principles of best practices and good corporate governance in the entire organization. We believe that it is a necessary component of sound strategic business management, hence, we undertake efforts to create awareness within the organization.

The Manual provides that it is the Board of Directors that has the primary responsibility for the governance of the corporation. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board of Directors is mandated to attend its regular and special meetings in person or through teleconferencing.

In adopting the Manual, we understand the responsibilities of the Board of Directors and its members, in governing the conduct of our business, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices. We are currently in the process of establishing an evaluation system for determining the extent of compliance of the Board and senior management of the Company with the Manual.

Pursuant to the Securities and Exchange Commission Memorandum Circular No. 24 Series of 2019, dated 19 December 2019, the Board of Directors hereby adopts the governance principles embodied in the Code of Corporate Governance for Publicly Listed Companies.

EXECUTIVE COMPENSATION

The compensation for our executive officers for the years ended December 31 2021, 2022 and 2023 (actual) and 2024 (projected) are shown below:

Names	Actual 2021	Actual 2022	Actual 2023	Projected 2024*
(P in millions)				
Aggregate executive compensation for the following key management officers:				
Oliver Y. Tan, <i>President & Chief Executive Officer</i>	Basic: 25.56 Incentive: 1.79	Basic: 29.37 Incentive: 2.71	Basic: 31.39 Incentive: 3.01	Basic: 33.0 Incentive: 3.2
Abigail Joan R. Cosico, <i>Director & Chief Investor Relations, Corporate</i>				

*Communications, and
Branding Officer*

Manolo T. Candelaria,
*Executive Vice President of
Business Development*

Jaime P. Del Rosario, *Chief
Compliance Officer & Vice
President – Legal &
Regulatory*

Mia Grace Paula S. Cortez,
*Chief Finance Officer & Chief
Risk Officer*

Aggregate executive compensation of all other officers and directors, unnamed	Basic: 45.94 Incentive: 1.79	Basic: 44.28 Incentive: 4.77	Basic: 47.66 Incentive: 4.9	Basic: 50.0 Incentive: 5.1

**For the first quarter of 2024.*

STANDARD ARRANGEMENTS

Other than payment of reasonable per diem of ₱52,000.00 per non-executive director for every meeting, ₱36,500.00 per committee meeting for committee chairs and ₱28,000.00 per committee meeting for committee members, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

EMPLOYMENT CONTRACT BETWEEN THE COMPANY AND SENIOR MANAGEMENT OFFICERS

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

WARRANTS AND OPTIONS HELD BY THE SENIOR MANAGEMENT OFFICERS AND DIRECTORS

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

EMPLOYEE STOCK OPTION PLAN

To provide incentivization to certain of our executive officers, employees and other eligible participants, we intend to establish an employee share option plan (“ESOP”) pursuant to which the Board of Directors may issue share options to eligible participants that may, subject to the terms of the proposed ESOP, become exercisable into Common Shares during certain exercise periods.

On November 20, 2023, the Board of Directors and shareholders authorized the establishment of an ESOP. The final terms of the ESOP will be subject to approval by the Board of Directors.

SIGNIFICANT EMPLOYEE

While we value the contribution of each of our executive and non-executive employees, we believe there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on our business. Other than standard employment contracts, there are no special arrangements with our non-executive employees.

PRINCIPAL SHAREHOLDERS

We have eight shareholders as of December 31, 2023, as follows:

No.	Name of Shareholder	Nationality	No. of Common Shares Held	Amount Subscribed (₱)	Amount Paid-up (₱)	Percentage of Ownership
1	Citicore Power Inc.	Filipino	7,142,857,136	499,999,999.52	1,425,199,999.52*	100.00%
2	Edgar B. Saavedra	Filipino	1	0.07	0.07	0.00%
3	Oliver Y. Tan	Filipino	1	0.07	0.07	0.00%
4	Manuel Louie B. Ferrer	Filipino	1	0.07	0.07	0.00%
5	Abigail Joan R. Cosico	Filipino/ Canadian	1	0.07	0.07	0.00%
6	Leonilo G. Coronel	Filipino	1	0.07	0.07	0.00%
7	Ephyro Luis B. Amatong	Filipino	1	0.07	0.07	0.00%
8	Roy A. Cimat	Filipino	1	0.07	0.07	0.00%
	TOTAL		7,142,857,143	500,000,000.00	1,425,200,000.00	100%

* Inclusive of additional paid-in capital from CPI in the total amount of ₱925,200,000.00

PSE LOCK-UP REQUIREMENT

Under the PSE Consolidated Listing and Disclosure Rules, subject to any exemptions provided by the PSE, an applicant company shall cause its existing shareholders who own an equivalent of at least ten percent (10%) of the issued and outstanding shares of stock of the company to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- (a) 180 days after the listing of said shares if the applicant company meets the track record requirements in Section 1, Article III, Part D of the PSE Consolidated Listing and Disclosure Rules; or
- (b) 365 days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements of the PSE Consolidated Listing and Disclosure Rules.

Further, if there is any issuance or transfer of shares (i.e. private placement, asset for share swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e. convertible bonds, warrants, or similar instrument) done and fully paid for within 180 days prior to the start of the offering period, or, prior to the listing date in the case of applicant companies by way of introduction, and the transaction price is lower than that of the offer price in the initial public offering or than that of the listing price in the case of applicant companies listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least 365 days from the full payment of the aforesaid shares.

The following shareholder is covered by the 180-day lock-up requirement from Listing Date (if the Overallotment Option is not exercised):

Shareholder	No. of Shares
Citicore Power Inc.	7,142,857,136 Common Shares
TOTAL	7,142,857,136 Common Shares

The following shareholder is covered by the 180-day lock-up requirement from Listing Date (if the Overallotment Option is fully exercised):

Shareholder	No. of Shares
Citicore Power Inc.	6,874,999,136 Common Shares
TOTAL	6,874,999,136 Common Shares

To implement the lock-up requirement, we and the foregoing shareholder shall enter into an escrow agreement with the Development Bank of the Philippines – Trust Banking Group.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

As of December 31, 2023 the following are the owners of our common stock in excess of 5% of total issued and outstanding shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares held	Percentage of Ownership
Common shares	Citicore Power Inc. (Parent Company)	Edgar B. Saavedra (Chairman; Shareholder)	Filipino	7,142,857,136	100%

Security Ownership of Management

As of December 31, 2023, the following are the shareholdings of our Senior Management:

Title of Class	Name of Record Owner	Position	Citizenship	Amount and Nature of Record Ownership	Percentage of Ownership
Common shares	Oliver Y. Tan	Director; President and Chief Executive Officer	Filipino	one common share	0%
Common shares	Manuel Louie B. Ferrer	Director; Treasurer	Filipino	one common share	0%
Common shares	Abigail Joan R. Cosico	Director; Chief Investor Relations, Corporate Communications, and Branding Officer	Filipino / Canadian	one common share	0%

Except for the foregoing, no other members of the Board of Directors or Senior Management own any shares in the Company.

Voting Trust Holders of 5% or more

As of December 31, 2023, we are not aware of any person holding more than 5.0% of a class of our shares under a voting trust or similar agreement.

Change in Control

There has been no change in the control of the Company since it was incorporated in 2018.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

In the ordinary course of business, we enter into various transactions with related parties and affiliates, principally consisting of leases of commercial space, advances and purchases and sales of goods. Our policy is to settle intercompany receivables and payables on a net basis. Transactions entered with related parties are made at terms equivalent to those that prevail in arm's length transactions on terms comparable to those available from or to unrelated third parties, as the case may be, and on a basis substantially as favorable to it as would be obtainable in such arm's length transactions. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured, with no guarantee, and payable/collectible in cash on demand.

The RPTRCC was constituted to enhance the Board of Directors' oversight capability over our material related party transactions and compliance with applicable laws, rules, and regulations. The RPTRCC evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions are monitored, and subsequent changes in relationships with counterparts are captured. Further, the RPTRCC evaluates all material related party transactions to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that none of our corporate or business resources are misappropriated or misapplied, and to determine any potential reputational risk issued that may arise as a result of or in connection with the transactions. Apart from the RPTRCC's evaluation of related party transactions, it also ensures that the related party transactions, including write-off of exposures, are subject to a periodic independent review or audit process.

We have the following significant transactions with related parties for the year ended December 31, 2023:

- (a) Advances to (from) related parties to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties;
- (b) Deposits for future share subscription to RNHC, an entity under common control;
- (c) Sale of electricity by CESI to entities under common control and customer deposits;
- (d) Sale of electricity by CSNO, CSBI and CSCI to CESI;
- (e) Operation and maintenance service provided by CPMI to GPS3;
- (f) Sublease agreements with CREIT; and
- (g) Advances to MCC-CCI for ongoing construction of solar power plants operated by CSB2.

The summaries of our significant transactions with related parties are set out in Note 10 of the audited financial statements for the years ended December 31, 2021, 2022 and 2023.

In addition, related party transactions include CREC's investments in subsidiaries, including the acquisition of Citicore Solar Batangas 1, Inc. (formerly Verdecare Power Solutions, Inc.) and CESI; management fees for legal, financial and technical services provided to Greencore Power Solutions 1, Inc. to secure the operation, maintenance, rehabilitation and expansion of the AFAB distribution project, which transactions are eliminated in our audited consolidated financial statements pursuant to PFRS; and engineering, procurement and construction contracts with MCC-CCI in relation to the design, engineering, procurement, manufacturing, supply, construction, installation, inspection, testing, and commissioning of solar photovoltaic power generation plants in several provinces in the Philippines such as Pampanga, Zambales, Pangasinan, Quezon, Batangas and Negros Occidental.

We also enter into lease agreements with CREIT entities for the lease of land on which our projects are located. For more information on these lease agreements, see "*Description of Property*" on page 194 of this Prospectus.

EFFECT OF THE CHANGE IN PAR VALUE OF THE COMPANY

On April 20, 2023, our Board of Directors approved amendments to our Articles of Incorporation to, among others, (i) reduce the par value of the Common Shares from ₱1.00 to ₱0.07 per share (“**Change in Par Value**”); and (ii) the creation of Preferred Shares with a par value of ₱1.00 (“**Creation of Preferred Shares**”) in preparation for the initial public offering. Our shareholders approved the Change in Par Value, Creation of Preferred Shares, and other amendments to the Articles of Incorporation on April 20, 2023 and the Philippine SEC approved such amendments on July 6, 2023.

Before the amendment of our Articles of Incorporation, the par value of our Common Shares was ₱1.00 per share, and the earnings per share for the years ended December 31, 2021, 2022 and 2023, was ₱0.38, ₱1.26 and ₱1.37, respectively, and the book value per share as of December 31, 2021, 2022 and 2023, was ₱3.40, ₱13.66 and ₱14.99, respectively. Below is a breakdown of our shareholdings before the Change in Par Value:

SHAREHOLDINGS BEFORE THE STOCK SPLIT

Stockholders	Nationality	No. of Common Shares Subscribed	Amount Subscribed(₱)	Amount Paid-Up (₱)	Percentage of Ownership
Citicore Power Inc.	Filipino	499,999,995	499,999,995.00	499,999,995.00	100.00%
Edgar B. Saavedra	Filipino	1	1.00	1.00	0.00%
Oliver Y. Tan	Filipino	1	1.00	1.00	0.00%
Manuel Louie	Filipino	1	1.00	1.00	0.00%
B. Ferrer					
Jez G. Dela Cruz	Filipino	1	1.00	1.00	0.00%
Ramon H. Diaz	Filipino	1	1.00	1.00	0.00%
TOTAL		500,000,000	500,000,000.00	500,000,000.00	100.00%

Following the amendment of our Articles of Incorporation, the par value of our Common Shares is ₱0.07. Based on the par value of the Common Shares of ₱0.07, the earnings per share for the years ended December 31, 2021, 2022 and 2023, would have been ₱0.03, ₱0.09 and ₱1.37, respectively, and the book value per share as of December 31, 2021, 2022 and 2023, would have been ₱0.24, ₱0.96 and ₱1.05, respectively. Aside from the foregoing, the change in par value of the Issuer’s Common Shares had no impact on the Issuer’s financial ratios. Below is a breakdown of our shareholdings after the Change in Par Value:

SHAREHOLDINGS AFTER THE STOCK SPLIT

Stockholders	Nationality	No. of Common Shares Subscribed	Amount Subscribed (₱)	Amount Paid-Up (₱)	Percentage of Ownership
Citicore Power Inc.	Filipino	7,142,857,072.90	499,999,995.00	499,999,995.00	100.00%
Edgar B. Saavedra	Filipino	14	1.00	1.00	0.00%
Oliver Y. Tan	Filipino	14	1.00	1.00	0.00%
Manuel Louie	Filipino	14	1.00	1.00	0.00%
B. Ferrer					
Jez G. Dela Cruz	Filipino	14	1.00	1.00	0.00%
Ramon H. Diaz	Filipino	14	1.00	1.00	0.00%
TOTAL		7,142,857,142.9	500,000,000.00	500,000,000.00	100.00%

For illustration, the following tables show the impact of the Change in Par Value and on the earnings per share and book value per share as of December 31, 2021, 2022 and 2023:

As of December 31, 2021			
	Original Par Value of ₱1.00		As Adjusted to Give Effect to the Change in Par Value reducing the Par Value to ₱0.07
	No. of Shares	Amount (₱ millions)	No. of Shares
Authorized capital stock			
Common Shares	2,000,000,000.00	2,000.00	27,857,142,857.00
Preferred Shares	-	-	50,000,000.00
Issued and outstanding capital stock			
Common Shares	500,000,000.00	500.00	7,142,857,143.00
Preferred Shares	-	-	-
Total subscribed capital stock.....			
Common Shares	500,000,000.00	500.00	7,142,857,143.00
Preferred Shares	-	-	-
Weighted average number of common shares	500,000,000.00	500.00	7,142,857,143.00
Net equity attributable to shareholders of the Company	N/A	1,699.00	N/A
Book value per share ⁽¹⁾	N/A	3.40	N/A
Net income attributable to shareholders of the Company	N/A	192.00	N/A
Basic earnings per share ⁽²⁾	N/A	0.38	N/A

As of December 31, 2022			
	Original Par Value of ₱1.00		As Adjusted to Give Effect to the Change in Par Value reducing the Par Value to ₱0.07
	No. of Shares	Amount (₱ millions)	No. of Shares
Authorized capital stock			
Common Shares	2,000,000,000.00	2,000.00	27,857,142,857.00
Preferred Shares	-	-	50,000,000.00
Issued and outstanding capital stock			
Common Shares	500,000,000.00	500.00	7,142,857,143.00
Preferred Shares	-	-	-
Total subscribed capital stock.....			
Common Shares	500,000,000.00	500.00	7,142,857,143.00
Preferred Shares	-	-	-
Weighted average number of common shares	500,000,000.00	500.00	7,142,857,143.00
Net equity attributable to shareholders of the Company	N/A	6,832.00	N/A
Book value per share ⁽¹⁾	N/A	13.66	N/A
Net income attributable to shareholders of the Company	N/A	631.00	N/A
Basic earnings per share ⁽²⁾	N/A	1.26	N/A

As of December 31, 2023			
	Original Par Value of ₱1.00		As Adjusted to Give Effect to the Change in Par Value reducing the Par Value to ₱0.07
	No. of Shares	Amount (₱ millions)	No. of Shares
Authorized capital stock			
Common Shares	2,000,000,000.00	2,000.00	27,857,142,857.00
Preferred Shares	-	-	50,000,000.00
Issued and outstanding capital stock			
Common Shares	500,000,000.00	500.00	7,142,857,143.00
Preferred Shares	-	-	-
Total subscribed capital stock.....			
Common Shares	500,000,000.00	500.00	7,142,857,143.00
Preferred Shares	-	-	-
Weighted average number of common shares	500,000,000.00	500.00	7,142,857,143.00
Net equity attributable to shareholders of the Company	N/A	7,494.6	N/A

As of December 31, 2023				
	Original Par Value of ₱1.00		As Adjusted to Give Effect to the Change in Par Value reducing the Par Value to ₱0.07	
	No. of Shares	Amount (₱ millions)	No. of Shares	Amount (₱)
Book value per share ⁽¹⁾	N/A	14.99	N/A	1.05
Net income attributable to shareholders of the Company	N/A	685.0	N/A	685.0
Basic earnings per share ⁽²⁾	N/A	1.37	N/A	0.10

Notes:

- (1) Book value per share is computed by dividing net equity attributable to shareholders of the Company by total subscribed capital shares of stock.
- (2) Basic earnings per share is computed by dividing net income attributable to shareholders of the Company by the weighted average number of common shares.

DESCRIPTION OF THE COMMON SHARES

The following is general information relating to our capital stock but does not purport to be complete or to give full effect to the provisions of law and is in all respects qualified by reference to the applicable provisions of our Articles of Incorporation and By-Laws.

The Offer Shares shall be offered at a price of up to ₱[3.88] per Offer Share (the “**Offer Price**”). The determination of the Offer Price is further discussed on page 70 of this Prospectus. A total of [8,928,572,143] Common Shares will be outstanding after the Offer and the Offer Shares will comprise up to [23.0]% of the outstanding Shares after the Offer, assuming the full exercise of the Overallotment Option.

SHARE CAPITAL INFORMATION

Pursuant to our amended Articles of Incorporation to implement the Offer, as approved by the Board of Directors and stockholders on April 20, 2023 and approved by the Philippine SEC on July 6, 2023, CREC has an authorized capital stock of ₱2,000,000,000.00 divided into (i) 27,875,142,857 Common Shares with a par value of ₱0.07 per common share and (ii) 50,000,000 Preferred Shares with a par value of ₱1.00 per preferred share. As of December 31, 2023, CREC has 7,142,857,143 issued and outstanding Common Shares.

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in its articles of incorporation and by-laws. A Philippine corporation may also increase or decrease its authorized capital stock, provided that the increase or decrease is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders’ meeting duly called for the purpose and is duly approved by the Philippine SEC.

We may acquire its own shares for a legitimate corporate purpose as long as it has unrestricted retained earnings or surplus profits sufficient to pay for the shares to be acquired, such as in the following instances: (i) elimination of fractional shares arising out of stock dividends, (ii) the purchase of shares of dissenting shareholders exercising their appraisal right and (iii) the collection or compromise of an indebtedness arising out of an unpaid subscription in a delinquency sale or to purchase delinquent shares during such sale. Upon repurchase of its own shares, the shares become treasury shares, which may be resold at a reasonable price fixed by the board of directors.

The Board of Directors is authorized to issue shares from the treasury from time to time.

RIGHTS RELATING TO SHARES

A. Voting Rights of Shares

Each Common Share is entitled to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in our books at the time of the closing of the transfer books for such meeting.

In accordance with Section 23 of the Revised Corporation Code of the Philippines, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

Our Common Shares have full voting rights. However, the Revised Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the Board of Directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

B. Dividend Rights of Common Shares

We are allowed to declare dividends out of our unrestricted retained earnings at such times and in such percentages as may be determined by the Board of Directors. Such determination will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things. The PDTC has an established

mechanism for distribution of dividends to beneficial owners of the shares which are traded through the PSE and lodged with the PDTC as required for scripless trading.

Under Philippine law, we can only declare dividends to the extent that we have unrestricted retained earnings that represent the amount of accumulated profits and gains realized out of our normal and continuous operations after deducting therefrom distributions to stockholders and transfers to capital stock or other accounts, and which is: (1) not appropriated by the Board of Directors for corporate expansion projects or programs; (2) not covered by a restriction for dividend declaration under a loan agreement; and (3) not required to be retained under special circumstances obtaining in the corporation such as when there is a need for a special reserve for probable contingencies. We may pay dividends in cash, property or by the issuance of shares. Dividends may be declared by the Board of Directors except for stock dividends which may only be declared and paid with the approval of shareholders representing at least two-thirds of our issued and outstanding capital stock voting at a shareholders' meeting duly called for the purpose.

A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of our outstanding capital stock. The Revised Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares." Such shareholders' approval may be given at a general or special meeting duly called for such purpose. See "*Dividends and Dividend Policy*" on page 66 of this Prospectus.

C. Dividend and Other Rights of Preferred Shares

Preferred shares may be issued from time to time in one or more series as the Board of Directors may determine, and authority is expressly granted to the Board of Directors to establish and designate each particular series of preferred shares, to fix the number of shares to be included in such series, and to determine the dividend rate, issue price and other terms and conditions for each such shares. Preferred shares of each and any series shall not be entitled to any participation or share in the retained earnings after dividend payments shall have been made on the preferred shares. The specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the Board of Directors prior to the issuance of such which resolution(s) shall be filed with the Philippine SEC and upon approval thereof shall be deemed a part of the Articles of Incorporation, as amended.

D. Rights of Shareholders to Assets of the Company

Each holder of a common share and preferred share is entitled to a pro rata share in our assets available for distribution to the shareholders in the event of dissolution, liquidation and winding up.

E. Pre-emptive Rights

The Philippine Revised Corporation Code confers pre-emptive rights on shareholders of a Philippine corporation entitling such shareholders to subscribe for all issues or other dispositions of equity-related securities by the Issuer in proportion to their respective shareholdings, regardless of whether the equity-related securities proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect. Pursuant to an amendment to the Articles of Incorporation approved by the Board of Directors and the stockholders on April 20, 2023 and approved by the Philippine SEC on July 6, 2023, our stockholders shall have no pre-emptive right to subscribe to any issue or disposition of shares of any class of the Company.

F. Appraisal Rights

Under Philippine law, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- (a) in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- (b) in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;

- (c) in case of merger or consolidation;
- (d) in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and
- (e) in case of extension or shortening of the term of corporate existence.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. The appraisal rights may be exercised by the dissenting stockholder by making a written demand within thirty (30) days after the date on which the vote was taken on the corporate action. The failure to make the demand within the period shall be deemed a waiver of the appraisal rights.

The payment to the dissenting stockholder of the fair value of his shares will only be available if our Company has unrestricted retained earnings to cover such purchase. From the time the shareholder makes a demand for payment until the Issuer purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

G. Derivative Rights

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

H. Right of Inspection

It is a recognized right of a shareholder to inspect the corporate books, records of all business transactions of the corporation and the minutes of any meeting of the Board and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. On the other hand, the corporation may refuse such inspection if the shareholder demanding to examine or copy the records of the corporation has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

I. Right to Financial Statements

Another recognized right of a shareholder is the right to be furnished with the most recent financial statement of the corporation, which shall include a balance sheet as of the end of the last taxable year and a profit and loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certified by an independent certified public accountant.

J. Change in Control

There are no existing provisions in our amended Articles of Incorporation or the By-Laws which will delay, defer or in any manner prevent a change in control of the Company.

SHAREHOLDERS' MEETINGS

A. Annual or Regular Shareholders' Meetings

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes, one of which is the election of directors. Our by-laws provide for annual meetings on the 8th of June of each year, and if a legal holiday, then on the next business day following.

B. Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by any of the following:

- (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the

outstanding capital stock; or (b) President; or (c) such number of shareholders of the Corporation in accordance applicable law and regulations.

C. Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. Notices of meetings of the stockholders shall be sent by the Secretary (i) by personal delivery; (ii) by mail; or (iii) electronic message at least twenty-one (21) calendar days for regular meetings and seven (7) business days for special meetings, or such other period as may be allowed by applicable regulations, prior to the date of the meeting to each stockholder of record at his last known address or electronic mail address. This notice period applies in the case of a special meeting of shareholders. In case of regular meetings of shareholders, written notice must be sent at least 21 days prior to the scheduled regular meeting, in accordance with SEC Memorandum Circular No. 6, series of 2020. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any shareholder, in person or by proxy, before or after the meeting.

When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is decided. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

D. Quorum

Unless otherwise provided by law, shareholders who own or hold a majority of the outstanding capital shares must be present or represented in all regular or special meeting of shareholders in order to constitute a quorum, except in cases where the Revised Corporation Code provides a greater percentage vis-a-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until shareholders who own or hold the requisite number of shares shall be present or represented. At all meetings of stockholders, a stockholder may vote in person or by proxy or *in absentia*.

Upon approval of and upon notice by the Board of Directors, meetings may be attended by the stockholders either in person or by remote communication through video or teleconference or such other means as may subsequently be permitted by applicable law or regulation.

E. Voting

The shareholders may vote at all meetings the corresponding number of shares registered in their respective names, either in person or by proxy duly appointed as discussed herein below.

F. Fixing Record Dates

Pursuant to the Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than ten and not more than 30 days from the date of declaration of cash dividends. As to stock dividends, the record date shall not be less than ten nor more than 30 days from the date of shareholder approval.

In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the Philippine SEC and shall be indicated in the Philippine SEC order which shall not be less than ten days nor more than 30 days after all clearances and approvals by the Philippine SEC shall have been secured. Regardless of the kind of dividends, the record date set shall not be less than ten trading days from receipt by the PSE of the notice of declaration of the dividend.

G. Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy. A proxy shall be in writing and duly presented to and received by the Corporate Secretary for inspection and recording within five business days prior to the scheduled meeting. Unless otherwise provided in

the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary. No proxy shall be valid and effective for a period longer than five years at any one time.

No member of the PSE and no broker/dealer shall give any proxy, consent or authorization, in respect of any securities carried for the account of a customer to a person other than the customer, without the express written authorization of such customer. The proxy executed by the broker shall be accompanied by a certification under oath stating that before the proxy was given by the broker, he had duly obtained the written consent of the persons in whose account the shares are held. There shall be a presumption of regularity in the execution of proxies and proxies shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge. Proxies are required to comply with the relevant provisions of the Revised Corporation Code, the SRC, the Implementing Rules and Regulations of the SRC (as amended), and Philippine SEC Memorandum Circular No. 5 (series of 1996) issued by the Philippine SEC.

ISSUE OF SHARES

Subject to otherwise applicable limitations, we may issue additional shares to any individual for consideration deemed fair by the Board of Directors, provided said consideration shall not be less than the par value of the issued shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to our Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

TRANSFER OF COMMON SHARES

All transfer of shares on the PSE shall be done by means of a book-entry system. Pursuant to this system of trading and settlement, a registered shareholder transfers legal title over the shares to such nominee, but retains beneficial ownership over the shares. A shareholder transfers legal title by surrendering the stock certificate representing his shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation (“**PCC Nominee**”). A shareholder may request his shares to be uplifted from the PDTC, in which case a certificate of stock is issued to the shareholder and the shares are registered in the name of the shareholder. See “*The Philippine Stock Market*” on page 306 of this Prospectus.

Under Philippine law, transfer of the Common Shares is not required to be effected on the PSE, but any off exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See “*Philippine Taxation*” on page 312 of this Prospectus. All transfers of Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

SHARE REGISTER

Our share register is maintained at the principal office of our share transfer agent, Stock Transfer Service, Inc.

SHARE CERTIFICATES

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. For Shareholders who wish to split their certificates, they may do so through application to our stock transfer agent. Shares may also be lodged and maintained under the book-entry system of the PDTC. See “*The Philippine Stock Market*” beginning on page 306 of this Prospectus.

MANDATORY TENDER OFFER

Pursuant to the SRC and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

- (a) 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board of directors in a public company in one or more transactions within a period of 12 months;
- (b) 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board of directors in a public company directly from one or more stockholders; or

- (c) equity which would result in ownership of over 50% of the outstanding equity securities of a public company.

Pertaining to the first instance, when the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both selling shareholders with whom the acquirer may have been in private negotiations with and the minority shareholders.

Pertaining to the second instance, the tender offer shall be made for all the outstanding voting shares. The sale of shares pursuant to the private transaction with the stockholders shall not be completed prior to the closing and completion of the tender offer.

Pertaining to the third instance, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer shall be required to accept all securities tendered.

Further, no mandatory tender is required on:

- (a) purchases of shares from unissued capital shares unless such purchases will result in a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the board of directors;
- (b) purchases from an increase in the authorized capital shares of the target company;
- (c) purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;
- (d) purchases in connection with a privatization undertaken by the government of the Philippines;
- (e) purchases in connection with corporate rehabilitation under court supervision;
- (f) purchases through an open market at the prevailing market price; or
- (g) purchases resulting from a merger or consolidation.

CHANGE IN CONTROL

There are no existing provisions in our amended Articles of Incorporation or the By-Laws which will delay, defer or in any manner prevent a change in control of the Company.

FUNDAMENTAL MATTERS

The Revised Corporation Code provides that the following acts of the corporation require the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the corporation: (i) amendment of the articles of incorporation; (ii) removal of directors; (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation; (iv) investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized; (v) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws; (vi) merger or consolidation; (vii) an increase or decrease in capital stock; (viii) dissolution; (ix) extension or shortening of the corporate term; (x) creation or increase of bonded indebtedness; (xi) declaration of stock dividends; (xii) management contracts with related parties; and (xiii) ratification of contracts between the corporation and a director or officer.

Further, the approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting shares, is required for the adoption or amendment of the by-laws of such corporation.

ACCOUNTING AND AUDITING REQUIREMENTS

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board of Directors is required to present to shareholders at every annual meeting a financial report of our operations for the preceding year. This report is required to include audited financial statements.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by us, the Underwriters, or any of their respective subsidiaries, affiliates or advisors in connection with the sale of the Offer Shares.

THE EXCHANGE

The PSE is the only stock exchange in the Philippines. It is one of the oldest stock exchanges in Asia, having been in continuous operation since the establishment of the Manila Stock Exchange in 1927. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

BRIEF HISTORY

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated on July 24, 1992 as a non-stock corporation by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system, which integrates all bids, and ask quotations from the bourses.

In June 1998, the Philippine SEC granted the PSE “Self-Regulatory Organization” status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization and converted from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member-broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE’s Main Board or the Small, Medium and Emerging Board. On April 13, 2013, the PSE issued Rules on Exchange Traded Funds (“ETF”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards. Previously, the PSE allowed listing on the First Board, Second Board or the Small, Medium and Enterprises Board. With the issuance by the PSE of its Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of incorporation of the Issuer. Each index represents the numerical average of the prices of component stocks.

The PSE has an index, referred to as the PSEi (previously “PHISIX”), which, as of the date thereof, reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective as of April 3, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of 30 selected stocks listed on the PSE. In July 2010, the PSE’s new trading system, now known as PSE Trade, was launched. In June 2015, the PSE Trade system was replaced by PSE Trade XTS.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and enhance access to such reports by the investing public. In December 2013, the PSE replaced its online disclosure System (“**OdiSy**”) with a new disclosure system, the PSE EDGE, which was acquired from the Korea Exchange and is a fully automated system, equipped with a variety of features to (i) further standardize the disclosure reporting process of listed companies on the PSE, (ii) improve investors’ disclosure searching and viewing experience and (iii) enhance overall issuer transparency in the market.

In January 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City, which currently houses the unified trading floors in Makati City and Pasig City. On March 22, 2018, the PSE completed a stock rights offering of 11,500,000 common shares which were offered at the price of ₱252.00 per share, or a total of ₱2,898,000,000. The proceeds of the stock rights offering will be used to fund the acquisition of PDS and capital expenditure requirements of the PSE. As of the date of this Prospectus, the PSE has an authorized capital stock of ₱120 million, of which 85,025,692 shares are issued. Out of this total, 84,925,686 shares are outstanding, and 100,006 are treasury shares.

The table below indicates the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			(in ₱ billions)	(in ₱ billions)
2005.....	2,096.0	237	5,948.4	383.5
2006.....	2,982.5	239	7,173.2	572.6
2007.....	3,621.6	244	7,977.6	1,338.3
2008.....	1,872.9	246	4,069.2	763.9
2009.....	3,052.7	248	6,029.1	994.2
2010.....	4,201.1	253	8,866.1	1,207.4
2011.....	4,372.0	245	8,697.0	1,422.6
2012.....	5,812.7	254	10,952.7	1,771.7
2013.....	5,889.8	257	11,931.3	2,546.2
2014.....	7,230.6	263	14,251.7	2,130.1
2015.....	6,952.1	265	13,465.2	2,151.4
2016.....	7,629.7	268	14,438.8	1,929.5
2017.....	8,558.4	267	17,583.1	1,960.0
2018.....	7,466.0	267	16,150.0	1,740.0
2019.....	7,815.3	271	16,710.0	1,770.0
2020.....	7,139.7	271	15,890.0	1,770.0
2021.....	7,122.6	276	18,081.1	2,233.1
2022.....	6,566.4	288	16,560.0	1,790.0

Source: PSE and PSE Annual Reports.

TRADING

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE’s electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 noon for the morning session, and resumes at 1:00 p.m. and ends at 3:00 p.m. for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays and days

when the BSP clearing house is closed and such other days as may be declared by the Philippine SEC or the PSE, to be a non-trading day.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for our Common Shares is 10 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- (a) in the event the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price). Otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE;
- (b) in the event the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C). Otherwise, such order will be rejected by the PSE.

NON-RESIDENT TRANSACTIONS

When the purchase or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

SETTLEMENT

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly-owned subsidiary of the PSE and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for: (a) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE trading participants; (b) guaranteeing the settlement of trades in the event of a PSE Trading Participant's default through the implementation of its "Fails Management System" and administration of the Clearing and Trade Guaranty Fund, and; (c) performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place two days after transaction date (T+2). The deadline for settlement of trades is 12:00 noon of T+2. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the nine existing Settlement Banks of SCCP which are BDO Unibank, Inc. ("BDO Unibank"), Rizal Commercial Banking Corporation ("RCBC"), Metropolitan Bank & Trust Company ("Metrobank"), Deutsche Bank ("DB"), Union Bank of the Philippines ("Unionbank"), The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Maybank Philippines, Inc. ("Maybank"), Asia United Bank Corporation ("AUB"), and China Banking Corporation ("Chinabank"). Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("CCCS") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All

cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

SCRIPLESS TRADING

In 1995, the PDTC, was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO Unibank, RCBC, Metrobank, DB, Unionbank, HSBC, Maybank, AUB, and Chinabank.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee, a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must execute the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are generally on the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee Corp. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD nominee's

name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

AMENDED RULE ON LODGMENT OF SECURITIES

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III, Part A of the PSE's Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- (a) the offer shares/securities of the applicant company in the case of an initial public offering;
- (b) the shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- (c) new securities to be offered and applied for listing by an existing listed company;
- (d) and additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

- (a) for a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a registry confirmation advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date;
- (b) on the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the issuer's registry as of confirmation date.

ISSUANCE OF STOCK CERTIFICATES FOR CERTIFICATED SHARES

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

AMENDED RULE ON MINIMUM PUBLIC OWNERSHIP

Under the PSE Amended Rule on Minimum Public Ownership, listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' total issued and outstanding shares (i.e., exclusive of treasury shares), or at such percentage that may be prescribed by the PSE. For purposes of determining compliance with the Rule on Minimum Public Ownership ("MPO"), shares held by the following are generally considered "held by the public": (a) individuals (for as long as the shares held are not of a significant size (i.e., less than 10.0%)) and are non-strategic in nature; (b) trading participants (for as long as the shares held are nonstrategic in nature); (c) investment and mutual funds; (d) pension funds; (e) PCD nominees if this account constitutes a number of shareholders, none of which has significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (f) social security funds.

Listed companies that become non-compliant with the MPO on or after January 1, 2013 will be suspended from trading for a period of not more than six months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on December 1, 2017, the MPO requirement on companies that undertake initial public offerings was increased from 10.0% to 20.0%, while existing publicly listed companies as of December 2017 remain to be subject to the 10.0% MPO. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% or 20%, as applicable, of the listed companies' issued and outstanding shares, exclusive of any treasury shares.

The Philippine SEC is also looking at increasing the MPO requirement of existing listed companies to 25.0% for all listed companies; however, such proposed rules on increasing the MPO have yet to be adopted.

PHILIPPINE TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. The following discussion is based upon laws, regulations, rulings, income tax treaties, administrative practices and judicial decisions in effect at the date of this prospectus and is subject to any changes occurring after such date. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. This discussion does not provide information regarding the tax aspects of acquiring, owning, holding or disposing of the shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequences in light of particular situations of acquiring, owning, holding and disposing of the shares in such other jurisdictions.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE COMMON SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF LOCAL AND NATIONAL TAX LAWS.

The following is a general description of certain Philippine tax aspects of the investment in the Common Shares. It is based on the present provisions of the Tax Code, as amended by the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE"), and the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Prospectus, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof. A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines;" otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines." A "domestic corporation" is created or organized under the laws of the Philippines; a "resident foreign corporation" is a non-Philippine corporation engaged in trade or business in the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business in the Philippines. The term "non-resident holder" means a holder of the shares of stock:

- (a) who is an individual and is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- (b) should an income tax treaty be applicable, whose ownership of the shares of stock is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

PHILIPPINE TAXATION

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**") took effect. The TRAIN Law, which contained an initial package of the tax reforms, amended various provisions of the National Internal Revenue Code of 1997 ("**Philippine Tax Code**"), including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax. On April 11, 2021, the second package of the Comprehensive Tax Reform Program ("**CTRP**") became effective. While the first package of the TRAIN Law brought about extensive changes to individual income taxation, the second package, Republic Act No. 11534, or CREATE, lowered corporate income tax rates for micro-, small-, and medium-sized enterprises, from 30% to 20%; while Large Corporations are now taxed at a lowered rate of 25%. CREATE also provided other forms of tax relief and a new tax incentive system.

A. Corporate Income Tax

A domestic corporation is subject to a tax of 25% of its taxable income from all sources within and outside the Philippines. Taxable net income refers to items of income specified under Section 32 (A) of the Philippine Tax Code, less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction (“OSD”) equivalent to an amount not exceeding 40% of the corporation’s gross income.

Passive income of a domestic corporations are taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

A minimum corporate income tax of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax.

Any excess of the minimum corporate income tax, however, over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labor dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

Under the Renewable Energy Act of 2008, a corporation engaged in the exploration, development, and utilization of renewable energy resources and actual operation of renewable energy systems or facilities is entitled to pay a corporate tax of 10% of its net taxable income after seven years of income tax holiday provided that the corporation shall pass on the savings to the end-users in the form of lower power rates.

SALE, EXCHANGE OR DISPOSITION OF SHARES AFTER THE IPO

A. Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. A value-added tax (“VAT”) of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange or disposition through the PSE, and is generally passed on to the client, the seller or transferor. The stock transaction tax is classified as a percentage tax and is paid in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the MPO which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10% of the listed companies issued and outstanding shares at all times. In accordance with SEC Memorandum Circular No. 13, Series of 2017 issued on December 1, 2017, the MPO requirement on companies that undertake initial public offerings was increased from 10.0% to 20.0%, while existing publicly listed companies as of December 2017 remain to be subject to the 10.0% MPO. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% or 20.0%, as applicable, of the listed companies’ issued and outstanding shares, exclusive of any treasury shares. The sale of such listed company’s shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax, documentary stamp tax, and possibly donor’s tax if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor’s tax under

Section 100 of the Tax Code.) Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 (“R.R. 16-12”) provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

B. Capital Gains Tax, if the Sale Was Made Outside the PSE

Pursuant to the TRAIN Law, the net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15% of the net capital gains realized, beginning January 1, 2018.

The net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock in a domestic corporation outside the facilities of the PSE are subject to the following rates:

Not over ₱100,000	5%
On any amount in excess of ₱100,000	10%

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor’s tax under Section 100 of the Tax Code; provided, however, that a sale, exchange or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm’s length and free from donative intent) will be considered as made for an adequate and full consideration in money or money’s worth and will not be subject to donor’s tax.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.)

The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration (“CAR”), certifying that capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax, or other conditions have been met.

C. Tax on Dividends

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10%, which shall be withheld by the Company. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25% of the gross amount, subject, however, to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of such non-resident alien individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by a resident foreign corporation are not subject to income tax, while those received by a non-resident foreign corporation are generally subject to income tax at a final withholding tax rate of 30%. The 30% income tax rate for dividends paid to a non-resident foreign corporation with countries of domicile having no tax treaty with the Philippines may be reduced to a lower rate of 15% whenever:

- (a) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends; or
- (b) the country of domicile of the non-resident foreign corporation allows at least 15% credit equivalent for taxes deemed to have been paid in the Philippines.

In order to avail of the 15% tax sparing rate, Revenue Memorandum Circular No. 80-91 (Publishing the Resolution of the Supreme Court dated March 7, 1990 in G.R. No. 76573 entitled “*Marubeni Corporation vs. Commissioner of Internal Revenue and Court of Tax Appeals*” re: pre-requisites for the availment of 15% preferential tax rate under then Section 24 (b)(1) (now Section 25(b)(5)(B)) of the Tax Code, as amended dated August 12, 1991) states that the non-resident foreign holder has to submit the following documents to the payor of the cash dividends:

- (a) an authenticated certification issued by the foreign tax authority that the dividends received by the non-resident foreign corporation from the domestic corporation were not among the items considered in arriving at the income tax due from the non-resident foreign corporation;
- (b) the income tax return of the non-resident foreign corporation for the taxable year when the dividends were received; and
- (c) an authenticated document issued by the foreign tax authority showing that the foreign Government allowed a credit on the tax deemed paid in the Philippines or did not impose any tax on the dividends.

Despite these procedural requirements, the Philippine Supreme Court in *Deutsche Bank AG Manila Branch v. CIR*, G.R. No. 188550, ruled that the period of application for the availment of tax treaty relief should not operate to divest entitlement to the relief as it would constitute a violation of the duty required by good faith in complying with a tax treaty. At most, the application for a tax treaty relief to be filed with the BIR should merely operate to confirm the entitlement of the taxpayer to such relief.

The income recipient may also file a request for a ruling from the BIR that the 15% income tax rate is applicable to its receipt of the dividends and the request has to comply with Revenue Memorandum Order No. 9-2014 (Requests for Rulings with the Law and Legislative Division dated February 6, 2014) and other relevant BIR issuances. The income recipient should thereafter provide the payor of the cash dividends with proof of its filing of an application for a ruling with the BIR before the deadline for the remittance to the BIR of the withholding tax on the dividends.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident holder (please see discussion on tax treaties below.)

If the regular tax rate is withheld by the Company instead of the reduced rates applicable under an income tax treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Transfer taxes (e.g., documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to any holder of shares of stock are generally not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the shareholder is subject to stock transaction tax if the transfer is through a local stock exchange; or if the transfer is made outside of the exchange, capital gains tax; and documentary stamp tax.

D. Preferential Rates under Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE (%)⁽⁹⁾	Capital Gains tax due on disposition of Shares outside the PSE (%)

Canada.....	25 ⁽¹⁾	0.6	May be exempt ⁽¹³⁾
China.....	15 ⁽²⁾	Exempt ⁽¹⁰⁾	May be exempt ⁽¹³⁾
France.....	15 ⁽³⁾	Exempt ⁽¹¹⁾	May be exempt ⁽¹³⁾
Germany.....	15 ⁽⁴⁾	Exempt ⁽¹²⁾	May be exempt ⁽¹³⁾
Japan	15 ⁽⁵⁾	0.6	May be exempt ⁽¹³⁾
Singapore	25 ⁽⁶⁾	0.6	May be exempt ⁽¹³⁾
United Kingdom.....	25 ⁽⁷⁾	0.6	Exempt ⁽¹⁴⁾
United States	25 ⁽⁸⁾	0.6	May be exempt ⁽¹³⁾

Notes:

- (1) 15% if recipient company controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.
- (3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.
- (4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases.
- (5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.
- (6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.
- (7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.
- (9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Philippine Tax Code as amended by the Section 39 of the TRAIN Law.
- (10) Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.
- (11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995 signed on June 26, 1995.
- (12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.
- (13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.
- (14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a tax treaty exemption ruling from the BIR shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a CAR from the BIR is required before the transfer is registered in the stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The requirements for a tax treaty relief application in respect of capital gains tax or the stock transaction tax on the sale of shares are set out in Revenue Memorandum Order No. 72-2010 (Guidelines on the Processing of Tax Treaty Relief Applications (“TTRA”) Pursuant to Existing Philippine Tax Treaties dated August 25, 2010), BIR Form No. 0901-C, and other BIR issuances. These include, among others, proof of residence in the country that is a party to the income tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable income tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

The tax treaty relief application has to be filed with the BIR before the first taxable event as defined under Revenue Memorandum Order No. 72-2010, which is, in respect of capital gains tax, before the deadline for the payment of the documentary stamp tax on the sale of shares, or the fifth day following the end of the month when the document transferring ownership was executed.

With respect to the availment of preferential rates for dividends under an income tax treaty, most tax treaties to which the Philippines is a party provide for a reduced tax rate of 15% when the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

The BIR prescribed certain procedures for availment of tax treaty relief on dividends under Revenue Memorandum Order No. 8-2017 (Procedure for Claiming Tax Treaty Benefits for Dividend, Interest and Royalty Income of Nonresident Income Earners, dated October 24, 2016). The preferential treaty rates shall be applied by the withholding agent/income payor provided that the non-resident income recipient submits, before the dividends are credited or paid, a Certificate of Residence for Tax Treaty Relief (“**CORTT**”) Form that complies with Revenue Memorandum Order No. 8-2017. After the remittance of the withholding tax to the BIR, the withholding agent/income payor shall submit within 30 days an original copy of the duly accomplished CORTT Form.

E. Documentary Stamp Tax

The original issuance of shares is subject to a documentary stamp tax (“**DST**”) of ₱2.00 for each ₱200.00, or a fractional part thereof, of the par value of the shares issued. The Philippines imposes a DST upon the transfer outside the PSE of shares issued by a Philippine corporation at the rate of ₱1.50 on each ₱200.00, or a fractional part thereof, of the par value of the shares.

The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by either or both the vendor or the vendee of the shares.

However, the sale, barter or exchange of shares of stock listed and traded at the PSE is exempt from documentary stamp tax.

F. Estate and Gift Taxes

Shares issued by a domestic corporation are deemed to have a Philippine situs and their transfer by way of a succession or donation, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate and donor’s taxes.

The transfer by a deceased Philippine resident to his heirs of the shares of stock shall be subject to an estate tax which is levied on the net estate of the deceased at a rate of 6.0%. A holder of the shares of stock who is a Philippine resident shall be subject to donor’s tax based on the total gifts in excess of ₱250,000.00 exempt gift made during the calendar year on the transfer of the shares of stock by donation at a rate of 6.0%.

The estate or donor’s taxes payable in the Philippines may be credited with the amount of any estate or donor’s taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. Estate and donors’ taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock:

- (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or
- (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the shares of stock are transferred for less than an adequate and full consideration in money or money’s worth, the amount by which the fair market value of the shares of stock exceeded the value of the consideration

may be deemed a gift, and donor's taxes may be imposed on the transferor of the shares of stock, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

G. Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

PLAN OF DISTRIBUTION

Up to [1,250,000,000] Offer Shares (the “**Institutional Offer Shares**”), or [70]% of the Firm Shares, are (subject to re-allocation as described below) being offered for sale (i) outside the United States by the International Underwriters in offshore transactions in reliance on Regulation S under the U.S. Securities Act, (ii) within the United States through the International Underwriters’ U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers as defined under the Securities Regulation Code of the Philippines and other investors in the Philippines by the Domestic Underwriters (the “**Institutional Offer**”). Up to [535,715,000] Firm Shares (the “**Trading Participants and Retail Offer Shares**”), or [30]% of the Firm Shares, of which [20]% of the Firm Shares shall be allocated to all of the PSE Trading Participants and [10]% of the Firm Shares shall be allocated to local small investors (“**LSIs**”), are (subject to re-allocation as described below) being offered by the Domestic Underwriters at the Offer Price to all of the PSE Trading Participants and LSIs in the Philippines (the “**Trading Participants and Retail Offer**”). Notwithstanding the International Underwriters being named in this Prospectus, offers or sales by the International Underwriters of Offer Shares outside the Philippines are not governed by Philippine laws. The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Issuer and the Joint Bookrunners.

No Offer Shares are designated to be sold to specified persons apart from the Trading Participants and Retail Offer Shares.

ROLES AND RESPONSIBILITIES OF THE SOLE GLOBAL COORDINATOR AND JOINT BOOKRUNNER, AND THE DOMESTIC LEAD MANAGER AND JOINT BOOKRUNNER AND THE OTHER UNDERWRITERS

The Sole Global Coordinator and Joint Bookrunner and the Domestic Lead Manager and Joint Bookrunner are responsible for the coordination of the various execution workstreams relating to the Offer.

The Joint Bookrunners are assisting the Issuer in the book-building process, which includes marketing and allocation of the Offer to potential investors as described in this Plan of Distribution. In addition to the Joint Bookrunners, the Company and the Selling Shareholders have also appointed the Co-Lead Underwriters and the Participating Underwriter to underwrite a portion of the Offer on a firm commitment basis.

None of the activities of the International Underwriters has been or will be conducted in the Philippines, or would constitute licensable activities in the Philippines. The offers or sales by the International Underwriters of Offer Shares will be made to persons located outside the Philippines and therefore would not be governed by Philippine laws. As such, the type and level of due diligence that is conducted by the International Underwriters, and any conflict of interest considerations to which they may be subject, may be different from those applicable to the Domestic Underwriters. There is, therefore, no assurance that the due diligence conducted by the International Underwriters and the standard of avoidance of conflict of interest maintained by the same as regards the Issuer would be with the same as the Domestic Underwriters, which are subject to the supervision of the Philippine SEC. In the case of the Domestic Underwriters, the potential investors will be based in the Philippines and the offers or sales by the Domestic Underwriters will be governed by Philippine laws. The Domestic Underwriters have undertaken to underwrite a portion of the Offer on a firm commitment basis. The offers or sales by the Domestic Underwriters will be governed by Philippine laws as such offers or sales will be made to PSE Trading Participants and local small investors in the Philippines in addition to certain qualified buyers as defined under the Securities Regulation Code of the Philippines and other investors in the Philippines.

Each International Underwriter and its affiliates have, from time to time, engaged in, and may in the future engage in, investment banking, financing, private banking, commercial banking or financial consulting activities and other commercial dealings in the ordinary course of business with the Issuer, the Selling Shareholder or their respective subsidiaries and affiliates. Each International Underwriter may have received and expects to continue to receive customary fees and commissions for these activities and dealings. In addition, in the ordinary course of business, each International Underwriter and its affiliates may trade the Issuer’s securities, the Selling Shareholder’s securities, or the securities of the subsidiaries or affiliates of any of the Issuer or the Selling Shareholder or derivatives relating to the foregoing securities for its or its affiliates’ own account or for the accounts of customers, and may at any time hold a long or short position in such securities. Each International Underwriter does not have any right to designate or nominate a member of the Board of Directors. Each International Underwriter has no direct relationship with the Issuer in terms of share ownership and, other than as International Underwriter for the Offer, does not have any material relationship with the Issuer or the Selling Shareholder.

Each Domestic Underwriter has engaged in transactions with, and has performed various investment banking, commercial banking and other services for the Issuer or the Selling Shareholder in the past, and may do so for the Issuer, the Selling Shareholder and their respective subsidiaries and affiliates from time to time in the future. However, all services provided by each Domestic Underwriter, including in connection with the Offer, has been provided as an independent contractor and not as a fiduciary to the Issuer or the Selling Shareholder. Each Domestic Underwriter does not have any right to designate or nominate a member of the Board of Directors. Each Domestic Underwriter has no direct relationship with the Issuer in terms of share ownership and, other than as a Domestic Underwriter for the Offer, does not have any material relationship with the Issuer or the Selling Shareholder.

Each Domestic Underwriter does not have a contract or other arrangement with the Issuer whereby such Domestic Underwriter has may put back or return to the Issuer or the Selling Shareholder any unsold Offer Shares.

SOLE GLOBAL COORDINATOR AND JOINT BOOKRUNNER

UBS is a leading and truly global wealth manager and the leading universal bank in Switzerland. It also provides diversified asset management solutions and focused investment banking capabilities. With the acquisition of Credit Suisse, UBS manages U.S.\$5.5 trillion of invested assets as per second quarter 2023. UBS helps clients achieve their financial goals through personalized advice, solutions and products. Headquartered in Zurich, Switzerland, the firm is operating in more than 50 markets around the globe. UBS Group shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

DOMESTIC LEAD MANAGER AND JOINT BOOKRUNNER

BDO Capital is a majority-owned investment banking subsidiary of BDO Unibank, Inc. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 1998, BDO Capital is duly licensed by the Philippine SEC to engage in underwriting and distribution of securities to the public. As of December 31, 2022, it had ₱4.19 billion and ₱3.84 billion in assets and capital, respectively.

CO-LEAD UNDERWRITERS

CLSA Limited (“CLSA”), CITIC Securities’ international platform, provides global investors and corporates with insights, liquidity and capital to drive their growth strategies. Award-winning research, an extensive Asia footprint, direct links to China and highly experienced finance professionals differentiate its innovative products and services in asset management, corporate finance, equity and debt capital markets, securities and wealth management. Headquartered in Hong Kong, CLSA’s global network spans 21 countries across Asia, Europe, Australia, and the United States.

PNB Capital and Investment Corporation (“PNB Capital”) is a wholly owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers & acquisitions. PNB Capital obtained its license to operate as an investment house in 1997 and is licensed to engage in underwriting and distribution of securities to the public.

RCBC Capital Corporation (“RCBC Capital”) is a licensed investment house providing a complete range of capital-raising and financial advisory services. Established in 1974, RCBC Capital has over 50 years of experience in the underwriting of equity, quasi- equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country’s largest fully integrated financial services conglomerates.

SB Capital Investment Corporation (“SB Capital”) is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including underwriting of equity and debt securities, project finance, mergers and acquisitions, loan arrangement and syndications and financial advisory. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and M&A/advisory transactions and were involved in a lead role in a substantial number of major equity and debt issues as well as in M&A/advisory deals.

PARTICIPATING UNDERWRITER

Investment & Capital Corporation of the Philippines (“**ICCP**”) is an independent Investment House that provides a complete line and scope of investment banking services focused on debt capital market (DCM), and equity capital market (ECM), financial advisory, mergers & acquisitions, and project development. Development Bank of Singapore (DBS) owns a 20% stake in ICCP. ICCP obtained its license to operate as an Investment House from SEC in 1988, and is licensed to engage in underwriting and distribution of securities to the public.

THE TRADING PARTICIPANTS AND RETAIL OFFER

The Trading Participants and Retail Offer Shares shall (subject to re-allocation as described below) initially be offered by the Domestic Underwriters to all of the PSE Trading Participants and LSIs in the Philippines. [Up to] [357,143,000] Trading Participants and Retail Offer Shares, or [20]% of the Firm Shares, shall be allocated among the [122] PSE Trading Participants. Each PSE Trading Participant shall initially be allocated [2,927,000] Firm Shares and subject to reallocation as may be determined by the Domestic Lead Manager and Joint Bookrunner. The balance of [49,000] Firm Shares shall be allocated by the Domestic Lead Manager and Joint Bookrunner to the PSE Trading Participants. A total of [178,572,000] Trading Participants and Retail Offer Shares, or [10]% of the Firm Shares, shall be made available nationwide to LSIs through the PSE Electronic Allocation System or “PSE EASy.” An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot and whose subscription does not exceed ₱[1,000,000.00], provided, however, that the PSE’s management may increase the maximum subscription amount for the LSI, on a case to case basis, taking into account the offer size of the IPO consistent with the objective of facilitating and achieving maximum participation and subscription to the LSI allocation. In the case of this Offer, the minimum subscription of LSIs shall be [●] Shares or ₱[●] while the maximum subscription shall be [●] Shares or up to ₱[●]. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Issuer’s Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Domestic Lead Manager and Joint Bookrunner shall prioritize subscriptions of small investors with amounts lower than the maximum subscription.

Upon closing of the Trading Participants and Retail Offer, any allocation of Trading Participants and Retail Offer Shares not taken up by the PSE Trading Participants and the LSIs shall be distributed by the Domestic Underwriters to their clients or the general public in the Philippines or as otherwise agreed with the Sole Global Coordinator and Joint Bookrunner. Trading Participants and Retail Offer Shares not taken up by the PSE Trading Participants or the LSIs and which are not reallocated to the Institutional Offer, or taken up by the clients of the Domestic Underwriters, or the general public, shall be purchased by the Domestic Underwriters pursuant to the terms and conditions of the Domestic Underwriting Agreement (as defined below). Nothing herein or in the Domestic Underwriting Agreement shall limit the rights of the Domestic Underwriters from purchasing the Offer Shares for its own account.

To facilitate the Trading Participants and Retail Offer, the Issuer and the Selling Shareholder have appointed BDO Capital to act as the Domestic Lead Manager and Joint Bookrunner, PNB Capital, RCBC Capital, and SB Capital as Co-Lead Underwriters, and ICCP as Participating Underwriter.

On or before [12 noon] on [May 22], 2024, the PSE Trading Participants shall submit to the Receiving Agent their respective allocation from the Trading Participants and Retail Offer Shares.

With respect to the LSIs, all applications to purchase or subscribe for the Trading Participant and Retail Offer Shares must be done online through the PSE EASy. The system will generate a reference number and payment instruction. An application to purchase the Trading Participant and Retail Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the relevant Domestic Underwriter or such other financial institutions that may be invited to manage the LSI program. Payment for the Trading Participant and Retail Offer Shares may be made in cash following the payment instructions generated through PSE EASy. LSI applicants may check the status of their subscription applications through their PSE EASy investor accounts.

PSE Trading Participants who take up Trading Participants and Retail Offer Shares shall be entitled to a selling fee of 1.0%, inclusive of VAT, of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling fee, less the applicable withholding tax, will be paid by the Issuer via the Receiving Agent to the PSE Trading Participants within [10] business days from the Listing Date.

Apart from the said selling commission of the PSE Trading Participants on the final take-up of the Firm Shares, there are no other discounts and commissions, either in cash, securities, contracts or other considerations, which will be paid to or received by any broker-dealer in connection with the Offer.

All of the Trading Participants and Retail Offer Shares are or shall be lodged with the PDTC and shall be issued to the PSE Trading Participants and LSIs in scripless form. Investors may maintain the Trading Participants and Retail Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Trading Participants and Retail Offer Shares from the PDTC's electronic system after the Listing Date. Costs or fees relating to such upliftment shall be for the account of the investor.

WITHDRAWAL OF THE OFFER

Before the execution of the underwriting agreements, the Offer may be withdrawn at any time, in which event the Company shall make the necessary disclosures to the Philippine SEC and PSE.

At any time (i) after the execution of the underwriting agreements and before the commencement of the Offer Period, and (ii) on or after the commencement of the Offer Period and prior to the Listing Date, the Offer may be withdrawn due to the occurrence of any of the events listed below:

- a. An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Prospectus, or would have a material and adverse effect on the Philippine economy or on the securities or other financial or currency markets of the Philippines or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Company's or the Domestic Underwriters' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the Domestic Underwriters, or any other entity/ person to take up any shares remaining after the Offer Period;
- b. Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, the BSP, the Philippine SEC or the PSE;
- c. Cancellation, revocation or termination of the PSE Notice of Approval, the Philippine SEC pre-effective clearance, the Philippine SEC Order of Registration, the Philippine SEC Permit to Sell or the BSP Approval;
- d. Cancellation or suspension of trading in the PSE for at least three (3) consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;
- e. A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Company to engage in the business it is presently engaged in; or (b) the capacity and due authorization of the Company to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, or (ii) would render illegal the performance by any of the underwriters of its underwriting obligations hereunder;
- f. Any significant, adverse, and unforeseeable change or development in the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- g. The Company decides to or is compelled to stop its operations which is not remedied within five (5) business days;
- h. The Company shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Company shall apply for or consent to the appointment

of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Company shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Company; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Company; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

- i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- j. Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against any of the Underwriters in connection with or with respect to the issuance or sale by the Company of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;
- k. Any event occurs which makes it impossible for any of the Underwriters to perform their underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting any of the Underwriters, or directing any of the Underwriters to cease, from performing their underwriting obligations;
- l. Any representation, warranty or statement of the Company in the Prospectus shall prove to be untrue or misleading in any material respect or the Company shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to any of the Underwriters on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;
- m. Unavailability of PDTC and PSE facilities used for the Offer and/or the listing of the Offer Shares and such unavailability impacts the ability of the Issuer and underwriters to fully comply with the listing requirements of PSE; and
- n. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Company shall not withdraw, cancel, suspend, or terminate the Offer solely by reason of the Company's or the Underwriters' inability to sell or market the Offer Shares or refusal or failure to comply with any commitment by the Company, the Underwriters, or any other entity/person to take up any shares remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an applicant shall take place only upon the listing of the Offer Shares on the PSE. Subject to the foregoing withdrawal and termination discussion, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

The PSE is a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may impose appropriate and reasonable sanctions and penalties on the relevant party, in accordance with applicable rules and regulations, if the PSE determines that the cancellation or termination of the offer and/or the underwriting commitment or the underwriting agreement was not warranted based on the facts gathered by PSE and as properly evaluated by the PSE after due and proper proceedings initiated by the PSE not later than five (5) banking days after such cancellation or termination.

THE INSTITUTIONAL OFFER

The Institutional Offer Shares will be offered for sale (i) outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act by the International Underwriters, (ii) within the United States through the International Underwriters' U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines by the Domestic Underwriters.

Investors in the Institutional Offer will be required to pay, in addition to the Offer Price, a brokerage fee of up to [1.00]% of the Offer Price.

REALLOCATION

The allocation of the Firm Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to further adjustment as may be determined by the Joint Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. Unless otherwise agreed by the Joint Bookrunners, the reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer and the Institutional Offer.

UNDERWRITING COMMITMENTS

The Issuer, the Selling Shareholder and the Domestic Underwriters [entered] into a Domestic Underwriting Agreement [to be] dated on or about [●], 2024 (the “**Domestic Underwriting Agreement**”), whereby each of the Domestic Underwriters has agreed to underwrite on a firm commitment basis, a number of Firm Shares equivalent to the Trading Participants and Retail Offer Shares, subject to agreement between the Joint Bookrunners on any clawback, clawforward or other such mechanism relating to the reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer.

	Number of Firm Shares	% of Firm Shares
BDO Capital & Investment Corporation.....	[518,215,000]	[29.02%]
PNB Capital and Investment Corporation.....	[5,000,000]	[0.28%]
RCBC Capital Corporation	[5,000,000]	[0.28%]
SB Capital Investment Corporation	[5,000,000]	[0.28%]
Investment & Capital Corporation of the Philippines.....	[2,500,000]	[0.14%]

Under the terms and conditions of the international purchase agreement [to be] dated on or about [●], 2024 (the “**International Purchase Agreement**”), entered into between the Issuer and the International Underwriters, each of the International Underwriters has agreed to procure purchasers for or failing which to purchase the portion of Institutional Offer Shares opposite its name indicated in the following table, subject to agreement among the Joint Bookrunners on any clawback, clawforward or other such mechanism relating to reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer. The International Purchase Agreement is subject to certain conditions and may be subject to termination by the Sole Global Coordinator and Joint Bookrunner if certain circumstances, including force majeure, occur on or before the Listing Date.

	Number of Firm Shares	% of Firm Shares
UBS AG, Singapore Branch.....	[1,245,000,000]	[69.72%]
CLSA Limited	[5,000,000]	[0.28%]

The foregoing tables do not reflect the exercise of the Overallotment Option that may or may not be exercised by UBS and its relevant affiliates, as Stabilizing Agent, to purchase up to [267,858,000] Option Shares from the Selling Shareholder.

The estimated underwriting fees amounts to approximately ₱[159.4] million, or about [2.5]% of the gross proceeds from the offer of the Firm Shares.

THE OVERALLOTMENT OPTION

[In connection with the Offer, subject to the approval of the Philippine SEC, the Selling Shareholder has granted UBS as the Stabilizing Agent an Over-allotment Option, exercisable in whole or in part, to purchase up to [267,858,000] Option Shares at the Offer Price and on the same terms and conditions as the Firm Shares, as set forth herein, from time to time for a period which shall not exceed 30 calendar days from and including the Listing Date. In connection therewith, the Selling Shareholder has entered into a Greenshoe Agreement with the Stabilizing Agent to, among other things, utilize up to [267,858,000] Option Shares to cover over-allocations under the Institutional Offer. The Option Shares may be over-allotted and the Stabilizing Agent may affect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than 30 days from and including the Listing Date. Thus, the grant to the Stabilizing Agent of the Over-allotment Option may be exercised over any, some or for all of the Option Shares.]

[Any Common Shares that may be delivered to the Stabilizing Agent under the Greenshoe Agreement will be re-delivered to the Selling Shareholder either through the purchase of Common Shares in the open market by the Stabilizing Agent in the conduct of stabilization activities or through the exercise of the Over-allotment Option by the Stabilizing Agent.] The Stabilizing Agent may purchase Common Shares in the open market only if the market price of the Common Shares falls below the Offer Price. The initial stabilization action shall be at a price below the Offer Price. After the initial stabilization action, (i) if there has not been an independent trade (i.e., a trade made by a person other than the Stabilizing Agent for itself or on behalf of its clients) in the market at a higher price than the initial stabilization trade, the subsequent trade shall be below the initial stabilization price, or (ii) if there has been an independent trade in the market at a higher price than the initial stabilization trade, the subsequent trade shall be at the lower of the stabilizing action price or the independent trade price. Such activities may stabilize, maintain or otherwise affect the market price of the Common Shares, which may have the effect of preventing a decline in the market price of the Common Shares and may also cause the price of the Common Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter disposing of or selling the Common Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. Consequently, the Stabilizing Agent may conduct stabilization activities by repurchasing Common Shares from the market at up to the number of Option Shares sold under the Over-allotment Option; hence, stabilization activities and the funds available therefor will necessarily be limited by the number of Option Shares actually sold or purchased. There is also no assurance that the price of the Common Shares will not decline significantly after any such stabilizing activities end.

As discussed under the section “*Dilution*,” if the Over-allotment Option is fully exercised, the number of shares held by new investors will be [2,053,573,000] Common Shares and the public float will be [23.0]%. The partial or full exercise of the Over-allotment Option will not trigger the issuance of any new Common Shares to the Selling Shareholder to offset the Common Shares sold under the Over-allotment Option. To the extent the Over-allotment Option is not fully exercised, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder, and as discussed under the section “*Dilution*,” the number of shares held by new investors will be [1,785,715,000] Common Shares and the public float will be [20.0]%.

LOCK-UP

Under the PSE Consolidated Listing and Disclosure Rules, as amended (the “**PSE Listing Rules**”), existing shareholders who own an equivalent of at least 10% of the issued and outstanding Common Shares as of the Listing Date cannot sell, assign or in any manner dispose of their shares for a minimum period of 180 days, or if the Issuer is exempt from the track record and operating history requirements, a minimum period of 365 days, after the Listing Date.

In addition, under the PSE Listing Rules, if there is any issuance or transfer of shares (i.e., private placements, asset for shares swaps, or similar transactions) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants, or similar instruments) done and fully paid for within 180 calendar days prior to the offering period, and the transaction price is lower than that of the listing price, all shares availed of shall be subject to a lock-up period of at least 365 calendar days from full payment of the aforesaid shares.

The following stockholder is covered by the 180-day lock-up requirement from Listing Date (if the Over-allotment Option is not exercised):

Shareholder	No. of Shares

Citicore Power Inc.
TOTAL

7,142,857,136 Common Shares
7,142,857,136 Common Shares

The following stockholder is covered by the 180-day lock-up requirement from Listing Date (if the Overallotment Option is fully exercised):

Shareholder	No. of Shares
Citicore Power Inc.	6,874,999,136 Common Shares
TOTAL	<u>6,874,999,136 Common Shares</u>

INDEMNITY

The International Purchase Agreement provides that the Issuer will indemnify the International Underwriters against certain liabilities, including under the U.S. Securities Act.

REGISTRATION OF FOREIGN INVESTMENTS

The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See the section entitled “*Regulatory and Environmental Matters – Registration of Foreign Investments and Exchange Controls*” in this Prospectus.

SELLING RESTRICTIONS

Philippines

No securities, except for a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the Philippine SEC on Form 12-1 and the registration statement has been declared effective by the Philippine SEC.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Romulo Mabanta Buenaventura Sayoc & de los Angeles, our legal counsel, and Angara Abello Concepcion Regala and Cruz Law Offices, legal counsel to the Underwriters.

Certain legal matters as to United States federal law will be passed upon by Latham & Watkins LLP, our legal counsel, and Milbank (Hong Kong) LLP, legal counsel to the Underwriters. In rendering their opinions, Milbank (Hong Kong) LLP and Latham & Watkins LLP may rely upon the opinions of Romulo Mabanta Buenaventura Sayoc & de los Angeles and Angara Abello Concepcion Regala and Cruz Law Offices as to all matters of Philippine law.

Each of the foregoing legal counsel has neither shareholdings nor any right, whether legally enforceable or not, to nominate persons or to subscribe for our securities. None of the legal counsel will receive any direct or indirect interest in any of our securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT AUDITORS AND OTHER EXPERTS

INDEPENDENT AUDITORS

The financial statements of the Company as of and for the years ended December 31, 2021, 2022 and 2023 were audited by Isla Lipana & Co., PwC Philippines, independent auditors, as stated in their report attached to this Prospectus.

Isla Lipana & Co. has acted as the Company's external auditor since 2020. Pocholo C. Domondon is the current audit partner for the Company and has served as such since 2020. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period.

Isla Lipana & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. Isla Lipana & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees paid to Isla Lipana & Co. for professional services rendered in respect of the audit of our historical financial statements, excluding out-of-pocket expenses incidental to such services and excluding fees directly related to the Offer:

	2023	2022	2021
Audit and Audit Related Fees (in ₱ millions)	3.1	1.5	1.1

Isla Lipana & Co. does not have shareholdings in our Company or any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in our Company. Isla Lipana & Co. will not receive any direct or indirect interest in our Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT MARKET RESEARCH CONSULTANT

Lantau, an independent market research consultant, was responsible for preparing the industry report entitled “Industry Report for Philippines Power Market” and dated as of November 27, 2023, portions of which have been presented in this Prospectus and the full version of which is attached to this Prospectus as Appendix 1. Lantau provides a total market research solution to both local and multinational corporations across all sectors worldwide. The professional fees billed by Lantau for such work amounted to U.S.\$0.1 million.

Lantau does not have shareholdings in our Company or any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in our Company. Lantau will not receive any direct or indirect interest in our Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. Moreover, Lantau is not an affiliate, director or senior executive of our Company.

FINANCIAL ADVISOR

AlphaPrimus, our financial advisor, was responsible for providing overall financial advice to the Company in respect of the Offer, including providing assistance and input on process management, structuring, timing, financial modelling, pricing, valuation and documentation. AlphaPrimus is a premier, boutique investment banking firm providing financial advisory services to corporations, financial institutions and family offices. The fees to be paid to AlphaPrimus are a milestone fee of ₱2.5 million and 0.15% of the gross proceeds from the Offer.

AlphaPrimus, or any of its representatives, does not have shareholdings in our Company or any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in our Company. AlphaPrimus will not receive any direct or indirect interest in our Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. Moreover, AlphaPrimus is not an affiliate, director or senior executive of our Company.

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Pro Forma Condensed Consolidated Financial Information as at and for the year ended December 31, 2023

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Independent Auditor's Report

To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Report on the Audits of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Citicore Renewable Energy Corporation (the "Parent Company") and Subsidiaries (together, the "Group") as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2023;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2023;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the consolidated financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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Independent Auditor's Report
To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation
Page 2

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our opinion.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Pocholo C. Domondon", written over the printed name.

Pocholo C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 12, 2024 at Makati City

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 22, 2024



Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have audited the consolidated financial statements of Citicore Renewable Energy Corporation (the "Parent Company") and Subsidiaries (together, the "Group") as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, on which we have rendered the attached report dated March 22, 2024. The supplementary information shown in Schedules A, B, C, D, E, F, and G, Reconciliation of Retained Earnings Available for Dividend Declaration and the Map showing the relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, and Associates, as additional components required by the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Pocholo C. Domondon".

Pocholo C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 12, 2024 at Makati City

T.I.N. 213-227-235

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Makati City
March 22, 2024

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Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Citicore Renewable Energy Corporation (the "Parent Company") and Subsidiaries (together, the "Group") as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 22, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Rule 68 of the SRC issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

Isla Lipana & Co.

Pocholo C. Domondon

Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 12, 2024 at Makati City

T.I.N. 213-227-235

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Citicore Renewable Energy Corporation and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(All amounts in Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	2	2,403,332,616	1,473,217,179
Trade and other receivables, net	3	4,818,080,823	6,958,154,769
Prepayments and other current assets	4	508,906,801	142,183,683
Total current assets		7,730,320,240	8,573,555,631
Non-current assets			
Trade receivables, net of current portion	3	207,751,934	240,926,247
Advances to contractor	10	1,677,454,463	-
Property, plant and equipment, net	5	9,307,658,335	3,233,647,081
Investment properties, net	18	124,942,674	132,204,492
Right-of-use assets, net	18	470,378,568	97,927,462
Investment in a joint venture and deposits	19	1,162,012,656	893,887,868
Deferred income tax assets, net	17	3,113,985	232,791
Goodwill	6	1,279,126,115	1,279,126,115
Other non-current assets	7	335,818,933	822,409,241
Total non-current assets		14,568,257,663	6,700,361,297
Total assets		22,298,577,903	15,273,916,928
Liabilities and Equity			
Current liabilities			
Trade and other payables	8	993,039,126	735,807,409
Dividends payable	13, 20	124,550,646	102,842,491
Loans payable, current portion	9	453,614,073	395,864,073
Lease liabilities, current portion	18	9,495,105	4,877,243
Income tax payable		-	836,324
Total current liabilities		1,580,698,950	1,240,227,540
Non-current liabilities			
Loans payable, net of current portion	9	7,306,853,945	5,447,095,279
Lease liabilities, net of current portion	18	594,702,933	235,588,336
Bonds payable	9	3,959,876,787	-
Deposits and deferred rent income	11	192,015,641	104,786,935
Retirement benefit obligation	12	40,616,078	18,979,278
Deferred income tax liabilities, net	17	4,819,153	4,566,841
Total non-current liabilities		12,098,884,537	5,811,016,669
Total liabilities		13,679,583,487	7,051,244,209
Equity			
Share capital	13	500,000,000	500,000,000
Share premium	13	925,200,000	925,200,000
Other reserves	1, 6, 12, 19	4,397,871,807	4,409,925,406
Retained earnings		1,671,486,709	996,533,095
Total equity attributable to shareholders of the Parent Company		7,494,558,516	6,831,658,501
Non-controlling interest	20	1,124,435,900	1,391,014,218
Total equity		8,618,994,416	8,222,672,719
Total liabilities and equity		22,298,577,903	15,273,916,928

The notes on pages 1 to 68 are integral part of these consolidated financial statements.

Citicore Renewable Energy Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2023
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
Revenue				
Sale of electricity		2,962,552,557	2,097,814,617	991,708,054
Lease income	10	664,437,424	648,149,918	-
Service fees		56,885,706	44,266,077	17,016,512
		3,683,875,687	2,790,230,612	1,008,724,566
Cost of services	14	(2,398,192,322)	(1,597,724,421)	(490,689,550)
Gross profit		1,285,683,365	1,192,506,191	518,035,016
Operating expenses	15	(211,275,537)	(215,753,594)	(167,573,132)
Share in net income (loss) of a joint venture	19	218,124,787	206,694,081	(2,500,000)
Income from operations		1,292,532,615	1,183,446,678	347,961,884
Finance costs	16	(412,012,401)	(367,509,727)	(223,181,204)
Other income, net	16	55,402,573	27,554,039	59,398,824
Income before income tax		935,922,787	843,490,990	184,179,504
Income tax (expense) benefit	17	(25,808,477)	(9,870,882)	8,102,771
Net income for the year		910,114,310	833,620,108	192,282,275
Other comprehensive income				
Other comprehensive income that will not be subsequently reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax	12	(12,053,599)	7,489,725	10,222,881
Total comprehensive income for the year		898,060,711	841,109,833	202,505,156
Net income attributable to:				
Shareholders of the Parent Company		684,953,614	631,606,685	192,282,275
Non-controlling interest		225,160,696	202,013,423	-
		910,114,310	833,620,108	192,282,275
Total comprehensive income attributable to:				
Shareholders of the Parent Company		672,900,015	639,096,410	202,505,156
Non-controlling interest		225,160,696	202,013,423	-
		898,060,711	841,109,833	202,505,156
Earnings per share				
Basic and diluted		0.0959	0.0884	0.0269

The notes on pages 1 to 68 are integral part of these consolidated financial statements.

Citicore Renewable Energy Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2023
(All amounts in Philippine Peso)

	Equity attributable to shareholders of the Parent Company					Non-controlling interests (Note 20)	Total equity
	Share capital (Note 13)	Additional paid-in capital (Note 13)	Other reserves (Notes 1, 6, 12 and 19)	Retained earnings	Total		
Balances at January 1, 2021	500,000,000	925,200,000	(101,525,993)	172,742,038	1,496,416,045	-	1,496,416,045
Comprehensive income							
Net income for the year	-	-	-	192,282,275	192,282,275	-	192,282,275
Other comprehensive income for the year	-	-	10,222,881	-	10,222,881	-	10,222,881
Total comprehensive income for the year	-	-	10,222,881	192,282,275	202,505,156	-	202,505,156
Charges to retained earnings due to loss of control of a subsidiary	-	-	97,903	(97,903)	-	-	-
Balances at December 31, 2021	500,000,000	925,200,000	(91,205,209)	364,926,410	1,698,921,201	-	1,698,921,201
Comprehensive income							
Net income for the year	-	-	-	631,606,685	631,606,685	202,013,423	833,620,108
Other comprehensive income for the year	-	-	7,489,725	-	7,489,725	-	7,489,725
Total comprehensive income for the year	-	-	7,489,725	631,606,685	639,096,410	202,013,423	841,109,833
Transactions with non-controlling interest							
Sale of additional and existing shares in a subsidiary	-	-	4,493,640,890	-	4,493,640,890	1,607,982,506	6,101,623,396
Payment of dividends to non-controlling interest	-	-	-	-	-	(418,981,711)	(418,981,711)
Total transactions with non-controlling interest	-	-	4,493,640,890	-	4,493,640,890	1,189,000,795	5,682,641,685
Balances at December 31, 2022	500,000,000	925,200,000	4,409,925,406	996,533,095	6,831,658,501	1,391,014,218	8,222,672,719
Comprehensive income							
Net income for the year	-	-	-	684,953,614	684,953,614	225,160,696	910,114,310
Other comprehensive income for the year	-	-	(12,053,599)	-	(12,053,599)	-	(12,053,599)
Total comprehensive income for the year	-	-	(12,053,599)	684,953,614	672,900,015	225,160,696	898,060,711
Transactions with owners							
Dividends declared	-	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)
Transactions with non-controlling interest							
Payment of dividends to non-controlling interest	-	-	-	-	-	(491,739,014)	(491,739,014)
Balances at December 31, 2023	500,000,000	925,200,000	4,397,871,807	1,671,486,709	7,494,558,516	1,124,435,900	8,618,994,416

The notes on pages 1 to 68 are integral part of these consolidated financial statements.

Citicore Renewable Energy Corporation and Subsidiaries

Consolidated Statements of Cash Flows For each of the three years in the period ended December 31, 2023 (All amounts in Philippine Peso)

	Notes	2023	2022	2021
Cash flows from operating activities				
Income before income tax		935,922,787	843,490,990	184,179,504
Adjustments for:				
Finance costs	16	412,012,401	367,509,727	223,181,204
Depreciation and amortization	5, 7, 18	161,095,909	159,182,124	148,179,088
Retirement benefit expense	12	6,990,563	11,508,707	3,335,651
Unrealized foreign exchange (gain) loss, net	22.1.1.b	(10,960)	52,287	55,318
Gain on loss of control of a subsidiary	19	-	-	(3,859,261)
Gain on termination and assignment of lease	18	-	-	(7,986,800)
Gain on compromise settlement of due to government agencies	8	-	-	(25,200,913)
(Reversal of) Provision for doubtful accounts	3	(1,140,604)	(2,839,837)	7,761,427
Interest income	16	(50,071,024)	(17,668,412)	(15,433,243)
Share in net income of a joint venture	19	(218,124,787)	(206,694,081)	2,500,000
Operating income before changes in working capital		1,246,674,285	1,154,541,505	516,711,975
Changes in working capital:				
Trade and other receivables		(89,564,799)	(263,313,182)	(196,631,925)
Prepayments and other current assets		(399,570,471)	4,529,115	(29,639,273)
Other non-current assets		(159,821,679)	(23,052,913)	(15,806,054)
Trade and other payables		176,610,411	78,839,552	76,557,824
Deposits and deferred rent income		86,159,284	48,421,042	9,087,171
Net cash generated from operations		860,487,031	999,965,119	360,279,718
Interest received		44,993,618	11,657,203	576,069
Income taxes paid		(370,314)	(154,048)	(2,050,347)
Net cash provided by operating activities		905,110,335	1,011,468,274	358,805,440
Cash flows from investing activities				
Additions in due from related parties		(1,282,037,086)	(4,954,329,366)	-
Decrease in due from related parties		3,545,990,748	2,841,361,579	333,260,789
Deposits in future shares subscriptions	10	(50,000,000)	(687,193,787)	-
Collections of loans from joint venture	10	-	155,243,759	-
Interest received from loans to a joint venture	10	-	2,586,836	14,079,376
Loans to joint venture	10	-	-	(155,243,759)
Advances to contractor	10	(1,677,454,463)	-	-
Downpayments to land owners	7	(98,235,487)	(748,768,205)	-
Additions to property, plant and equipment	5	(5,178,354,728)	(2,441,164)	(29,182,605)
Additions to intangible assets	7	(5,468,027)	(1,607,144)	(39,286)
Proceeds from sale of property, plant and equipment	5	-	30,574,468	43,988,039
Cash balance of deconsolidated subsidiary	19	-	-	(78,868,440)
Net cash provided by (used in) investing activities		(4,745,559,043)	(3,364,573,024)	127,994,114
Cash flows from financing activities				
Proceeds from bond issuance	9	4,000,000,000	-	-
Interest payment on bonds payable	9	(212,922,288)	-	-
Payment of bond issuance costs	9	(41,004,160)	(6,334,902)	-
Availment of loans	9	2,400,090,000	-	-
Principal payment of loans from banks	9	(395,864,074)	(1,643,012,950)	(316,148,943)
Interest payment on loans from banks	9	(373,358,323)	(376,450,498)	(205,614,439)
Payment of debt issuance costs	9	(87,111,873)	-	-
Loan pre-termination payment	9	-	(24,203,364)	-
Proceeds on sale of part interest of subsidiary	1	-	3,534,934,723	-
Proceeds from sale of shares of subsidiary	1	-	2,566,688,673	-
Interest payment on lease liabilities	18	(30,550,678)	(10,778,684)	(11,713,580)
Principal payment of lease liabilities	18	(8,683,600)	(23,468,619)	(2,832,924)
Payments of share offering cost of a subsidiary		-	-	(35,664,371)
Dividends paid to non-controlling interest and owner	13, 20	(480,030,859)	(316,139,220)	-
Net cash provided by (used in) financing activities		4,770,564,145	3,701,235,159	(571,974,257)
Net increase (decrease) in cash and cash equivalents				
		930,115,437	1,348,130,409	(85,174,703)
Effects of exchange rate changes on cash and cash equivalents		-	61,512	-
Cash and cash equivalents at January 1		1,473,217,179	125,025,258	210,199,961
Cash and cash equivalents at December 31	2	2,403,332,616	1,473,217,179	125,025,258

The notes on pages 1 to 68 are integral part of these consolidated financial statements.

Citicore Renewable Energy Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022 and

for each of the three years in the period ended December 31, 2023

(All amounts are shown in Philippine Peso unless otherwise stated)

1 General Information

1.1 Corporate information

Citicore Renewable Energy Corporation (the “Parent Company”) was organized and incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 15, 2018. Its primary purpose is to engage in power generation under Renewable Energy Law.

On April 20, 2023, the Parent Company’s Board of Directors (BOD) approved to amend its Articles of Incorporation (AOI) as follows:

- Its primary purpose to carry on and conduct business in all renewable energy resources such as solar, hydro, wind, biomass, tide, geothermal, and others including bidding, construction, assembling, installation and operation of different renewable energy power plants, equipment, and supplies connected therewith; to enter into, execute, and engage in solar power contracts and solar power projects, hydro power contracts and hydro power projects, wind power contracts and wind power projects, biomass contracts and biomass power projects, tide power contracts and tide power projects, geothermal power contracts and geothermal power projects and all other renewable energy contracts and its power projects: to buy, sell, generate power, sell power, distribute power, and others relating thereof.
- Its secondary purpose to perform certain activities related to its primary purpose.
- Update of Parent Company’s principal office to 11th Floor, Rockwell Town Plaza, 276 Santolan Road, San Juan City.
- Capital restructuring particularly share split of its P2.0 billion authorized share capital divided into 27,857,142,857 common shares with par value of seven centavos (P0.07) per share and 50,000,000 preferred shares with par value of one peso (P1.00) per share. The features of the Parent Company’s preferred shares are disclosed in Note 13.
- The Parent Company shall comply with the lock-up requirement provided under the Listing Rules Philippine Stock Exchange, Inc. (the “PSE”), as may be amended from time to time, subject to any waiver or exemption that may be granted by the PSE in respect of such lock-up requirement.

These amendments were approved by the SEC on July 6, 2023.

The Parent Company is a wholly-owned subsidiary of Citicore Power Inc. (the “Intermediate Parent Company” or “CPI”), a company incorporated in the Philippines. CPI is engaged in the development of renewable and non-renewable energy sources for power generation, including the design, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof, and the processing and commercialization of by-products in its operations.

The Parent Company’s ultimate parent company is Citicore Holdings Investment, Inc., a company incorporated in the Philippines, registered as a holding company engaged in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other shareholders by way of assignment in a private sale.

As at March 22, 2024, the Parent Company is in the process of completing and finalizing all statutory requirements in connection with the planned offering of its shares to the public and listing with the PSE.

1.2 Status of operations

The Parent Company's subsidiaries and its ownership interest as at December 31 in these subsidiaries are as follows:

Companies	2023	2022
Citicore Energy REIT Corp. (CREIT)	Direct 48%	Direct 48%
	Indirect 14%*	Indirect 14%*
Citicore Fund Managers, Inc. (CFMI)	Direct 100%	Direct 100%
Citicore Property Managers, Inc. (CPMI)	Direct 100%	Direct 100%
Sikat Solar Holdco, Inc. (SSHI)	Direct 100%	Direct 100%
Citicore Solar South Cotabato, Inc. (CSSCI)	Indirect 100%	Indirect 100%
Citicore Solar Tarlac 1, Inc. (CST1)	Indirect 100%	Indirect 100%
Citicore Solar Tarlac 2, Inc. (CST2)	Indirect 100%	Indirect 100%
Citicore Solar Holdings, Inc. (CSHI)	Direct 100%	Direct 100%
Citicore Solar Bulacan, Inc. (CSBI)	Indirect 100%	Indirect 100%
Citicore Energy Solutions, Inc. (CESI)	Direct 100%	Direct 100%
Citicore Solar Energy Corp. (CSEC)	Direct 100%	Direct 100%
Citicore Batangas 1, Inc. (CSB1)		
(formerly Greencore Power Solutions 4, Inc. or GPS4)**	Indirect 100%	Direct 100%
Greencore Power Solutions 1, Inc. (GPS1)	Indirect 100%	Indirect 100%
Citicore Batangas 2, Inc. (CSB2)		
(formerly Greencore Power Solutions 2, Inc. or GPS2)	Indirect 100%	Indirect 100%
Greencore Power Solutions 5, Inc. (GPS5)	Indirect 100%	Indirect 100%
Citicore Solar Pampanga 1 Inc. (CSPam1)	Indirect 100%	-
Citicore Solar Pampanga 2 Inc. (CSPam2)	Indirect 100%	-
Citicore Solar Tarlac 3, Inc. (CST3)	Indirect 100%	-
Citicore Solar Tarlac 4 Inc. (CST4)	Indirect 100%	-
Citicore Solar Pangasinan Inc. (CSPan)	Indirect 100%	-
Citicore Solar Pangasinan 2 Inc. CSPan2)	Indirect 100%	-
Citicore Solar Quezon (CSQ)	Indirect 100%	-
Citicore Solar Negros Occidental, Inc. 2 (CSNOI2)	Indirect 100%	-
Citicore Solar Bulacan 2, Inc. (CSBul2)	Indirect 100%	-
Citicore Wind Cagayan, Inc. (CWCI)	Direct 100%	Direct 100%
Citicore Wind Energy Corporation (CWEC)	Direct 100%	-
Citicore Wind Pangasinan 1, Inc. (CWP1)	Indirect 100%	-
Citicore Wind Pangasinan 2, Inc. (CWP2)	Indirect 100%	-
Citicore Wind Quezon, Inc. (CWQ)	Indirect 100%	-
Citicore Wind Ilocos Norte, Inc. (CWINI)	Indirect 100%	-
Citicore Wind Iloilo 1, Inc. (CWI1)	Indirect 100%	-
Citicore Wind Iloilo 2 Inc. (CWI2)	Indirect 100%	-
Citicore Wind Cagayan 1, Inc. (CWC1)	Indirect 100%	-
Citicore Wind Cagayan 2, Inc. (CWC2)	Indirect 100%	-
Citicore Wind Guimaras 2, Inc. (CWG2)	Indirect 100%	-
Citicore Wind Zambales 1, Inc. (CWZ1)	Indirect 100%	-
Citicore Wind Zambales 2, Inc. (CWZ2)	Indirect 100%	-
Citicore Wind Aklan, Inc. (CWA)	Indirect 100%	-
Citicore Land Holdings, Inc. (CLHI)	Direct 100%	-

*CST1 owns 14% as at December 31, 2023 and 2022.

**Ownership of CSB1 was transferred from the Parent Company to CSEC.

The Parent Company and its subsidiaries (the "Group") whether directly or indirectly owned are all organized and incorporated in the Philippines and registered with the SEC.

(a) *Citicore Energy REIT Corp. (CREIT), Citicore Fund Managers, Inc. (CFMI) and Citicore Property Managers, Inc. (CPMI)*

CREIT

CREIT was registered with the SEC on July 15, 2010.

Prior to May 25, 2021, CREIT's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The amended primary purpose of CREIT is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of Republic Act (RA) No. 9856, otherwise known as the "*Real Estate Investment Trust Act of 2009*" and its implementing rules and regulations.

On May 25, 2021, CREIT's BOD and shareholders approved, among others, the following amendments to CREIT's AOI: (i) change of corporate name from Enfinity Philippines Renewable Resources Inc. to Citicore Energy REIT Corp.; (ii) amendment of the primary purpose to that of a real estate investment trust; (iii) change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila; and (iv) increase of authorized share capital from P540 million divided into 2.16 billion common shares with P0.25 par value to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share. On May 26, 2021, as part of the increase in authorized share capital, the Parent Company subscribed to 2.4 billion shares as consideration for the assignment by the Parent Company of its advances to CREIT amounting to P602,465,066. In addition, the Parent Company and CST1 subscribed to 19,461,142 shares and 918,720,864 shares, respectively, or a total of 938,182,006 shares, as consideration for the assignment of parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac. CREIT's submission to the SEC for the foregoing amendments was approved on October 12, 2021. Upon issuance of the shares during 2021, CREIT's shareholding structure was 16.7% and 83.3% owned by CST1 and Parent Company, respectively. Prior to October 12, 2021, the Parent Company owns 100% of CREIT.

On November 4, 2021, CREIT's BOD and shareholders approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". CREIT's submission to the SEC for the foregoing amendment was approved on November 17, 2021.

CREIT was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under RA No. 9513, otherwise known as the "*Renewable Energy Act of 2008*".

On October 13, 2021, CREIT, assigned the Solar Energy Service Contract (SESC) for the operation of the 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga to the Parent Company, making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the DOE on December 24, 2021. The Clark Solar Power Project was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its SESC No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. The Philippine BOI approved the transfer of BOI Certificate of Registration No. 2015-222 of CREIT to the Parent Company as a renewable energy developer of solar energy resources under RA No. 9513 effective January 1, 2022.

On February 22, 2022, CREIT successfully listed its shares with the PSE via the offer of (i) 1,047,272,000 new common shares with a par value of P0.25 per share issued and offered by CREIT as “Primary Offer Shares”, and (ii) 1,134,547,000 existing shares offered by the Parent Company, selling shareholder, pursuant to a “Secondary Offer Shares” with an over-allotment option of up to 327,273,000 shares which were exercised at such date. All the shares offered by the CREIT and the Parent Company were sold at an offer price of P2.55 per share.

The sale of CREIT's share was treated as an equity transaction by the Parent Company resulting in:

	Primary offer shares	Secondary offer shares
Number of shares offered	1,047,272,000	1,461,820,000
Offer price	2.55	2.55
Gross proceeds from sale of shares	2,670,543,600	3,727,641,000
Cost of offering	(103,854,927)	(192,706,277)
Net proceeds from sale of shares	2,566,688,673	3,534,934,723
Non-controlling interest	(671,157,158)	(936,825,348)
Credit to equity under other reserves	1,895,531,515	2,598,109,375

The details of non-controlling interest is disclosed in Note 20.

On June 8, 2022, CREIT's shareholders approved the issuance of fixed-rate bonds not exceeding 35% of the value of the deposited property of CREIT or up to the allowable leverage under the REIT Act of 2009 and its implementing rules and regulations. On February 10, 2023, CREIT listed its maiden ASEAN Green Bonds amounting to P4.5 billion which bear a coupon interest rate of 7.0543% in the Philippine Dealing and Exchange Corp. (Note 9). In 2022, CREIT received PRS AA+ rating with stable outlook from PhilRatings for both CREIT and its proposed bond issuance. The rating, which is considered as an investment grade, allowed CREIT to increase its leverage limit from the minimum 35% of the deposited property to a maximum of 70% as prescribed in the REIT IRR. PRS AA+ rating is continuously monitored as long as the rated bond issuance is outstanding.

On March 15, 2024, the Parent Company and CST1 sold a total of 1,884,374,000 common shares in CREIT at P2.6534 per share to SM Investments Corporation (SMIC) raising approximately P5.0 billion. The Parent Company will continue to be the single largest shareholder in CREIT with a 32.88% effective ownership post-transaction. Proceeds from the sale will be used by CREC to fund further development of solar construction projects across different locations nationwide.

CFMI

CFMI was registered with the SEC on July 21, 2021 to engage in the business providing fund management services to REIT companies, as provided under the REIT Act, which includes: (1) implementing investment strategies of the REIT through the allocation of deposited property to allowable investment outlets in accordance with the REIT plan and investment strategy of REIT, and the selection of income-generating real estate in accordance with the investment strategy of the REIT; (2) overseeing and coordinating property acquisition, property management, leasing (except financial leasing), operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as refinancing and asset disposition plans; (3) causing the valuation of real estate and other properties of a REIT; (4) taking all necessary measures to ensure that: (a) the net asset value per unit of a REIT is calculated as and when an annual valuation report is issued by the property valuer for the relevant period, and that such net asset value per unit shall be disclosed in the annual reports; (b) the investment and borrowing limitations set out in the REIT plan and the conditions under which the REIT was authorized are complied with; (c) all transactions carried out by or on behalf of the REIT are conducted at arm's length; (d) at all times a REIT has proper legal title to real estate it owns, as well as to the contracts entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid, and binding and enforceable by or on behalf of the REIT; and (e) the property manager obtains adequate property insurance for the real properties of the REIT from insurance companies approved by it; and (5) performing all such functions necessary and incidental to asset management of a REIT.

CPMI

CPMI was registered with the SEC on August 4, 2021 to engage in the business of providing services in relation to property management, lease management (except financial leasing), marketing, project management, providing functions in accordance with the REIT plan and investment strategy of the REIT including the following: (i) plan the tenant mix and identify potential tenants; (ii) formulate and implement leasing strategies; (iii) enforce tenancy conditions; (iv) ensure compliance with government regulations in respect of the real estate under management; (v) perform tenancy administration work, such as managing tenant occupancy and ancillary amenities, and negotiating with tenants on grant, surrender and renewal of lease, rent review, termination and re-letting of premises; (vi) conduct rental assessment, formulating tenancy terms, preparing tenancy agreements, rent collection and accounting, recover of arrears and possession; (vii) secure and administer routine management services, including security control, fire precautions, communication systems and emergency management; (viii) maintain and manage the physical structures/real properties; (ix) formulate and implement policies and programs in respect of building management, maintenance, and improvement; (x) initiate refurbishment and monitoring of such activity; and (xi) such other duties and functions necessary and incidental to property management, as may be required by the BOD or agreed between corporation and the REIT Company.

The principal place of business and registered office address of CREIT, CFMI and CPMI is located at 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila.

(b) *Sikat Solar Holdco, Inc. (SSHI)*, *Citicore Solar South Cotabato, Inc. (CSSCI)*, *Citicore Solar Tarlac 1, Inc. (CST1)*, and *Citicore Solar Tarlac 2, Inc. (CST2)*

SSHI was registered with the SEC on April 11, 2014. SSHI's primary purpose is to purchase, subscribe for, invest, acquire, obtain an interest in, own, hold, pledge, encumber, hypothecate, create security interests in, assign, deposit, create with respect to, sell, exchange, exercise any and all rights, powers and privileges pertaining to or otherwise dispose of and generally deal in real and personal properties, and with securities of every kind and description of private and public corporations, associations, partnerships, firms, syndicates, or entities wheresoever located in or organized under the laws of any part of the world, and without in any way acting as investment company, trust company, mutual fund, investment house, or securities dealer or broker.

The principal place of business and registered office address of SSHI is located at U-1101, The Trade and Financial Tower, 7th Ave., cor 32nd St., Bonifacio Global City, Taguig City, Philippines.

SSHI owns 100% of the common shares of CSSCI, CST1 and CST2.

CSSCI, CST1 and CST2 were registered with the SEC on April 30, 2013, November 11, 2013 and November 11, 2013, respectively. The companies' primary purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from solar power corporations, public utilities, electric cooperatives, and retail electricity suppliers to enter into contracts either alone or jointly with other companies or persons for the purpose of carrying out all business under which this corporation is organized; to acquire, build, construct, own, maintain, and operate all necessary and convenient buildings, structures, machinery, sub-stations, transmission lines, poles, wires and other things devices; and to acquire, lease, hold, occupy or use land, rights-of-way and easement therein.

These companies are registered with the BOI as a renewable energy developer of solar energy resources under the RA No. 9513.

CSSCI's 6.25 MW Centrala Solar Power Project in Centrala, Surallah, South Cotabato was successfully commissioned on December 9, 2015 through the confirmation of DOE covering its SESC No. 2013-10-043 and Certificate of Commerciality No. SCC-2014-05-008 with validity of 25 years.

The principal place of business and registered office address of CSSCI is located at 14th Street, Brgy. Centrala, Surallah, South Cotabato, Mindanao, Philippines.

CST1's 8.84 MW Armenia Solar Power Project in Tarlac City, Tarlac was successfully commissioned on February 29, 2016 through the confirmation of DOE covering its SESC No. 2016-02-277 and Certificate of Commerciality No. SCC-2016-03-050 with validity of 25 years.

The principal place of business and registered office address of CST1 is located at Sitio Sampaloc, Brgy. Armenia, Tarlac City, Tarlac.

CST2's 7.48 MW Dalayap Solar Power Project in Tarlac City, Tarlac was successfully commissioned on February 27, 2016 through the confirmation of DOE covering its SESC No. 2016-02-278 and Certificate of Commerciality No. SCC-2016-03-049 with validity of 25 years.

The principal place of business and registered office address of CST2 is located at Blk. 6 Brgy. Dalayap, Tarlac City.

(c) Citicore Solar Holdings, Inc. (CSHI) and Citicore Solar Bulacan, Inc. (CSBI)

CSHI was registered with the SEC on May 18, 2015. CSHI is registered as a holding company engaged in buying and holding of shares of other companies.

The principal place of business and registered office address of CSHI is located at 9th Floor, 45 San Miguel, San Miguel Avenue, San Antonio, Pasig City.

CSHI owns 100% of common shares of CSBI.

CSBI was registered with the SEC on May 7, 2015. Its primary purpose is to engage in the development, investments acquisition, construction, operation and maintenance, sale of renewable energy facilities including generation of heat and power/electricity sales distribution.

CSBI was registered with the BOI on August 25, 2015 as a renewable energy developer of solar energy resources under RA No. 9513.

CSBI's 15.00 MW Bulacan III Solar PV Plant in San Ildefonso, Bulacan was successfully commissioned on March 12, 2016.

The principal place of business and registered office address of CSBI is located at Sitio Hulo, Brgy. Pasing Bangkal, San Ildefonso, Bulacan.

(d) Citicore Energy Solutions, Inc. (CESI)

CESI was registered with the SEC on June 28, 2016. CESI's primary objective is to develop, construct, own, lease and operate electricity generation distribution facilities, retail electricity supply facilities and other related facilities for the conversion of renewable energy into usable form fit for electricity generations and distribution.

On December 8, 2016, the Energy Regulatory Commission (ERC) issued to CESI a Retail Electricity Supplier's (RES) License RES-12-2016-016. It requires CESI to comply with all rules and regulations, and relevant issuances and directives of ERC governing the Retail Competition and Open Access. The license is non-transferrable and shall be valid for a term of five (5) years, renewable at the end of each term. In addition, CESI became a Direct Wholesale Electricity Spot Market Member under the RES category on February 3, 2017. CESI started commercial operations on August 26, 2017. On November 24, 2021, the RES license was renewed for another five (5) years from December 8, 2021 to December 27, 2026.

The principal place of business and registered office address of CESI is located at 11th floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila.

(e) *Citicore Solar Energy Corp. (CSEC) Group*

The following are the subsidiaries and joint venture of CSEC:

	Date of incorporation	Registered address
<i>Subsidiaries:</i>		
Grencore Power Solutions 1, Inc. (GPS1)	June 8, 2018	San Juan
Citicore Batangas 1, Inc. (CSB1) (formerly Grencore Power Solutions 4, Inc. or GPS4)	June 8, 2018	Pasig
Citicore Batangas 2, Inc. (CSB2) (formerly Grencore Power Solutions 2, Inc. or GPS2)	October 17, 2018	Pasig
Grencore Power Solutions 5, Inc. (GPS5)	August 16, 2022	San Juan
Citicore Solar Pampanga 1 Inc. (CSPam1)	January 27, 2023	San Juan
Citicore Solar Pampanga 2 Inc. (CSPam2)	February 17, 2023	San Juan
Citicore Solar Tarlac 3, Inc. (CST3)	January 16, 2023	San Juan
Citicore Solar Tarlac 4 Inc. (CST4)	March 14, 2023	San Juan
Citicore Solar Pangasinan Inc. (CSPan)	March 31, 2023	San Juan
Citicore Solar Pangasinan 2 Inc. (CSPan2)	April 25, 2023	San Juan
Citicore Solar Quezon (CSQ)	March 1, 2023	San Juan
Citicore Solar Negros Occidental, Inc. 2 (CSNOI2)	January 16, 2023	San Juan
Citicore Solar Bulacan 2, Inc. (CSBul2)	June 8, 2023	San Juan
<i>Joint venture:</i>		
Grencore Power Solutions 3, Inc. (GPS3)	October 17, 2018	Arayat, Pampanga

CSEC was registered with the SEC on July 20, 2018. CSEC's primary purpose is to engage in power generation under the Renewable Energy Law.

CSEC's registered office address and principal place of business is located at 11th Floor, Rockwell Santolan Town Plaza 276 Col. Bonny Serrano Avenue San Juan City, Metro Manila.

GPS1 was registered with the SEC on June 8, 2018. GPS1's primary purpose is to engage in power generation under the Renewable Energy law.

GPS1 entered into a Joint Venture Agreement ("JV Agreement") with CPI and the Parent Company to do the operation, maintenance, rehabilitation, and expansion of power distribution system of the Authority Freeport Area of Bataan (AFAB) Project.

CSB2 was registered with the SEC on October 17, 2018. CSB2's primary purpose is to engage in power generation under the Renewable Energy Law. CSB2 is still at pre-operating stage as at December 31, 2022. As at December 31, 2023, CSB2 has already obtained necessary permits and licenses for its 75 MW Bolbok 2 Solar Power Project and is incurring project development costs for the said project. CSB1's principal place of business and registered office address is located at 45 San Miguel, San Miguel Avenue, Ortigas Center, Pasig City.

GPS3 was registered with the SEC on October 17, 2018. GPS3's primary purpose is to engage in power generation under the Renewable Energy Law.

On December 23, 2019, the Parent Company obtained SESC 2019-12-558 as RE Developer of Arayat Solar Power Project located in Arayat and Mexico Pampanga. Subsequently, the Parent Company executed Deed of Assignment with GPS3 to assign its entire rights and obligations under the aforementioned SESC to GPS3. On March 5, 2020, GPS3's BOD authorized the application for, processing, and/or obtaining an Amended Service Contract for the Arayat Solar Power Project located at Brgy. San Antonio, Municipality of Arayat, Pampanga from the DOE. On February 24, 2021, the DOE granted certificate of registration for SESC 2019-12-558-AFI to certify GPS3 as the new RE Developer. This shall serve as basis of entitlement of GPS3's incentives under the RA No. 9513.

On February 21, 2020, the Parent Company and ACE Endeavor, Inc. (Endeavor) entered into a Framework Agreement for the joint development, ownership, and operation of solar and other power plants in the Philippines.

On February 4, 2021, GPS3, CSEC, Endeavor and AC Energy Corporation (ACEN) entered into a Shareholders' Agreement wherein CSEC and ACEN, including Endeavor, will hold 50:50 interest in GPS3. On the same date, following the execution of the Shareholders' Agreement, ACEN and Endeavor executed a Subscription Agreement equivalent to its 50% share of the GPS3.

Endeavor was registered with the SEC on November 10, 2014 and its primary purpose is to engage in all aspects of exploration, assessment, development and utilization of renewable and other energy resources and storage of electricity. Endeavor is a subsidiary of ACEN. ACEN, a company listed in the PSE, is a subsidiary of AC Energy and Infrastructure Corporation (ACEIC). ACEN is engaged in electric power generation, transmission and distribution. ACEIC is a subsidiary of Ayala Corporation (AC), a company listed in the PSE.

On March 15, 2022, GPS3 successfully connected its Arayat Phase 1 Project to the grid and started delivering power. The Arayat Phase 1 Project has a capacity of 71.99 MW.

On May 5, 2022, the DOE and GPS3 entered in another Solar Energy Operating Contract (SEOC) for the development, construction, installation, commissioning, and operation of a solar energy system which is also located in Mexico and Arayat, Pampanga. This project has a capacity of 43.68MW (the "Arayat Phase 2 Project") under SEOC No. 2022-04-623. GPS3 started its construction of the Arayat Phase 2 Project on May 26, 2022. On March 22, 2023, GPS3 has successfully connected its Arayat Phase 2 Project to the grid and started delivering power.

The principal place of business and registered office address of GPS3 is located at Lot 4 Magalang - Arayat Road, Barangay San Antonio, Arayat, Pampanga.

Prior to February 27, 2020, GPS1, CSB2 and GPS3 are wholly-owned subsidiaries of CPI. On February 27, 2020, CPI signed a Deed of Absolute Sale of Shares in favor of CSEC. CPI agreed to sell, assign, transfer and convey, absolutely, its ownership on GPS1, CSB2 and GPS3 to CSEC.

Following CSEC's loss of control in GPS3 in 2021, GPS3's financial information was deconsolidated. The details of the account balances that were deconsolidated are disclosed in Note 19.

CSB1 was registered with the SEC on June 8, 2018. CSB1's primary purpose is to engage in power generation under the Renewable Energy law. CSB1 is still at pre-operating stage as at December 31, 2022. As at December 31, 2023, CSB1 has already obtained necessary permits and licenses for its 50 MW Tuy 4 Solar Power Project and is incurring project development costs for the said project. In 2023, the Parent Company and CSEC entered into a Deed of Absolute Sale of Shares with respect to 2,999,995 shares of CSB1 as approved by CSEC's BOD on February 13, 2023. CSB1's principal place of business and registered office address is located at 45 San Miguel, San Miguel Avenue, Ortigas Center, Pasig City.

GPS5 was registered with the SEC on August 16, 2022. Its primary purpose is to engage in power generation under the Renewable Energy law. GPS5 is still at pre-operating stage as at December 31, 2023. GPS5's principal place of business and registered office address is located at 11th floor, Rockwell Santolan Town Plaza, 276 Col., Bonny Serrano Avenue, San Juan City.

During 2023, CSPam1, CSPam2, CST3, CST4, CSPan, CSPan2, CSQ, CSNOI2 and CSBul2 were incorporated in the Philippines. These entities were registered with the SEC primarily to engage in power generation under the Renewable Energy Law.

(f) Citicore Wind Cagayan, Inc. (CWCI)

CWCI was registered with the SEC on June 15, 2022 primarily to engage in power generation under the Renewable Energy Law. On November 22, 2022, CWCI obtained its Wind Energy Service Contract (WESC) No. 2022 10-227 with DENR expiring on November 22, 2047 extendible for another 25 years. On December 20, 2022, CWCI obtained its WESC Nos. 2022-11-234, 2022-11-233 and 2022-11-235 with DENR expiring on December 20, 2047 extendible for another 25 years. CWCI is still at pre-operating stage as at December 31, 2023. The Group is on the process of application to change CWCI's corporate name to Citicore Wind Guimaras 1, Inc. (CWG1). CWCI's registered office, which is also its principal place of business, is located at 11th Floor, Rockwell Santolan Town Plaza, 276 Col Bonny Serrano Ave., San Juan City.

(g) Citicore Wind Energy Corporation (CWEK) and its subsidiaries

CWEK was registered with the SEC on October 25, 2022 primarily to engage to operate, manage, and engage in the business of electric power generation, transmission and distribution that includes operation of generation facilities, transmission, and distribution systems as well as electricity and transmission capacity exchanges for sale of electricity to its end-users except production of electricity through incineration of waste. CWEK's registered office, which is also its principal place of business, is located at 11th Floor, Rockwell Santolan Town Plaza, 276 Col Bonny Serrano Ave., San Juan City.

The following are the subsidiaries of CWEK:

	Date of incorporation	Registered address
Citicore Wind Pangasinan 1, Inc. (CWPan1)	April 20, 2023	San Juan
Citicore Wind Pangasinan 2, Inc. (CWPan2)	April 25, 2023	San Juan
Citicore Wind Quezon, Inc. (CWQ)	April 17, 2023	San Juan
Citicore Wind Ilocos Norte, Inc. (CWINI)	April 17, 2023	San Juan
Citicore Wind Iloilo 1, Inc. (CWI1)	May 17, 2023	San Juan
Citicore Wind Iloilo 2 Inc. (CWI2)	May 23, 2023	San Juan
Citicore Wind Cagayan 1, Inc. (CWC1)	May 2, 2023	San Juan
Citicore Wind Cagayan 2, Inc. (CWC2)	May 3, 2023	San Juan
Citicore Wind Guimaras 2, Inc. (CWG2)	June 6, 2023	San Juan
Citicore Wind Zambales 1, Inc. (CWZ1)	May 22, 2023	San Juan
Citicore Wind Zambales 2, Inc. (CWZ2)	June 6, 2023	San Juan
Citicore Wind Aklan, Inc. (CWA)	June 22, 2023	San Juan

CWPan1, CWPan2, CWQ, CWINI, CWI1, CWI2, CWC1, CWC2, CWG2, CWZ1, CWZ2 and CWA were registered in 2023 with the SEC to primarily engaged in the business of and/or investing in, electric power exploration, development, generation, maintenance and operation; distribution and supply of electricity either in retail, wholesale or bulk; and the ownership, construction, operation, and maintenance of transmission facilities to connect its power production facilities to the grid or distribution system. These companies are still at the pre-operating stage as at December 31, 2023.

(h) Citicore Landholdings, Inc. (CLHI)

CLHI was registered with the SEC on October 16, 2023. CLHI is registered primarily to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, develop, mortgage, pledge, exchange, deal in and with or otherwise dispose of, any and all properties of every kind and description, and wherever situated and as to the extent permitted by law.

CLHI's registered office, which is also its principal place of business, is located at 11th Floor, Rockwell Santolan Town Plaza, 276 Col Bonny Serrano Ave., San Juan City.

1.3 Approval of the consolidated financial statements

The consolidated financial statements have been approved and authorized for issuance by the Parent Company's BOD on March 22, 2024.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2023	2022
Cash on hand	571,000	382,000
Cash in banks	2,349,700,795	1,420,556,359
Short-term placements	53,060,821	52,278,820
	2,403,332,616	1,473,217,179

Cash in banks generally earn interest based on prevailing bank deposit rates.

Short-term placements represent money market placements or short-term investments with maturities up to three months and annual interest ranging from 0.0005% to 6.25% in 2023 (2022 - 0.06% to 1.51%)

Interest income earned from cash in banks and short-term placements for the years ended December 31 is as follows:

	Note	2023	2022	2021
Interest income	16	34,792,393	3,984,419	1,123,914

3 Trade and other receivables, net

Trade and other receivables, net as at December 31 consist of:

	Note	2023	2022
Current			
Trade receivables			
Third parties		467,262,858	279,122,700
Related parties	10	14,735,464	81,786,510
		481,998,322	360,909,210
Allowance for doubtful accounts		(4,600,125)	(5,740,728)
		477,398,197	355,168,482
Due from related parties	10	4,336,858,150	6,600,811,812
Other receivables		5,768,572	4,118,571
Allowance for doubtful accounts		(1,944,096)	(1,944,096)
		3,824,476	2,174,475
		4,818,080,823	6,958,154,769
Non-current			
Trade receivables		138,477,773	174,221,769
Lease receivables	10	69,274,161	66,704,478
		207,751,934	240,926,247
		5,025,832,757	7,199,081,016

Trade receivable from third parties pertains to amounts collectible from contestable customers, local retail electricity suppliers, National Transmission Corporation (TransCo) and the electricity market operator - Independent Electricity Market Operator of the Philippines (IEMOP) for the transactions in the Wholesale Electric Spot Market (WESM) for sale of electricity, and from the Authority Freeport Area of Bataan (AFAB) and GPS3 for operations and management service fees.

Trade receivables are usually collected within 25 to 60 days. Certain contracts with customers include interest payments for late payments. Interest income earned related to the interest-bearing receivables from third parties for the years ended December 31 follow:

	Note	2023	2022	2021
Interest income	16	457,633	5,085,948	12,652

As at December 31, 2021, trade receivables include receivables aged over 90 days amounting to P38.6 million which were determined to be past due. These pertain to back billings to South Cotabato Electric Cooperative 1 (SOCOTECO-1). Management believes that collection is probable due to cumulative experience, similar contractual arrangements and acknowledgement of SOCOTECO-1.

On November 27, 2020, SOCOTECO-1 acknowledged the receipt of a recovery plan for a period of five (5) years filed by the CSSCI pursuant to the directive of the ERC for the collection of the past due receivables. In 2022, the final recovery plan was approved by CSSCI and SOCOTECO-1, hence, the management opted to reverse the previously recognized allowance for doubtful accounts in relation with the receivables from SOCOTECO-1. Consequently, the trade receivable was restructured based on the payment terms and certain receivables were reclassified from non-current to current. Loss on restructuring was also recognized amounting to P5.7 million for the year ended December 31, 2022 (Note 16).

Details of trade receivables from SOCOTECO-1 for the years ended December 31 follow:

	Current	Non-current	Total
2023			
Trade receivables	8,351,991	21,201,207	29,553,198
Discount on receivables	(1,531,993)	(1,902,077)	(3,434,070)
	6,819,998	19,299,130	26,119,128
2022			
Trade receivables	8,351,991	28,910,737	37,262,728
Discount on receivables	(1,934,404)	(3,434,070)	(5,368,474)
	6,417,587	25,476,667	31,894,254
2021			
Trade receivables	5,139,687	33,407,963	38,547,650

Interest income arising from amortization of discount on trade receivables from SOCOTECO-1 for the years ended December 31 follows:

	Note	2023	2022	2021
Interest income	16	1,934,404	359,658	-

In 2020, the ERC issued Resolution No. 06, Series of 2020, which was further clarified in February 2021, to confirm that the actual recovery of the arrears FIT rate adjustment from TransCo shall be for a period of five (5) years.

For CREIT, those from January 2016 generation shall start billing in December 2020 and collection schedule starts in January 2021. During 2021, a reversal was made amounting to P4.9 million for the November and December 2020 billings which TransCo confirmed that the FIT rate adjustments would be collected beginning December 2021. This reversal was offset with the additional revenue recognized during December 2021 amounting to P83.5 million to be collected within the next five (5) years after December 31, 2021.

For CSSCI, those from October 2017 generation shall start billing in September 2022 and collection schedule starts in October 2022 as confirmed and agreed by both parties. Hence, during 2022, additional revenue amounting to P18.0 million was recognized related to FIT-rate adjustments for the generation from 2017 to be collected in five (5) years starting October 2022.

For CSBI, those from February 2017 generation shall start billing in January 2022 and collection schedule starts in March 2022 as confirmed and agreed by both parties. Hence, during 2022, additional revenue amounting to P53.8 million was recognized related to FIT-rate adjustments for the generation from 2016 to be collected in five (5) years starting February 2022.

Details of trade receivables from TransCo for the years ended December 31 follow:

	Current	Non-current	Total
2023			
Trade receivables	37,544,106	124,649,180	162,193,286
Discount on receivables	(6,045,145)	(5,470,537)	(11,515,682)
	31,498,961	119,178,643	150,677,604
2022			
Trade receivables	17,967,014	161,342,164	179,309,178
Discount on receivables	(6,727,808)	(12,597,062)	(19,324,870)
	11,239,206	148,745,102	159,984,308
2021			
Trade receivables	41,904,520	96,255,187	138,159,707
Discount on receivables	(11,819)	(12,730,087)	(12,741,906)
	41,892,701	83,525,100	125,417,801

Interest income arising from amortization of discount on trade receivables from TransCo for the years ended December 31 follows:

	Note	2023	2022	2021
Interest income	16	7,809,188	5,028,846	-

Other receivables consist of refunds for overpaid insurance receivables from third party for the sale of property, plant and equipment.

During 2020, the Group provided allowance for doubtful accounts for other receivables pertaining to refunds from overpaid insurance amounting to P2.6 million due to the changes in its credit quality. However, during 2022, based on the management's assessment on collectability, the Group decided to write-off certain other receivables amounting to P0.7 million.

Movements in the allowance for doubtful accounts for the years ended December 31 are as follows:

		2023			2022			2021		
	Note	Trade	Others	Total	Trade	Others	Total	Trade	Others	Total
Beginning Provisions		5,740,728	1,944,096	7,684,824	8,580,565	2,621,078	11,201,643	819,138	2,621,078	3,440,216
(reversals)	15	(1,140,604)	-	(1,140,604)	(2,839,837)	-	(2,839,837)	7,761,427	-	7,761,427
Write-off		-	-	-	-	(676,982)	(676,982)	-	-	-
Ending		4,600,124	1,944,096	6,544,220	5,740,728	1,944,096	7,684,824	8,580,565	2,621,078	11,201,643

In determining the recoverability of trade and other receivables, the Group considers the shared credit risk characteristics of debtors and the accounts' days past due and for certain receivables, the changes in the credit quality from the date the credit was initially granted up to the end of the reporting period. Accordingly, based on management's assessment, the Group believes that there is no further allowance for doubtful accounts required in excess of those that were already provided as at and for the three years ended December 31, 2023.

The Group does not hold any collateral as security. None of the trade and other receivables that are fully performing have been renegotiated.

4 Prepayments and other current assets

Prepayment and other current assets as at December 31 consist of:

	2023	2022
Input value-added tax (VAT)	239,349,771	60,158,724
Prepaid taxes	108,921,487	62,702,936
Deferred debt issuance costs	83,344,525	6,334,902
Deferred share issuance costs	58,021,810	-
Prepaid expenses	9,460,816	8,988,988
Advances to suppliers	6,499,256	447,470
Advances to employees	3,268,245	2,266,375
Others	40,891	1,284,288
	508,906,801	142,183,683

Input VAT represents VAT on purchases of goods and services that are significantly from acquisition and construction of solar power plants, which can be recovered either as tax credit against future output VAT or through refund.

Prepaid taxes include creditable withholding taxes, income tax credits and advance payment for real property taxes.

Deferred share and debt issuance costs pertain to expenses incurred relative to the fund-raising activities of the Group through issuance of shares and availment of loans and other debt instruments. Other details are discussed in Note 9.

Advances to suppliers represent prepayment of supplies or services which will be delivered or rendered within the next 12 months.

Prepaid expenses pertain to advance payment made for insurance, rent and for the implementation of a new information system.

Advances to employees represent unliquidated cash advances for business related purposes and are to be liquidated from completion of the activities.

5 Property, plant and equipment, net

Details and movements of property, plant and equipment, net as at and for the years ended December 31 are as follows:

	Notes	Land	Solar plant and equipment	Other equipment	Service vehicles	Leasehold improvements	Furniture and fixtures	Construction in progress	Total
Cost									
January 1, 2022		54,287,512	4,298,821,727	2,463,573	1,533,268	551,029	346,738	2,004,343	4,360,008,190
Additions		-	-	1,957,830	381,286	-	102,048	-	2,441,164
December 31, 2022		54,287,512	4,298,821,727	4,421,403	1,914,554	551,029	448,786	2,004,343	4,362,449,354
Additions		4,363,933,644	1,131,672	2,814,440	82,065	-	947,128	1,847,806,755	6,216,715,704
December 31, 2023		4,418,221,156	4,299,953,399	7,235,843	1,996,619	551,029	1,395,914	1,849,811,098	10,579,165,058
Accumulated depreciation and amortization									
January 1, 2022		-	984,970,768	999,706	163,800	82,654	144,869	-	986,361,797
Depreciation and amortization	14, 15	-	140,912,519	1,061,149	264,338	110,207	92,263	-	142,440,476
December 31, 2022		-	1,125,883,287	2,060,855	428,138	192,861	237,132	-	1,128,802,273
Depreciation and amortization	14, 15	-	140,408,449	1,682,235	278,110	110,205	225,451	-	142,704,450
December 31, 2023		-	1,266,291,736	3,743,090	706,248	303,066	462,583	-	1,271,506,723
Net book values									
December 31, 2023		4,418,221,156	3,033,661,663	3,492,753	1,290,371	247,963	933,331	1,849,811,098	9,307,658,335
December 31, 2022		54,287,512	3,172,938,440	2,360,548	1,486,416	358,168	211,654	2,004,343	3,233,647,081

(a) Clark Solar Power Project

The 22.33 MW Clark Solar Power Project of CREIT was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP) (Note 9). The solar plant and equipment include capitalized borrowing costs amounting to P13.7 million during the construction period of the solar plant. CREIT's solar plant and equipment are pledged as collateral under the chattel mortgage agreement entered into in relation to this agreement. On May 4, 2021, the Parent Company assumed CREIT's outstanding loan with DBP (Note 9). As a result, the chattel mortgage agreement was rescinded by DBP on November 3, 2021. Following the approval of the DOE on the assignment by CREIT of SESC No. 2014-07-086 of the Clark Solar Plant to the Parent Company on December 24, 2021, the Parent Company became the Clark Solar Plant operator but ownership of the plant remains with CREIT.

(b) Centrala Solar Power Project

The 6.25 MW Centrala Solar Power Project of CSSCI was funded through a Term Loan Facility Agreement with DBP (Note 9). The solar plant and equipment include capitalized borrowing costs amounting to P17.7 million during the construction period of the solar plant. CSSCI's land and solar plant and equipment are pledged as collateral under the chattel mortgage agreement entered into in relation to the Term Loan Facility Agreement. In March 2022, CSSCI pre-terminated the loan by paying in full the amount of principal and interest due from the Term Loan Facility Agreement (Note 9). As a result, the chattel mortgage agreement was rescinded by DBP.

(c) *Others*

Other significant components of property, plant and equipment include the 8.84 MW Armenia Solar Project of CST1, 7.48 MW Dalayap Solar Project of CST2 and 15.00 MW Bulacan Solar Project of CSBI. During 2023, the Group's significant additions were for the following projects:

- Luntal-Lumbangan Solar Power Project (140.0 MW) of CSB2 (formerly GPS2);
- Bolbok 2 Solar Power Project (75.00 MW) and Tuy 4 Batangas Solar Power Project (50.00 MW) of CSB1 (formerly GPS4);
- Arayat 3A Solar Power Project (30.00 MW) of CSPam1; and
- San Manuel 1 Solar Power Project (80.10 MW) of CSPan2.

Capitalized borrowings cost for these ongoing projects amounted to P285.7 million during 2023. There were no capitalized borrowing costs for the years ended December 31, 2022 and 2021.

During 2020, CSBI sold all the substation and transmission lines with carrying value of P115.9 million for P122.3 million resulting in a gain of P6.4 million with cash collection of P47.7 million and outstanding receivable of P74.6 million as at December 31, 2020. CSBI collected P44.0 million from this receivable during 2021. During 2022, CSBI fully collected this receivable amounting to P30.6 million.

Construction in progress represents accumulated costs incurred in securing permits and other documentary requirements prior to the planned construction of the Group's power plants as well as cost of developmental and construction activities.

Unpaid portion of the additions to property, plant and equipment during 2020 as at end of year amounted to P24.6 million. Additions during the three years ended December 31, 2023 were paid in full.

Depreciation expenses for the years ended December 31 are recognized as follows:

	Notes	2023	2022	2021
Cost of services	14	140,690,524	140,944,105	140,416,704
Operating expenses	15	2,013,926	1,496,371	704,631
		142,704,450	142,440,476	141,121,335

Based on the results of management assessment, the Parent Company believes that there were no indicators of impairment as at and for the three years ended December 31, 2023.

As at December 31, 2023 and 2022, the development costs capitalized comprise mainly of development fee and land conversion costs such as consultancy costs, costs of formal filing of land conversion use and ocular inspection of property.

During 2020, GPS3 received advances from Endeavor amounting to P230.0 million for the cost of land acquisition and development costs related to Arayat Solar Power Project. The amount is payable on demand. As agreed by the Parent Company and Endeavor, the following shall serve as security for Endeavor's advances: (1) share charge in 2,500,000 unissued shares of the GPS3; and (2) GPS3's undertaking to mortgage fifty percent (50%) of the Arayat Land to ACEI upon transfer in GPS3's name.

In 2021, following the joint venture agreement (Note 19), the financial information of GPS3 was deconsolidated which includes property, plant and equipment amounting to P400.8 million and advances from project developer amounting to P230.0 million.

Based on the results of management assessment, the Group believes that there were no indicators of impairment as at December 31, 2023 and 2022.

6 Business acquisitions

In 2018, the Parent Company acquired the following companies from third parties:

- CREIT through acquisition of 12,147,996 common shares and 2,883,370 preferred shares representing 100% ownership interest;
- SSHI through acquisition of 2.4 million common shares and 85 million preferred shares representing 100% ownership interest; and
- CSHI through acquisition of 5 million common shares representing 100% ownership interest.

The total consideration and determined fair values of the net assets acquired at the date of acquisition are as follows:

	Amount
Purchase consideration	4,467,912,485
Fair value of net assets acquired	(3,188,786,370)
Goodwill	1,279,126,115

The determined fair values of the assets and liabilities as at the date of acquisition are as follows:

	Fair value
Cash and cash equivalents	529,059,204
Trade and other receivables	321,177,651
Prepayments and other current assets	207,890,593
Property, plant and equipment	6,720,895,371
Trade and other payables	(778,891,186)
Loans payable	(3,805,473,836)
Other non-current liabilities	(5,871,425)
	3,188,786,372

Based on the results of management assessment, the Group believes that goodwill is not impaired as at and for the three years ended December 31, 2023.

In 2020, CPI assigned 100% interest in CESI, CSB1 (formerly GPS4) and CSEC to the Parent Company for a consideration equivalent to the book value of each of the companies' share capital. The acquisition was accounted for under the pooling of interest method where the Group did not restate the acquired businesses or assets and liabilities to their fair values. No goodwill was recorded from the acquisition. The excess of the consideration from the book value of the net assets acquired amounting to P101.5 million was recognized under other reserves within equity in the consolidated statements of financial position.

The assets and liabilities acquired in 2020 are as follows:

	CESI	CSB1 (formerly GPS4)	CSEC
Assets			
Cash and cash equivalents	38,713,867	-	-
Trade and other receivables	44,753,749	515,030	24,486,725
Prepayments and other current assets	18,812,169	-	-
Property, plant and equipment	70,987	-	-
Right-of-use assets	1,671,367	-	-
Other non-current assets	15,310,114	-	-
Liabilities			
Trade and other payables	206,065,009	-	-
Lease liabilities	1,536,271	-	-
Customers deposits	12,174,231	-	-
Deferred income tax liabilities	40,529	-	-

7 Other non-current assets

Other non-current assets as at December 31 consist of:

	Note	2023	2022
Electric utility deposits		177,660,054	60,618,348
Downpayments to land owners		98,235,487	748,768,205
Cash bonds		42,171,335	-
Intangible assets, net		6,831,395	3,095,833
Security deposits	18	5,743,910	5,554,106
Restricted cash		5,176,752	4,372,749
		335,818,933	822,409,241

Electric utility deposits represent deposits to an electric power distribution company which are to be refunded after the service is terminated, usually 1 to 2 years, and all bills have been paid and prudential requirements and bill deposits set by power suppliers as security in case of default of payment by the Group. Details of electricity utility deposits for the years ended December 31 follow:

	2023	2022	2021
Electric utility deposits	177,787,359	60,696,780	38,283,117
Discount on electric utility deposits	(127,305)	(78,432)	(324,669)
	177,660,054	60,618,348	37,958,448

Interest income arising from amortization of discount on electric utility deposits for the years ended December 31 follows:

	Note	2023	2022	2021
Interest income	16	200,364	360,403	343,196

Downpayments to land owners represent payment made to third parties for future land acquisition. Land to be acquired will be used for future expansion of the Group where the solar power plants will be constructed.

Cash bonds pertain to deposits to Department of Agrarian Reform (DAR) for the land conversion from agricultural to industrial use which are refundable after 12 to 24 months.

Restricted cash pertains to cash deposited in a local bank pursuant to Section 5(i) of RA No. 7638, otherwise known as, the "Department of Energy Act of 1992", Energy Regulation No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour of the total electricity sold as financial benefits to the host communities.

Intangible assets pertain to computer software purchased by the Group. Details for the years ended December 31 follows:

	2023	2022
Cost		
Beginning	7,924,829	6,317,686
Additions	5,468,027	1,607,144
Ending	13,392,856	7,924,830
Accumulated amortization		
Beginning	4,828,996	2,626,804
Amortization	1,732,465	2,202,193
Ending	6,561,461	4,828,997
Net book value	6,831,395	3,095,833

Amortization expense for the years ended December 31 is recognized as follows:

	Note	2023	2022	2021
Operating expenses	15	1,732,465	2,202,193	2,103,604

Finance income related to amortization of security deposits for the years ended December 31 are recognized as follows:

	Note	2023	2022	2021
Finance income	16	184,804	-	-

Based on the results of management assessment, the Group believes that there were no indicators of impairment as at and for the three years ended December 31, 2023.

8 Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	2023	2022
Trade payables			
Third parties		477,090,461	453,783,041
Related parties	10	130,920,856	41,972,116
		608,011,317	495,755,157
Interest payable	9	249,545,429	168,924,123
Due to government agencies		109,046,112	51,372,315
Accrued expenses		21,323,030	15,684,312
Deferred rent income	10	2,401,024	2,401,024
Advances from related parties	10	618,514	-
Others		2,093,700	1,670,478
		993,039,126	735,807,409

Trade payables are normally due within a 30-day period.

On May 6, 2021, the Group settled a portion of its due to government agencies with a local government unit amounting to P51.9 million by paying P22.2 million through compromise settlement. The difference of the obligation settled and the actual payment, including professional fees, amounting to P25.2 million was recognized as part of other income, net in the consolidated statements of total comprehensive income (Note 16). The remaining balance of due to government agencies pertains to unpaid business taxes to a local government unit, withholding taxes payable, output VAT payable and other statutory contributions.

Accrued expenses mainly include utilities, operations and maintenance expenses, which are normally settled the following month.

9 Borrowings

(a) Loans payable - DBP

The Parent Company has outstanding loans payable with DBP (the "Lender") as at December 31, 2023 amounting to P5.4 billion (2022 - P5.8 billion).

The classification of loans payable as at ended December 31 is as follows:

	2023	2022
Current	453,614,073	395,864,073
Non-current	4,993,481,205	5,447,095,279
	5,447,095,278	5,842,959,352

Movements in loans payable for the years ended December 31 are as follows:

	Note	2023	2022	2021
Beginning		5,842,959,352	3,806,995,030	4,116,217,987
Assignment of loan		-	3,678,977,272	-
Payments		(395,864,074)	(1,643,012,950)	(316,148,943)
Amortization of debt issuance cost	16	-	-	6,925,986
Ending		5,447,095,278	5,842,959,352	3,806,995,030

Parent Company

The Parent Company entered into an Omnibus Loan and Security Agreement (OLSA) dated October 19, 2018 with DBP as the lender, CPI as third-party share chargor and surety, and Development Bank of the Philippines - Trust Banking Group (the "Project Account Agent") as facility agent, accounts agent and collateral agent.

To secure the obligations of the Parent Company under the OLSA, the Parent Company and CPI have agreed to provide certain collateral security for the payment of the Parent Company's obligation in favor of the lender, including:

- i) first ranking share charge over charged shares held by the Share Chargor;
- ii) an assignment of all rights, title, interest and benefits of the Assignor in and to the assigned collateral; and
- iii) suretyship of the surety.

In 2018, the Parent Company requested for a loan facility from the Lender in the aggregate principal amount of up to P2.8 billion to finance the Parent Company's general corporate requirements.

The Parent Company shall fully pay and liquidate the principal amount of the loan within 15 years from and after the date of initial drawdown, with payments to be made in 58 consecutive quarterly installments to commence at the end of the 9th month after the date of initial drawdown.

The interest rate applicable to the loan or the relevant part thereof for each interest period shall be the (i) benchmark rate as at the relevant interest rate setting date, and (ii) the interest margin. The Parent Company shall pay interest quarterly in arrears on the outstanding principal amount of the loan on each interest payment date.

As long as the loan agreement is in effect and until payment in full of the loan and all other amounts due under the agreement, the Parent Company agrees that, unless the lender shall otherwise consent in writing, it shall not:

- i) make or permit any material change in the character of its existing business, or engage in any business operation or activity other than that for which it is presently authorized by applicable law;
- ii) permit any material change in ownership or control of its business or of its share capital;
- iii) declare or pay dividends, other than dividends payable solely in shares of its share capital, or make any other capital or asset distribution to the shareholders unless the following conditions are satisfied: (a) it is in compliance with the financial covenants; (b) the debt service accounts are duly maintained and funded; (c) no default shall have occurred and is continuing; (d) its debt service coverage ratio exceed 1.30:1.00 pre-distribution and 1.20:1.00 post-distribution and;
- (e) payment shall be made out of the Borrower's unrestricted retained earnings;
- iv) sell, lease and transfer or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments, or consolidate or merge with any other corporation, or acquire all or substantially all of the properties or assets of any other person except (a) those in the ordinary course of business; or (b) where it is the surviving entity;
- v) extend any loan or advance to any of its directors or officers except in the ordinary course of business, on arm's length terms, and not to exceed P5,000,000 per person and P50,000,000 in the aggregate at any time;
- vi) incur additional loan or act as surety;
- vii) loans and advances to any person other than those allowed or to related parties;
- viii) permit any debt to be secured by or benefit from any lien; and

- ix) make any prepayment in respect of any debt for money borrowed unless it shall contemporaneously make a proportionate prepayment on the loan.

Under the OLSA, the Parent Company shall maintain at all times during the entire term of the loan a debt-to-equity ratio (DER) of not exceeding 3:1 beginning 2019 and debt service coverage ratio (DSCR) of not less than 1.10:1 beginning 2020. In 2023 and 2022, the Parent Company complied with all of the covenants. In 2021, the Parent Company substantially complied with most of the covenants except for debt equity ratio and debt service coverage ratio which were covered by a bank waiver.

In the event of default, the Lender, upon written notice to the Parent Company, shall declare the commitment to be terminated. Consequently, the obligation of the lender to make or maintain the advance in the agreement likewise terminate and accelerate payment and declare the entire unpaid principal amount, all interest accrued and unpaid thereon and all other amounts payable to be immediately due and payable.

Outstanding loans payable related to this loan agreement as at December 31, 2023 amounted to P2.22 billion (2022 - P2.4 billion).

CREIT

In 2016, CREIT entered into a P1.4 billion Term Loan Facility Agreement with DBP. The facility was entered to finance the construction of Clark Solar Power Project. The entire facility was drawn on December 9, 2016.

The loan has a term of 12 years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in 44 equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. CREIT shall pay interest at fixed rate based on the bank's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown and subject to adjustment by the bank at such rate as it may be determined at the end of fifth and tenth year of the loan.

As long as the loan agreement is in effect and until the payment is full and all other amounts due under the agreement have been collected by the bank, CREIT agrees, unless the bank otherwise consent in writing, that CREIT will not declare or pay dividends to its shareholder, other than dividends payable solely in shares of its share capital, or retain, retire, purchase or otherwise acquire any class of its share capital, or make any other capital or other asset distribution to its shareholders. Further, CREIT shall maintain at all times during the entire term of the loan a DER of not exceeding 2:1 and current ratio and DSCR of not less than one (1) as defined in the Term Loan Facility Agreement.

On May 4, 2021, the Parent Company assumed CREIT's outstanding loan with DBP with principal balance amounting to P1.0 billion. As a result of the assignment of loan, debt amortization cost of CREIT was fully amortized since the assignment fully extinguished the loans payable of CREIT from DBP. Total debt issuance cost amortized for the year ended December 31, 2021 amounted to P6.9 million. Amortization of debt issuance cost is charged as finance cost in the consolidated statements of total comprehensive income. As at December 31, 2021, the Parent Company received a waiver from the bank for the compliance on the debt covenants. Total amortized cost of the loans payable as at December 31, 2021 amounted to P916.7 million.

In March 2022, the Parent Company pre-terminated the loan assumed from CREIT paying the principal amounting to P885.1 million and accrued interest of P19.5 million. The pre-termination resulted in a prepayment penalty of P17.7 million recognized as finance costs in the consolidated statements of total comprehensive income.

Citicore Solar Cebu, Inc. (CSCI)

In 2016, CSCI, an entity under common control, entered into an Omnibus Loan and Security Agreement (OLSA) with DBP. The loan principal shall be amortized semi-annually over 15 years, beginning 12 months after date of commercial operations. CSCI has fully drawn all the amounts from the said loan facility. The loan is secured and bear annual interest rates of 5.75%, subject to repricing on seventh year following the initial drawdown date.

In February 2022, the Parent Company assumed CSCI's outstanding loan with DBP with principal balance amounting to P3.7 billion and interest payable amounting to P166.2 million. As a result of the assignment, CSCI became indebted to the Parent Company for the same amount. This is considered as a non-cash transaction.

The assigned loan contract requires the Parent Company to maintain certain ratios including DER that should not exceed 3:1 and a DSCR that should not be less than 1.10:1. In 2023 and 2022, the Parent Company complied with all of the covenants.

CSCI's plant assets and improvements, including future improvements in the plant site, and the CPI's (parent company of CSCI) shares in CSCI are used as collaterals for the secured bank loans. Under the terms of the Deed of Assignment, the DBP has authorized the release of security agreement and its covered collateral on the leasehold rights over its project sites only. The carrying value of the mortgaged properties as at December 31, 2023 amounted to P3.9 billion (December 31, 2022 - P4.2 billion).

Outstanding loans payable related to this loan agreement as at December 31, 2023 amounted to P3.23 billion (2022 - P3.45 billion).

CSSCI

In 2016, CSSCI entered into a P401.6 million Term Loan Facility Agreement with DBP. The facility was entered to finance the construction of Centrala Solar Power Project. The entire facility was drawn on October 28, 2016.

The loan has a term of 15 years, maturing on December 27, 2031, inclusive of one (1) year grace period and is payable in fifty-six equal quarterly installments commencing on the first year anniversary of the closing date from the date of initial drawdown. CSSCI shall pay interest on the outstanding principal amount of the loan. The rates of interest applicable to the loan or relevant part thereof for each interest period shall be 5.75%. Interests are payable quarterly commencing at the end of the first quarter from the date of initial drawdown.

As long as the loan agreement is in effect and until the payment is full and all other amounts due under the agreement has been collected by the bank, CSSCI agrees, unless the bank otherwise consent in writing, that CSSCI will not declare or pay dividends to its shareholder, other than dividends payable solely in shares of its share capital, or retain, retire, purchase or otherwise acquire any class of its share capital, or make any other capital or other asset distribution to its shareholders, except dividend payments during the period when the principal is already amortized. Further, CSSCI shall maintain at all times during the entire term of the loan a DER of not exceeding 3:1 and current ratio and DSCR of not less than 1.10 as defined in the Term Loan Facility Agreement. As at December 31, 2021, CSSCI has complied with these covenants.

In March 2022, CSSCI pre-terminated the loan paying the full principal amount of P330.4 million and accrued interest of P10.4 million. The pre-termination resulted in a prepayment penalty of P6.5 million recognized as part of finance costs in the consolidated statements of total comprehensive income.

(b) Loans payable - BDO

CSB1 entered into an Omnibus Loan and Security Agreement (OLSA) dated August 1, 2023, with amendments on October 23, 2023, with BDO Unibank, Inc. as the lender, CSEC as share security grantor, CPI as corporate surety, Edgar B. Saavedra as individual surety, BDO Unibank, Inc. - Trust and Investments Group as security trustee and BDO Capital & Investment Corporation as mandated arranger to secure a loan amounting to a total principal amount of P5.6 billion.

Details of the movements of the loans payable as at and for the year ended December 31, 2023 are as follows:

	Amount
Principal drawdowns	
November 7, 2023	1,295,600,000
December 5, 2023	1,104,490,000
	2,400,090,000
Debt issuance cost	
Additions	(87,111,873)
Amortization	394,613
	(86,717,260)
Ending	2,313,372,740

CSB1 shall repay the loan in equal quarterly installments commencing on the date falling six (6) months from the earlier of the commercial operations date of the power plants and the sunset date. Consecutively, payments shall be at each interest payment date, provided that the loan must be fully paid after 15 years from the initial drawdown.

CSB1 has a one-time option to set a fixed interest rate within three (3) years from the initial drawdown. As at December 31, 2023, the entity has not exercised the conversion option and currently follows the floating interest rate structure wherein the interest rate shall be set for each drawdown and then repriced on each quarterly interest payment date. Applicable rates for the November and December drawdowns were 8.01% and 7.58%, respectively.

Under the OLSA, CSB1 shall maintain a DSCR of at least 1.10 times, and a DER not exceeding 2.33 times. The covenants are still not in effect until commercial operations date.

If an event of default shall have occurred, the lender may, by written notice to the borrower, declare the commitment terminated or declare the loan, as well as all interest accrued and unpaid thereon, and all other amounts owed to be due and payable immediately or on such date as the lender may specify in the notice.

Movements of interest payable related to the loan agreements above for the years ended December 31 follow:

	Notes	2023	2022	2021
Beginning		168,924,123	54,740,764	74,162,557
Interest expense	16	388,377,709	324,405,677	186,192,646
Capitalized interest		21,608,392	-	-
Assumed from CSCI		-	166,228,180	-
Interest payments		(373,358,323)	(376,450,498)	(205,614,439)
Ending	8	205,551,901	168,924,123	54,740,764

(c) Bonds payable

On February 10, 2023, CREIT issued at face value and listed its ASEAN Green Bonds in the Philippine Dealing & Exchange Corp. (PDEX). The ASEAN Green Bonds are denominated in Philippine Peso, maturing in five (5) years from the issue date and bear a fixed interest rate of 7.0543% per annum. Interest is payable quarterly in arrears on May 10, August 10, November 10, and February 10 of each year. Prior to the maturity date, CREIT has the right, but not the obligation, to redeem (in whole but not in part) the outstanding ASEAN Green Bonds on early redemption option dates as follows:

Early redemption option dates	Early redemption option price
On the 3rd anniversary of the issue date and every interest payment date preceding the 4th anniversary of the issue date	101%
On the 4th anniversary of the issue date and every interest payment date thereafter	100.5%

The ASEAN Green Bonds shall have the benefit of a negative pledge on all present and future assets and revenues of CREIT, subject to certain permitted liens. As at December 31, 2023, the carrying value of CREIT's assets amounted to P9.7 billion. CREIT shall remain, for as long as any of the ASEAN Green Bonds remain outstanding, compliant with the aggregate leverage limit imposed by the REIT Law. Under the REIT Law, the total borrowings and deferred payments of a REIT should not exceed 35% of its deposited property, provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed 35% but not more than 70% of its deposited property and provided further that in no case shall its fund manager borrow for the REIT from any of the funds under its management. The ASEAN Green Bonds are rated Aa+ with stable outlook by PhilRatings. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the ASEAN Green Bonds are outstanding. As at December 31, 2023, CREIT is compliant with these covenants.

CREIT incurred total bond issuance costs amounting to P47.3 million, of which P6.3 million was incurred in 2022 (Note 4).

The amortized cost of the ASEAN Green Bonds as at December 31, 2023 follows:

	Amount
Principal	4,000,000,000
Bond issuance cost	
February 10	(47,339,062)
Amortization	7,215,849
December 31	(40,123,213)
	3,959,876,787

The proceeds of the ASEAN Green Bonds were used to acquire land assets and for land improvements to prepare the properties where the solar power plants of the Group will be constructed. The Group identified the ASEAN Green Bonds as a specific borrowing related to the construction of solar power plants. Construction of solar power plant includes, among others, acquisition of land/long term lease agreements with land owners, conversion and development of land where the solar power plant will be constructed, construction of solar power plant and finally testing before commercial operations. Total finance costs capitalized as part of construction in progress for the year ended December 31, 2023 amounted to P264.1 million which include amortization of bond issuance cost amounting to P7.2 million and net of interest income amounting to P25.2 million earned from the temporary investment of the proceeds from the ASEAN Green Bonds.

Movements in interest payable on bonds for the year ended December 31, 2023 follow:

	Amount
Interest expense	264,131,665
Amortization of bond issuance cost	(7,215,849)
Interest payments	(212,922,288)
	43,993,528

10 Related party transactions

Details of the Group's transactions and outstanding balances with its related parties as at and for the years ended December 31 are as follows:

	2023		2022		Terms and conditions
	Transactions	Outstanding balance	Transactions	Outstanding balance	
Advances from related parties					
Entities under common control	(618,514)	(618,514)	-	-	Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to (from) related parties are unsecured, with no guarantee, non-interest bearing, collectible (payable) in cash on demand.

	2023		2022		Terms and conditions
	Transactions	Outstanding balance (618,514)	Transactions	Outstanding balance -	
Advances to related parties					Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to (from) related parties are unsecured, with no guarantee, non-interest bearing, collectible (payable) in cash on demand.
Parent Company	(2,324,458,081)	446,417,253	2,220,798,790	2,770,875,334	
Entities under common control	60,504,419	3,890,440,897	3,737,981,326	3,829,936,478	
		4,336,858,150		6,600,811,812	
Loan receivable					
Joint venture	-	-	(141,164,383)	-	Refer to (a) and Note 3.
Interest					
Joint venture	-	-	2,586,836	-	Refer to (a) and Note 3.
		-		-	
		4,336,858,150		6,600,811,812	
Deposits for future share subscription					
Entity under common control	50,000,000	737,193,787	687,193,787	687,193,787	Refer to Note 19.
Sale of electricity					
Entities under common control	128,363,334	11,530,464	161,507,290	79,119,844	Refer to (b) and Note 3.
Service revenue					
Joint venture	16,738,333	3,205,000	9,333,333	2,666,666	Refer to (d) and Note 3.
		14,735,464		81,786,510	
Customers deposits					
Entities under common control					
Return	8,016,369	(36,405,598)	-	(44,421,967)	Refer to (b) and Note 11.
Amortization	(1,109,025)	1,034,439	(1,265,526)	2,143,464	Refer to (b) and Note 11.
		(35,371,159)		(42,278,503)	
Purchase of power					
Entities under common control	814,056,300	(88,948,740)	319,576,411	-	Refer to (c) and Notes 8 and 14.
Joint venture	-	(41,972,116)	41,972,116	(41,972,116)	
		(130,920,856)		(41,972,116)	
Lease income					
Entities under common control	664,437,424	69,274,161	648,149,918	66,704,478	Refer to (e) and Note 3.
Security deposits					
Entities under common control					
Additions	-	(48,353,744)	48,353,744	(48,353,744)	Refer to (e).
Accretion of interest expense	1,835,594	20,110,170	886,971	21,945,764	
		(28,243,574)		(26,407,980)	
Deferred rent income					
Entities under common control					
Additions	-	(22,832,735)	22,832,735	(22,832,735)	Refer to (e).
Amortization	(2,401,024)	3,601,535	(1,200,511)	1,200,511	
		(19,231,200)		(21,632,224)	
Advances to contractor					
Entity under common control	1,677,454,463	1,677,454,463	-	-	Refer to (f).
Key management personnel					
Salaries, wages and other employee benefits	13,130,655	-	3,762,186	-	Salaries and wages are settled in cash based on payroll cut-off. Other employee benefits are payable in cash within the current year. There were no stock options or other long-term benefits provided in 2023, 2022, and 2021 nor amounts due to/from key management as at December 31, 2023 and 2022.
Retirement benefits	766,854	(4,455,521)	467,808	(3,435,491)	Refer to Note 12.

(a) Loans receivable

On March 8, 2021, CSEC, Endeavor and GPS3 entered into a Loan and Security Agreement (Amended and Restated) to fund the land and conversion requirements of the Arayat Phase 2 Project. This loan agreement bears an interest equal to the one (1) year BVAL plus two percent (2%) per annum, exclusive of VAT. The loan with accrued interest shall be repaid in full on the earlier of (a) the first anniversary of the initial drawdown of the loan, and (b) the financial close of the Arayat Phase 2 Project. To this agreement, financial close means the initial disbursement of funds under the applicable financing agreement (whether by loan or equity) for the construction of the Arayat Phase 2 Project. On June 17, 2022, CSEC collected in full the principal amount of loans receivable including interest due.

Interest income earned from loans receivable for the years ended December 31 follows:

	Note	2023	2022	2021
Interest income	16	-	2,586,836	14,079,376

(b) Sale of electricity and customers deposits

In 2019, CESI has existing retail supply contracts with some related parties under common control for the supply of electricity based on its actual energy consumption. During 2020, the contract was amended for additional power supply. A bill deposit equivalent to 30 days projected average electricity cost is required to guarantee the customers' obligations to the Group. The details of customers deposits and corresponding day-one gain recognized during the year are presented in Note 11. The related outstanding balance is presented as customers deposits under the non-current liability section in the consolidated statements of financial position.

The sale of electricity was recognized as part of revenue in the consolidated statements of total comprehensive income. The related outstanding balance is presented as trade receivables from related parties under the trade and other receivables account in the consolidated statements of financial position (Note 3).

(c) Purchase of renewable energy

In 2017, CESI entered into an agreement with CPI for the purchase of renewable energy to supply to its retail customers. The supply of electricity is sourced from the operating power plants of CPI's subsidiaries: 18 MW Mariveles Solar Power Plant in Bataan, 60 MW Toledo Solar Power Plant in Cebu, and 25 MW Silay Solar Power Plant in Negros Occidental. This is superseded by the Power Supply Agreement dated December 26, 2018 wherein additional supply of electricity will be sourced from the other two (2) operating power plants of CPI's subsidiaries: 8.8 MW Armenia Solar Power Plant and 7.48 MW Dalayap Solar Power Plant both in Tarlac.

The affiliate suppliers are CSNO, CSBI and CSCI. The terms of agreement shall be for ten (10) years commencing on January 1, 2019. The contract price shall be equivalent to the prices established in the Retail Supply Contracts of the Group with its customers.

Billing period is 26th day of previous month to 25th day of current month. Billing invoice is issued within seven (7) business days after the end of billing period whereas payment is due on or before the 30th day of the succeeding month of the billing period.

The purchases of electricity were recognized as part of cost of services in the consolidated statements of total comprehensive income (Note 14). The related outstanding balances are presented as trade payables from related parties under the trade and other payables account in the consolidated statements of financial position (Note 8).

(d) Service revenue

On April 14, 2021, the Parent Company and GPS3 entered into an operation and maintenance service agreement for the operation and maintenance of a 50MW solar power energy generation facility and the associated infrastructure and facilities (Arayat Phase 1) in Arayat and Mexico, Pampanga. On May 19, 2022, CPMI and the Parent Company executed a deed of assignment whereas the latter assigns and transfers all its rights and obligations in the operations and maintenance service agreement to the former. On August 30, 2022, CPMI and GPS3, entered into an operation and maintenance service agreement for additional 30 MW solar power energy generation facility or the Arayat Phase 2 in Pampanga. The service fee is subject to annual escalation rate.

Operation and maintenance service fees earned from this contract for the years ended December 31 follow:

	2023	2022	2021
Service fees	16,738,333	9,333,333	-

The receivables arising from this agreement is collectible in cash, unsecured and non-interest bearing.

(e) Lease income, security deposits and deferred rent income

During 2021, CREIT entered into various sublease agreements for the following land properties, as a lessor, with related parties:

- Land property located in Brgy. Rizal, Silay City, Negros Occidental with Citicore Solar Negros Occidental, Inc. (CSNO)

The agreement is effective for 19 years commencing on January 1, 2022 with CREIT's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either due to economic conditions or actual performance of the sublessee vis-à-vis the three-year historical plant generation and market prices.

- Land property located in Brgy. Talavera, Toledo City, Cebu with CSCI

The agreement is effective for 19 years commencing on January 1, 2022 with the CREIT's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either due to economic conditions or actual performance of the sublessee vis-à-vis the three-year historical plant generation and market prices.

These lease agreements are classified as operating leases.

Details of lease income recognized for the years ended December 31 are as follows:

	2023	2022
Brgy. Talavera, Toledo City, Cebu	369,803,296	369,102,941
Brgy. Rizal, Silay City, Negros Occidental	294,634,128	279,046,977
	664,437,424	648,149,918

Amortization of deferred rent income recognized as part of lease income for the years ended December 31 are as follows:

	2023	2022
Brgy. Talavera, Toledo City, Cebu	1,400,711	700,356
Brgy. Rizal, Silay City, Negros Occidental	1,000,311	500,155
	2,401,022	1,200,511

During 2022, CREIT received security deposits for the listed lease agreements amounting to P48.4 million, which is equivalent to one-month lease payment for leasehold land properties. The security deposits shall remain valid until expiration of the lease agreements and shall serve as guarantee for the lessees' faithful compliance with the terms, conditions, and obligations of lease agreements. The security deposits shall be adjusted annually and the lessees shall provide the necessary amount to keep the security deposits equivalent to the number of months' rent. Upon termination of the lease agreements, the security deposits will be refunded without interest by CREIT less payment of all remaining monetary obligations of the lessees to CREIT. The security deposits, or the balance thereof, whichever is applicable shall be refunded to the lessees within 60 days from the return of the leased properties to the CREIT. These security deposits were presented as non-current liabilities in the consolidated statements of financial position.

Details and movements of security deposits and deferred rent income as at and for the years ended December 31 are as follows:

	Notes	2023	2022
Security deposits			
Gross amount		48,353,744	48,353,744
Allowance for amortization of security deposits			
January 1		(21,945,764)	-
Additions		-	(22,832,735)
Accretion of interest expense	16	1,835,594	886,971
		(20,110,170)	(21,945,764)
		28,243,574	26,407,980
Deferred rent income			
January 1		21,632,224	-
Additions		-	22,832,735
Amortization		(2,401,024)	(1,200,511)
		19,231,200	21,632,224
Less: Current portion	8	(2,401,024)	(2,401,024)
Non-current portion		16,830,176	19,231,200

Accretion of interest expense for the year ended December 31, 2023 amounted to P1.84 million (2022 - P0.89 million) (Note 16).

Deferred rent income pertains to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred rent income for the year ended December 31, 2023 amounted to P2.4 million (2022 - P1.2 million) which was recognized as part of lease income in the consolidated statements of total comprehensive income.

The maturity analysis of lease payments showing the undiscounted lease payments to be received by the Group for the years ended December 31 follows:

	2023	2022	2021
Within one year	644,983,302	644,379,723	607,366,922
More than one year and not more than five years	2,610,208,709	2,598,082,634	2,588,396,570
More than five years	2,150,772,334	2,646,786,781	3,300,852,568
	5,405,964,345	5,889,249,138	6,496,616,060

(f) Advances to contractor

Advances to contractor include advance payments made to a related party for ongoing construction of solar power plants. In 2023, CSB2 (formerly GPS2) entered into an agreement with MCC-Citcore Construction, Inc. (MCC-CCI), an entity under common control for the construction of solar power plant. Terms of the contract include payment within 30 days upon receipt of billings. As at December 31, 2023, total advances paid to MCC-CCI amounted to P1.68 billion. Development and construction activities have already commenced which include preliminary and survey works and construction permits.

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements for the years ended December 31:

	2023	2022
Trade and other receivables	564,084,509	198,510,058
Due from related parties	2,777,917,154	2,913,349,822
Accounts payable and other current liabilities	44,339,917	49,652,398
Sale of electricity	31,195,893	19,044,814
Lease income	1,133,749,552	726,379,713
Service fees	39,758,662	19,923,525
Dividend income	1,272,513,333	2,678,799,017
Cost of services	434,090,653	446,781,545

The Group has existing material related party transaction policy to adhere with SEC Memorandum Circular No. 10, Series of 2019 which include: the identification of related parties, coverage of material related party transactions, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the material related party transactions, guidelines in ensuring arm's length terms, approval of material related party transactions, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive material related party transactions. The BOD, with the assistance of the Related Party Transaction Review and Compliance Committee ("RPTRCC"), shall oversee, review, and approve all related party transactions to ensure that these are conducted in the regular course of business and on an arm's length basis and not undertaken on more favorable economic terms to the related parties than with non-related or independent parties under similar circumstances. The RPTRCC shall be granted the sole authority to review related party transactions. Those falling within the materiality thresholds set by the Group's BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.

On November 20, 2023, the BOD and shareholders authorized the establishment of an employee share option plan ("ESOP"). The final terms of the ESOP will be subject to approval by the BOD.

11 Deposits and deferred rent income

Deposits and deferred rent income for the years ended December 31 consist of:

	Note	2023	2022
Customer deposits		146,941,891	59,147,755
Security deposits	10	28,243,574	26,407,980
Deferred rent income	10	16,830,176	19,231,200
		192,015,641	104,786,935

A bill deposit equivalent to 30 days projected average electricity cost is required to guarantee customers' obligations to CESI. The details of customers deposits for the years ended December 31 are as follows:

	2023	2022
Customer deposits	151,932,142	61,512,946
Discount on customer deposits	(4,990,251)	(2,365,191)
	146,941,891	59,147,755

The difference between the present value at initial recognition and nominal amount of the deposit is accounted as day-one gain, which is presented as part of finance income under other income, net in the consolidated statements of total comprehensive income. Details of day-one gain recognized as part of interest income under other income, net in the consolidated statements of total comprehensive income for the years ended December 31 are as follows:

	Note	2023	2022	2021
Day-one gain	16	4,692,238	262,302	217,301

Interest expense accreted from discount for the years ended December 31 are as follows:

	Note	2023	2022	2021
Interest expense	16	2,067,179	1,493,247	1,446,780

12 Retirement benefit obligation

The Group provides for the estimated retirement benefits based on the requirements of RA No. 7641, otherwise known as the “*Retirement Pay Law*”. Under the Retirement Pay Law, the retirement benefit obligation is computed as one-half of monthly salary for every year of service, a fraction of six months being considered as one whole year. The term one-half of monthly salary shall mean 15 days plus the one-twelfth of the 13th month, and the cash equivalent of not more than five (5) days service incentive leaves.

The retirement benefit obligation is determined using the “Projected Unit Credit” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year. The latest actuarial valuation was sought from an independent actuary for the financial reporting period December 31, 2023.

Details of the Group’s retirement benefits as at and for the years ended December 31:

	2023	2022	2021
Retirement benefit obligation	40,616,078	18,979,278	16,790,599
Retirement benefit expense	6,990,563	11,508,707	3,335,651
Remeasurement gain recognized in other comprehensive income, net of tax	(12,053,599)	7,489,725	10,222,881

The movements in present value of defined benefit obligation for the years ended December 31 are as follows:

	2023	2022	2021
Beginning	18,979,278	16,790,599	26,074,966
Current service cost	5,965,449	10,648,654	5,147,154
Interest cost	1,025,114	860,053	945,892
Reversal of retirement benefit obligation	-	-	(2,757,395)
Net acquired obligations	1,003,452	606,877	-
Remeasurement loss (gain)	13,642,785	(9,926,905)	(12,620,018)
Ending	40,616,078	18,979,278	16,790,599

Reversal of retirement benefit obligation relates to changes in expected retirement benefits to be paid by CREIT to its employees. This is recognized directly in profit or loss as part of retirement benefit expense. The net acquired obligations are considered as non-cash transactions.

The components of retirement benefit expense for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Current service cost		5,965,449	10,648,654	5,147,154
Interest cost		1,025,114	860,053	945,892
Reversal of retirement benefit obligation		-	-	(2,757,395)
	14, 15	6,990,563	11,508,707	3,335,651

The movements in remeasurement on retirement benefits for the years ended December 31 are as follows:

	Note	2023	2022	2021
Beginning, net of tax		(17,712,606)	(10,222,881)	-
Remeasurement loss (gain)		-	-	(8,942,014)
Changes in demographic assumptions		-	(1,487,145)	6,012,783
Changes in financial assumptions		6,591,859	(8,439,760)	(9,690,787)
Experience adjustments		7,050,926	(9,926,905)	(12,620,018)
		13,642,785	(7,489,725)	(10,222,881)
Tax impact	17	(1,589,186)	2,437,180	2,397,137
		12,053,599	(7,489,725)	(10,222,881)
Ending, net of tax		(5,659,007)	(17,712,606)	(10,222,881)

The principal assumptions used for the years ended December 31 are as follows:

	2023	2022	2021
Discount rate	6.62%	7.39%	5.24%
Salary increase rate	10.00%	10.00%	9.00%

The present value of the defined benefit obligation is measured in terms of actuarial assumptions such as discount rate, salary increases and expected retirement age. The resulting amount was discounted based on the spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero-coupon bonds. Salary increase rate was also considered which comprise of the general inflationary increase plus a further increase for individual productivity, merit and promotion. The salary increase rate is set by reference over the period over which benefits are expected to be paid.

The Group does not expect to create a fund in the next reporting period.

The weighted average duration of the defined benefit obligation as at December 31, 2023 is 23.58 years (2022 - 22.7 years; 2021 - 18.3 years).

Expected maturity analyses of undiscounted retirement benefits for the years ended December 31 are as follows:

	2023	2022	2021
Between 1 to 5 years	-	727,152	536,684
Between 5 to 10 years	9,346,089	142,709,925	-
Between 10 to 15 years	16,600,827	22,904,796	-
Between 15 to 20 years	101,123,795	15,222,931	-
More than 20 years	1,871,099,976	379,353,079	12,652,694
	1,998,170,687	560,917,883	13,189,378

13 Equity

(a) Share capital and share premium

The Parent Company's share capital and share premium as at December 31 consist of:

	2023			2022 and 2021		
	Par value per share	No. of shares	Amount	Par value per share	No. of shares	Amount
Authorized share capital						
Common shares	P0.07	27,857,142,857	1,950,000,000	P1	2,000,000,000	2,000,000,000
Preferred shares	P1	50,000,000	50,000,000	-	-	-
			2,000,000,000			2,000,000,000
Issued and outstanding						
Common shares	P0.07	7,142,857,143	500,000,000	P1	500,000,000	500,000,000
Share premium			925,200,000			925,200,000

On April 20, 2023, the BOD approved the capital restructuring of the Parent Company through share split. Authorized share capital amounting to P2.0 billion divided into 2.0 billion common shares with par value of P1 per share was restructured to authorized share capital amounting to P2.0 billion divided into 27,857,142,857 common shares with par value of P0.07 per share or P1.95 billion and P50.0 million preferred shares with par value of P1 or P50.0 million.

The preference shares are cumulative, non-voting, non-participating, non-convertible, perpetual and no share should be issued at below par value. The preference shares should be issued in series, sub-series or in tranches as may be determined by the BOD. The BOD shall have the authority to designate and establish the series, sub-series or tranche of the preference shares, fix the issue price and the number of shares in each sub-series or tranche, establish the specific terms and conditions of each of the sub-series or tranche and determine the manner by which the preference shares will be subscribed and paid for, such as but not limited to, a private placement transaction or public offering. Without limiting the generality of the authority of the BOD, the preferred and limitations of each sub-series or tranche of the preferred shares may include any or all of the following:

- Its issue value shall be determined by the BOD at the time of the issuance of the shares;
- The holders shall be entitled to receive dividends upon declaration made at the sole option of the BOD. The rate and payment terms of said dividend shall be determined by the BOD in accordance with Philippine laws, rules and regulations.
- The shares shall be non-convertible into common shares;
- The shares shall be cumulative;
- The shares shall be non-participating in any other or further dividends beyond that specifically payable on the shares;
- The preferred shares shall be redeemable by the Parent Company at the sole option of the BOD at the price to be determined by the BOD. Any and all preferred shares redeemed shall not be considered retired and may be reissued by the Parent Company;
- In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Parent Company, the holders of the shares shall enjoy preferred in the payment, in full or, if the remaining assets of the Parent Company are insufficient, on a pro-rata basis as among all holders of outstanding preferred shares, of the issue price of their shares plus any previously declared and unpaid dividends, before any asset of the Parent Company is paid or distributed to the holders of common shares; and
- The holders of the preferred shares shall have no pre-emptive right to any issue or disposition of any share of any class of the Parent Company.

No shareholders of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the Parent Company, whether issued from its unissued capital, increase in its authorized capital or its treasury shares.

The Parent Company has dividends payable to CPI amounting to P10.0 million as at December 31, 2023 (2022 - nil).

(b) Earnings per share (EPS)

Basic and diluted EPS for the years ended December 31 are as follows:

	2023	2022	2021
Net income	684,953,614	631,606,685	192,282,275
Weighted average number of common shares	7,142,857,143	7,142,857,143	7,142,857,143
Basic and diluted EPS	0.0959	0.0884	0.0269

The Parent Company has no potential dilutive common shares for the years ended December 31, 2023, 2022 and 2021. Therefore, basic and diluted EPS are the same.

14 Cost of services

The components of cost of services for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Purchase of power	10	1,562,762,838	936,758,015	154,116,874
Distribution charges		561,004,873	291,143,829	102,860,990
Depreciation and amortization	5, 18	153,314,324	153,177,666	144,747,578
Salaries, wages and other employee benefits		34,695,896	49,455,246	13,958,537
Line charges		13,320,047	82,580,027	11,219,944
Commission fees		12,488,894	11,509,892	2,938,065
Security services		9,226,656	2,584,329	1,521,450
Utilities		8,535,021	9,333,883	8,694,754
Outside services		8,169,823	32,289,380	9,775,310
Taxes and licenses		7,993,080	5,338,761	26,201,406
Repairs and maintenance		7,961,117	13,536,215	9,550,003
Insurance		7,420,371	4,000,396	4,267,265
Retirement benefit expense (income)	12	4,001,307	5,399,787	(1,590,961)
Others		7,298,075	616,995	2,428,335
		2,398,192,322	1,597,724,421	490,689,550

15 Operating expenses

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Salaries, wages and other employee benefits		71,017,557	41,829,551	29,434,418
Contracted services		57,472,958	58,883,690	21,619,956
Taxes and licenses		18,025,417	54,323,212	39,819,783
Rental	18	7,844,357	436,509	162,057
Depreciation and amortization	5, 7, 18	7,781,585	6,004,458	3,431,510
Representation		7,099,549	1,437,701	304,148
Professional fees		6,412,290	23,081,492	38,542,713
Transportation and travel		4,465,959	1,936,072	1,567,475
Retirement benefit expense	12	2,989,256	6,108,920	4,926,612
Dues and subscriptions		2,635,841	2,692,798	3,682,515
Insurance		2,364,879	21,642	236,691
Marketing and advertising		2,087,800	1,768,461	1,201,804
Repairs and maintenance		1,426,914	1,819,610	1,077,299
Communication, light and water		1,299,279	277,682	304,590
Office supplies		1,174,163	1,315,850	528,751
Charitable contributions		1,097,441	1,574,207	874,317
Director's fees		998,684	1,975,000	842,105
Bank charges		55,134	1,868,264	1,905,853
Fines and penalties		21,195	1,957,790	8,016,014
Provision for (Reversal of) doubtful accounts	3	(1,140,604)	(2,839,837)	7,761,427
Trainings and seminars		-	413,201	215,979
Miscellaneous		16,145,883	8,867,321	1,117,115
		211,275,537	215,753,594	167,573,132

Certain portion of outside services, taxes and licenses, and professional fees includes costs incurred for the ASEAN Green Bonds offering and for issuance of CREIT's shares to the public.

Miscellaneous includes payment arising from arbitration settlement during the year. No similar payments in 2022 and 2021.

16 Other income, net; finance costs

The components of other income, net for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Interest income	2, 3, 7, 10, 11	50,071,024	17,668,412	15,433,243
Foreign exchange gains (losses), net	22.1.1.b	10,960	(52,287)	(30,396)
Gain on compromise settlement of due to government agencies	8	-	-	25,200,913
Gain on termination and assignment of lease	18	-	-	7,986,800
Gain on loss on control of a subsidiary	19	-	-	3,859,261
Loss on receivable restructuring	3	-	(5,728,132)	-
Others		5,320,589	15,666,046	6,949,003
		55,402,573	27,554,039	59,398,824

Others pertain to write-off of certain assets and liabilities.

The components of finance costs for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Interests on loans payable	9	388,377,709	324,405,677	193,118,632
Interests on lease liabilities	18	17,873,032	16,520,468	11,713,580
Interest on customers and security deposits	10, 11	5,761,660	2,380,218	1,446,780
Loan pretermination penalty	9	-	24,203,364	-
Interest on advances from a related party		-	-	16,902,212
		412,012,401	367,509,727	223,181,204

Interest on advances from a related party in 2021 pertains to interest expense related to certain advances from CPI to fund the investment activities of the Parent Company and subsidiaries.

17 Income taxes

The Group is subject to different tax regimes available in the Philippines such as but not limited to income tax holiday (ITH) or 10% preferential tax after ITH for operating power plants and regular income tax rate (RCIT) of 20% to 25% for other entities.

On March 26, 2021, Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, was signed into law. The CREATE Act took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. Among the salient provisions of CREATE include changes to the corporate income tax as follows:

- lowering of regular corporate income tax (RCIT) rate to 20% from 30% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) from July 1, 2020;
- lowering of RCIT to 25% from 30% for all other domestic corporations from July 1, 2020; and
- for the period beginning July 1, 2020 until June 30, 2023, the MCIT rate shall be 1%, instead of 2%.

CREATE also rationalized fiscal incentives and provided sunset provisions for the existing incentives prior to the effectivity of the law.

PAS 12, "Income Taxes", requires current and deferred taxes to be measured with reference to the tax rates and laws, as enacted or substantively enacted by the end of the reporting period.

For the years ended December 31, 2023, 2022, and 2021, the Group's corporate income tax related to those income subject to regular tax has been measured using the reduced RCIT rate of 20% to 25%. CREATE did not repeal the current tax incentives under the REIT Law and the Renewable Energy Law.

The components of the income tax (benefit) expense for the years ended December 31 are as follows:

	2023	2022	2021
Current	24,305,913	1,496,960	308,570
Deferred	1,502,564	8,373,922	(8,411,341)
	25,808,477	9,870,882	(8,102,771)

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled by the Parent Company and each of the subsidiaries. Realization of future tax benefits related to deferred income tax assets is dependent on many factors, including the Parent Company and each of the subsidiaries' ability to generate taxable income in the future within the carry-over period of its unused tax losses. The management of a number of subsidiaries have considered this in reaching a conclusion to recognize certain deferred income tax assets as at December 31, 2023, 2022, and 2021.

Based on the same assessment, the management of the Parent Company and the other subsidiaries have reached a conclusion not to recognize certain deferred income tax assets as at December 31, 2023, 2022, and 2021.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against income tax liabilities and when the deferred income taxes relate to the same entity or fiscal authority.

The balances of deferred income tax assets and liabilities, presented in the consolidated statements of financial position are netted on a per entity basis for the years ended December 31, are as follows:

	2023	2022
Deferred income tax assets	3,113,985	232,791
Deferred income tax liabilities	(4,819,153)	(4,566,841)

The details of recognized deferred income tax assets, net and the offset amounts as at December 31 and the temporary differences where it arises follow:

	2023	2022
Deferred income tax assets		
Retirement benefit obligation	5,121,476	232,791
Deferred income tax liabilities		
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	(1,958,125)	-
Retirement benefit obligation	(26,512)	-
Excess of rental income based on straight-line recognition of rent over actual rental	(22,854)	-
	(2,007,491)	-
	3,113,985	232,791

The Group's management believes that the related tax benefits (expense) will be recovered (settled) within the following time frame from December 31:

	2023	2022
Deferred income tax assets		
To be recovered after more than 12 months	5,121,476	232,791
Deferred income tax liabilities		
To be settled within 12 months	(49,366)	-
To be settled after more than 12 months	(1,958,125)	-
	(2,007,491)	-
Deferred income tax assets, net	3,113,985	232,791

The details of the Group's deferred income tax liabilities, net as at December 31 and the temporary differences where it arises follow:

	2023	2022
Deferred income tax assets		
Minimum corporate income tax (MCIT)	-	462,868
Deferred income tax liabilities		
Retirement benefit obligation	(4,568,481)	(4,834,317)
Lease liabilities in excess of right-of-use assets	(250,672)	(195,392)
	(4,819,153)	(5,029,709)
Deferred income tax liabilities, net	(4,819,153)	(4,566,841)

The Group's management believes that the related tax benefits (expense) will be recovered (settled) within the following time frame from December 31:

	2023	2022
Deferred income tax assets		
To be recovered after more than 12 months	-	462,868
Deferred income tax liabilities		
To be settled after more than 12 months	(4,819,153)	(5,029,709)
Deferred income tax liabilities, net	(4,819,153)	(4,566,841)

The movements in the net deferred income tax assets and liabilities account for the years ended December 31 are as follows:

	2023	2022	2021
Beginning	(4,334,050)	6,014,184	-
Charged to profit or loss	1,502,564	(8,373,922)	8,411,341
MCIT	(462,868)	462,868	-
Charged to other comprehensive income	1,589,186	(2,437,180)	(2,397,157)
	(1,705,168)	(4,334,050)	6,014,184

The Group's unrecognized deferred income tax assets as at December 31 arise from the following temporary differences:

	2023	2022	2021
NOLCO	128,044,010	216,359,368	151,783,831
Accrued expenses	33,620,012	33,620,012	3,362,001
Lease liabilities in excess of right-of-use assets	42,133,356	28,331,880	11,773,825
Discount on receivables	5,637,899	11,518,093	-
Allowance on security deposits	4,489,057	7,655,243	-
Retirement benefit obligation	1,164,644	4,568,991	631,565
Provision for doubtful accounts	2,082,282	3,202,103	452,691
Unrealized foreign exchange loss	-	115,109	5,532
MCIT	177,667	25,868	-
	217,348,927	305,396,667	168,009,445

NOLCO can be carried over as a deduction from taxable income for the next three to five consecutive years following year of incurrence.

Where higher than normal income tax, each of the company within the Group is required to pay MCIT equal to rate of 1% to 2% of gross income. This amount may separately be offset against normal income tax liabilities for the three (3) immediately succeeding taxable years.

The reconciliation between income tax (benefit) expense computed at the statutory tax rate and the actual income tax expense for the years ended December 31 as shown in the consolidated statements of total comprehensive income follows:

	2023	2022	2021
Income tax using special tax rate at 10%	21,223,278	575,281,576	57,321,674
Income tax using regular tax rate at 25%	485,945,115	494,333,491	(55,844,639)
Income tax using regular tax rate at 20%	(1,999,923)	330,565,335	25,019
	505,168,470	1,400,180,402	1,502,054
Adjustments for the tax effects of:			
Movement in unrecognized deferred income tax assets	38,212,826	56,058,741	(50,729,666)
Unrecognized NOLCO	4,795,161	2,339,635	-
Non-deductible expenses	2,066,154	2,186,110	1,065,216
Derecognition of deferred income tax assets	264,814	8,800,829	-
Deductible expenses recognized as asset	-	-	(8,916,094)
Deductible expenses recognized as equity	-	(17,047,639)	-
Unrecognized MCIT	-	25,868	-
Recognition of previously unrecognized deferred income tax assets	(212,311)	-	(370,188)
Change in tax rates or laws	(733,817)	-	97,306,055
Interest income subject to final tax	(5,332,899)	(192,830)	(74,720)
Application of unrecognized NOLCO	(11,653,929)	(2,414,505)	(3,582,880)
Share in net (income) loss of a joint venture	(54,531,197)	(51,673,520)	625,000
Non-taxable income	(139,689,367)	(1,115,119,505)	(44,927,548)
Deductible dividends payment	(312,545,428)	(273,272,704)	-
	25,808,477	9,870,882	(8,102,771)

18 Leases - Group as a lessee

The Group has various lease agreements such as leases of parcels of land and service vehicles for operations. Certain parcels of land are sub-leased to related parties that operate power plants. The lease agreements have a term of up to 25 years for the land lease and five (5) years for service vehicles with renewal options upon mutual agreement by both parties. Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. There are no restrictions placed upon the lessee by entering into these leases.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Outstanding security deposits in relation to the lease agreements as at December 31, 2023 amounted to P5.74 million (December 31, 2022 - P5.6 million; December 31, 2021 - P6.4 million) which are presented as part of other non-current assets in the consolidated statements of financial position.

In addition, the Group leased certain vehicles and office space for its business operations with third parties for a period of less than one (1) year. These are considered short-term leases by the management.

Leased assets may not be used as security for borrowing purposes.

(a) Amounts recognized in the consolidated statements of financial position

Leases of land and vehicles used for operations and leases of land for sublease to related parties are reported in the consolidated statements of financial position as right-of-use assets and investment properties, respectively.

Details and movements of right-of-use assets, net are as follows:

	Land	Service vehicles	Total
Cost			
January 1, 2021	89,308,154	2,471,500	91,779,654
Additions	-	4,376,853	4,376,853
Remeasurements	8,569,732	-	8,569,732
Termination	-	(742,500)	(742,500)
December 31, 2021	97,877,886	6,105,853	103,983,739
Additions	-	9,049,698	9,049,698
December 31, 2022	97,877,886	15,155,551	113,033,437
Additions	375,990,522	6,948,966	382,939,488
December 31, 2023	473,868,408	22,104,517	495,972,925
Accumulated amortization			
January 1, 2021	8,408,104	618,302	9,026,406
Amortization	4,330,874	623,275	4,954,149
Termination	-	(264,369)	(264,369)
Remeasurements	(5,887,848)	-	(5,887,848)
December 31, 2021	6,851,130	977,208	7,828,338
Amortization	4,971,743	2,305,894	7,277,637
December 31, 2022	11,822,873	3,283,102	15,105,975
Capitalized amortization	1,274,540	-	1,274,540
Amortization	4,972,864	4,424,312	9,397,176
Adjustments	-	(183,334)	(183,334)
December 31, 2023	18,070,277	7,524,080	25,594,357
Net book values			
December 31, 2023	455,798,131	14,580,437	470,378,568
December 31, 2022	86,055,013	11,872,449	97,927,462
December 31, 2021	91,026,756	5,128,645	96,155,401

As part of CREIT's formation transactions for the planned listing as a REIT, CST2 assigned its rights and obligation in lease agreements with third parties effective November 1, 2021 to CREIT resulting in certain remeasurements.

During 2021, the termination and assignment of lease contracts resulted in a gain amounting to P8.0 million (Note 16).

Details and movements of right-of-use assets classified as investment properties are as follows:

	Amount
Cost	
January 1, 2022	-
Additions	139,466,310
December 31, 2022 and 2023	139,466,310
Accumulated amortization	
January 1, 2022	-
Amortization	7,261,818
December 31, 2022	7,261,818
Amortization	7,261,818
December 31, 2023	14,523,636
Net book value	
December 31, 2023	124,942,674
December 31, 2022	132,204,492

Lease of land with third parties for sublease to related parties commenced in 2022.

As required by the REIT Implementing Rules and Regulations (REIT IRR), a full valuation of CREIT's assets shall be conducted by an independent property valuer at least once a year. The aggregate fair value of these investment properties as determined by an independent appraiser as at December 31, 2023 amounted to P6.43 billion. The fair value of the investment properties was estimated by the independent appraiser using the discounted cash flow analysis grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future (i.e., economic benefits come in the form of lease of the solar power plant). This approach requires a forecast of the economic entity's stream of net income based on lease contract. These net income or rents are then summed up and discounted back to present value by an appropriate discount rate. The valuation process consists of estimation of the present value of the unexpired contract rentals. The discounted cash flow analysis falls under the income approach which is a method in which the appraiser derives an indication of value for income-producing property by converting anticipated future benefits into current property value. This approach falls under Level 3 of the fair value hierarchy. Management assessed that there are no significant changes in the business environment from the date of last valuation up to reporting date which would impact the fair value of the properties.

The fair value is sensitive to the following unobservable inputs: (1) lease income growth rates (fixed and variable lease) which were based on the signed lease contracts and (2) discount rate using the weighted average cost of capital based on the average capital structure of the companies in the solar energy sector as of the valuation date.

The current use of the parcels of land is its highest and best use.

Details of the lease liabilities as at December 31 are as follows:

	2023	2022	2021
Current	9,495,105	4,877,243	2,089,677
Non-current	594,702,933	235,588,336	106,491,627
	604,198,038	240,465,579	108,581,304

Movements in lease liabilities for the years ended December 31 are as follows:

	2023	2022	2021
Beginning	240,465,579	108,581,304	100,989,408
Non-cash transactions			
Interest expense	20,056,593	16,520,468	11,713,580
Additions	382,921,104	149,497,311	4,376,853
Remeasurements	-	-	6,519,026
Termination	-	-	(526,377)
Translation difference	(10,960)	113,799	55,318
	402,966,737	166,131,578	22,138,400
Cash transactions			
Principal payments	(8,683,600)	(23,468,619)	(2,832,924)
Interest payments	(30,550,678)	(10,778,684)	(11,713,580)
	(39,234,278)	(34,247,303)	(14,546,504)
	604,198,038	240,465,579	108,581,304

Interest expense recognized for the year ended December 31, 2023 includes capitalized interest amounting to P2.2 million (2022 - nil; 2021 - nil).

(b) Amounts recognized in the consolidated statements of total comprehensive income

Amounts recognized in the consolidated statements of total comprehensive income for the years ended December 31 related to the lease agreements are as follows:

	Notes	2023	2022	2021
Interest expense	16	17,873,032	16,520,468	11,713,580
Amortization expense	14, 15	16,658,994	14,539,455	4,954,149
Rent expense relating to short-term leases	15	7,844,357	436,509	162,057
Translation difference		(10,960)	113,799	55,318
		42,365,423	31,610,231	16,885,104

The total cash outflows for the years ended December 31 for the lease agreements are as follows:

	2023	2022	2021
Payment of interest on lease liabilities	30,550,678	10,778,684	11,713,580
Payment of principal portion of lease liabilities	8,683,600	23,468,619	2,832,924
Payment for short-term leases	7,844,357	436,509	162,057
	47,078,635	34,683,812	14,708,561

(c) Discount rate

The lease payments are discounted using the Parent Company and each of the subsidiary's incremental borrowing rate ranging from 6.75% to 7.86% for land lease and 9.00% to 14.35% for lease of service vehicle and transportation equipment, being the rate that the Parent Company and each of the subsidiary would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(d) Extension and termination options

Extension and termination options are included in the lease agreement of the Group. These are used to maximize the operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

19 Investment in a joint venture and deposits

(a) Investment in a joint venture

In 2021, as a follow through to the Framework Agreement by the Parent Company and Endeavor (Note 1), GPS3 entered into a subscription agreement with AC Energy Philippines, Inc. and Endeavor, related entities, to subscribe 2,500,000 with par value of P1 per share equivalent to 50% shareholdings of GPS3.

After the issuance of shares in 2021, GPS3 became a joint venture between the Parent Company through CSEC and AC Energy Philippines, Inc. and Endeavor, jointly. Consequently, CSEC lost its control in GPS3, hence, was deconsolidated at the date the control was lost. The Group recognized a gain resulting from the loss of control and deconsolidation of GPS3 amounting to P3.9 million (Note 16) and charged other reserves directly to retained earnings resulting from the pooling of interest in 2020 of GPS3 through CSEC to the Group amounting to P0.1 million.

The assets and liabilities deconsolidated from the Group are as follows:

	Amount
Assets	
Cash and cash equivalents	78,868,440
Prepayments and other current assets	18,149
Property, plant and equipment	400,780,378
Liabilities	
Trade and other payables	3,264,175
Due to related parties	247,762,053
Advances from project developer	230,000,000

The investment in GPS3 was reclassified as an investment in a joint venture accounted under equity method. Movements in the investment in joint venture are as follows:

	2023	2022	2021
Beginning	206,694,081	-	2,500,000
Share in net income (loss)	218,124,787	206,694,081	(2,500,000)
Ending	424,818,868	206,694,081	-

In 2021, the share in net loss was recognized only up to the carrying amount of the investment in a joint venture amounting to P2.5 million. The unrecognized share in net loss of the joint venture in 2021 amounting to P6.1 million was recognized in 2022. The amount was offset in the share in net income in 2022.

Reconciliation of net assets of GPS3 with the amount of investment in joint venture for the years ended December 31 are as follows:

	2023	2022	2021
Net asset (liability), beginning	409,528,901	(16,138,736)	(1,359,261)
Total comprehensive income (loss) for the year	436,249,575	425,667,637	(17,279,475)
Share issuance	-	-	2,500,000
Net assets (liability), ending	845,778,476	409,528,901	(16,138,736)
Parent Company's share in %	50%	50%	50%
Parent Company's share	422,889,238	204,764,451	(8,069,368)
Unrecognized share in net loss	-	-	6,139,738
Goodwill	1,929,630	1,929,630	1,929,630
Carrying amount of investment in joint venture	424,818,868	206,694,081	-

The shares of GPS3 are unquoted.

The summarized financial information of GPS3 as at and for the years ended December 31 are as follows:

	2023	2022	2021
Current assets			
Cash and cash equivalents	744,530,752	521,048,926	445,819,153
Other current assets	465,403,421	618,736,379	466,078,398
Total current assets	1,209,934,173	1,139,785,305	911,897,551
Non-current assets	4,530,264,127	3,949,131,497	1,616,124,863
Current liabilities			
Financial liabilities excluding trade and other payables	4,474,536,042	4,225,945,514	367,535,612
Other current liabilities	290,993,764	298,198,033	12,091,187
Total current liabilities	4,765,529,806	4,524,143,547	379,626,799
Non-current liabilities			
Financial liabilities excluding trade and other payables	-	-	2,078,400,000
Other non-current liabilities	128,890,018	155,244,354	86,134,351
Total non-current liabilities	128,890,018	155,244,354	2,164,534,351
Total equity (Capital deficiency)	845,778,476	409,528,901	(16,138,736)
Revenue	953,980,787	675,092,494	-
Cost of services	(134,139,028)	(65,269,989)	-
Operating expenses	(21,594,831)	(27,069,723)	(17,472,562)
Finance costs	(290,866,112)	(93,206,096)	-
Finance income	198,085	136,611	193,087
Income tax expense	(71,329,326)	(64,015,660)	-
Net income (loss) for the period/year ended	436,249,575	425,667,637	(17,279,475)
Total comprehensive income (loss) for the period/year ended	436,249,575	425,667,637	(17,279,475)

(b) Deposits

During 2023, the Parent Company provided deposits for future shares subscription amounting to P50.0 million (2022 - P687.2 million) to Rio Norte Hydropower Corporation (RNHC), an entity under common control. The application for the increase in authorized share capital of RNHC is still pending with the SEC as at December 31, 2023. RNHC was incorporated and registered with the SEC on July 10, 2015. RNHC's primary purpose is to engage in generation, collection and distribution of electricity, and in developing, constructing and operating renewable energy projects. Deposits for future shares subscription to RNHC amounted to P737.2 million as at December 31, 2023 (2022 - P687.2 million).

20 Non-controlling interest

As at December 31, 2023 and 2022, the non-controlling interest pertains to CREIT representing 38.33% ownership by the public. Movements in the account are as follows:

	2023	2022
Beginning	1,391,014,218	-
Sale of additional and existing shares	-	1,607,982,506
Share in net income	225,160,696	202,013,423
Share in total comprehensive income	225,160,696	202,013,423
Dividends	(491,739,014)	(418,981,711)
Ending	1,124,435,900	1,391,014,218

Dividends amounting to P114.55 million payable to non-controlling interest remained outstanding as at December 31, 2023 (December 31, 2022 - P102.84 million).

The summarized financial information of CREIT are as follows:

	2023	2022	2021
Current assets	882,880,243	660,000,937	145,115,446
Non-current assets	8,840,086,999	4,452,028,730	1,763,705,566
Current liabilities	425,633,542	387,326,002	108,805,745
Non-current liabilities	4,828,089,299	370,646,657	171,969,138
Total equity	4,469,244,401	4,354,057,008	1,628,046,129
Total comprehensive income for the year	1,398,096,376	1,252,413,024	225,930,837
Cash flows from operating activities	1,340,857,215	1,263,126,685	86,266,875
Cash flows used in investing activities	(4,253,154,900)	(2,507,918,610)	-
Cash flows from (used in) financing activities	2,957,736,042	1,767,201,041	(108,990,000)

21 Segment information

The Group's executive committee, consisting of key management personnel involved in managing the operations, assesses and examines the Group's performance from the nature of the services that is being offered and marketed and has identified two reportable segments. Each segment represents a strategic business unit that offers different services and serves different markets. The two reportable segments are as follows:

(a) Power

This reportable segment pertains to the generation of electricity from solar power energy through its solar power plants, purchase of power from Wholesale Electricity Spot Market (WESM) and subsequent sale of electricity from generation and purchasing activities to customers which include contestable customers, local retail electricity suppliers, TransCo and IEMOP for the transactions in WESM.

(b) REIT

This business segment pertains to the rental operations of the Group through CREIT. CREIT leases certain leasehold land properties to related parties outside the Group.

(c) Others

Others include the operations of the Group's head office and operation and maintenance service operations of GPS1 and CPMI.

The Group derives the following types of revenue by operating segment for the years ended December 31:

	2023	2022	2021
Power	2,993,748,450	2,116,859,431	1,026,394,967
REIT	1,798,186,976	1,374,529,631	17,773,892
Others	96,644,368	64,189,602	17,016,512
Total revenue	4,888,579,794	3,555,578,664	1,061,185,371
Intersegment eliminations	(1,204,704,107)	(765,348,052)	(52,460,805)
Total revenue presented in the consolidated statements of total comprehensive income	3,683,875,687	2,790,230,612	1,008,724,566

The executive committee primarily uses a measure of net income to assess the performance of the operating segments. However, the executive committee also receives information about the segments' revenue, assets and liabilities on a regular basis.

Details of net income of the reportable segments for the years ended December 31 are as follows:

	2023	2022	2021
Power	764,288,954	8,145,528,921	368,714,748
REIT	1,398,096,373	1,250,521,995	(14,127,303)
Others	34,685,366	(25,602,638)	340,438
Total net income	2,197,070,693	9,370,448,278	354,927,883
Intersegment eliminations	(1,286,956,383)	(8,536,828,170)	(162,645,608)
Net income in the consolidated statements of total comprehensive income	910,114,310	833,620,108	192,282,275

The segment assets and liabilities of the reportable segments of the Group as at December 31 are as follows:

	2023	2022	2021
<i>Segment assets</i>			
Power	36,482,388,790	27,236,601,946	14,975,913,109
REIT	9,642,735,324	5,025,828,656	342,731,725
Others	210,488,337	72,518,761	50,217,614
Total segment assets	46,335,612,451	32,334,949,363	15,368,862,448
Intersegment eliminations	(24,037,034,548)	(17,061,032,435)	(9,137,890,096)
Total assets in the consolidated statements of financial position	22,298,577,903	15,273,916,928	6,230,972,352
<i>Segment liabilities</i>			
Power	25,264,360,821	18,913,901,777	12,448,210,745
REIT	5,313,903,063	757,972,659	53,639,315
Others	149,354,408	47,229,490	-
Total segment liabilities	30,727,618,292	19,719,103,926	12,501,850,060
Intersegment eliminations	(17,048,034,805)	(12,667,859,717)	(7,969,798,909)
Total liabilities in the consolidated statements of financial position	13,679,583,487	7,051,244,209	4,532,051,151

All revenues of the Group are from domestic entities incorporated in the Philippines.

Details of the results of operations of the reportable segments of the Group for the year ended December 31, 2023 are as follows:

	Power	REIT	Others	Total segments	Eliminations	Consolidated
Revenues	2,993,748,450	1,798,186,976	96,644,368	4,888,579,794	(1,204,704,107)	3,683,875,687
Cost of services	(2,671,274,393)	(103,045,989)	(57,962,593)	(2,832,282,975)	434,090,653	(2,398,192,322)
Gross profit	322,474,057	1,695,140,987	38,681,775	2,056,296,819	(770,613,454)	1,285,683,365
Operating expenses	(199,435,862)	(6,841,840)	(4,954,816)	(211,232,518)	(43,019)	(211,275,537)
Share in net income of a joint venture	218,124,787	-	-	218,124,787	-	218,124,787
Finance costs	(894,862,598)	(309,448,026)	(271,651)	(1,204,582,275)	792,569,874	(412,012,401)
Other income, net	1,345,010,142	19,245,252	16,963	1,364,272,357	(1,308,869,784)	55,402,573
Income before income tax	791,310,526	1,398,096,373	33,472,271	2,222,879,170	(1,286,956,383)	935,922,787
Income tax benefit	(27,021,572)	-	1,213,095	(25,808,477)	-	(25,808,477)
Net income for the year	764,288,954	1,398,096,373	34,685,366	2,197,070,693	(1,286,956,383)	910,114,310
Capital expenditures for the year	1,949,434,230	4,267,241,500	39,974	6,216,715,704	-	6,216,715,704
Interest income	57,746,081	19,234,292	16,963	76,997,336	(26,926,312)	50,071,024
Depreciation and amortization	432,717,019	71,360,501	1,370,266	505,447,786	(344,351,877)	161,095,909

Details of the results of operations of the reportable segments of the Group for the year ended December 31, 2022 are as follows:

	Power	REIT	Others	Total segments	Eliminations	Consolidated
Revenues	2,116,859,431	1,374,529,631	64,189,602	3,555,578,664	(765,348,052)	2,790,230,612
Cost of services	(1,885,717,566)	(91,269,041)	(67,519,359)	(2,044,505,966)	446,781,545	(1,597,724,421)
Gross profit (loss)	231,141,865	1,283,260,590	(3,329,757)	1,511,072,698	(318,566,507)	1,192,506,191
Operating expenses	(198,893,820)	(8,440,959)	(21,538,452)	(228,873,231)	13,119,637	(215,753,594)
Share in net income of a joint venture	206,694,081	-	-	206,694,081	-	206,694,081
Finance costs	(855,947,474)	(1,891,028)	(94,811)	(857,933,313)	490,423,586	(367,509,727)
Other income, net	8,763,651,915	(14,206,292)	(86,698)	8,749,358,925	(8,721,804,886)	27,554,039
Income before income tax	8,146,646,567	1,258,722,311	(25,049,718)	9,380,319,160	(8,536,828,170)	843,490,990
Income tax benefit	(1,117,646)	(8,200,316)	(552,920)	(9,870,882)	-	(9,870,882)
Net income for the year	8,145,528,921	1,250,521,995	(25,602,638)	9,370,448,278	(8,536,828,170)	833,620,108
Capital expenditures for the year	2,402,879	-	38,285	2,441,164	-	2,441,164
Interest income	15,400,929	3,070,975	8,113	18,480,017	(811,605)	17,668,412
Depreciation and amortization	456,222,295	71,363,428	828,397	528,414,120	(369,231,996)	159,182,124

Details of the results of operations of the reportable segments of the Group for the year ended December 31, 2021 are as follows:

	Power	REIT	Others	Total segments	Eliminations	Consolidated
Revenues	1,026,394,967	17,773,892	17,016,512	1,061,185,371	(52,460,805)	1,008,724,566
Cost of services	(524,570,712)	(806,147)	(15,405,139)	(540,781,998)	50,092,448	(490,689,550)
Gross profit	501,824,255	16,967,745	1,611,373	520,403,373	(2,368,357)	518,035,016
Operating expenses	(148,112,787)	(47,238,419)	(1,246,776)	(196,597,982)	29,024,850	(167,573,132)
Share in net loss of a joint venture	(2,500,000)	-	-	(2,500,000)	-	(2,500,000)
Finance costs	(242,552,399)	(453,855)	-	(243,006,254)	19,825,050	(223,181,204)
Other income, net	268,524,014	-	1,961	268,525,975	(209,127,151)	59,398,824
Income before income tax	377,183,083	(30,724,529)	366,558	346,825,112	(162,645,608)	184,179,504
Income tax benefit (expense)	(8,468,335)	16,597,226	(26,120)	8,102,771	-	8,102,771
Net income for the year	368,714,748	(14,127,303)	340,438	354,927,883	(162,645,608)	192,282,275
Capital expenditures for the year	3,453,885	-	1,091,128	4,545,013	-	4,545,013
Interest income	15,154,204	277,078	1,961	15,433,243	-	15,433,243
Depreciation and amortization	124,623,290	61,751,372	161,109	186,535,771	(38,356,683)	148,179,088

22 Financial risk and capital management and fair value estimation

22.1 Financial risk management

The Group's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

22.1.1 Market risk

Market risk is the risk that changes in market prices, will affect the Group's total comprehensive income or the value of its financial instruments. The Group is mainly exposed to two (2) types of market risk: interest rate risk and foreign exchange risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The management of these risks is discussed in the succeeding sections.

(a) Interest rate risk

Interest rate risk involves the movements of rates across yield curves of one or more instruments. The principal risk to which financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. The Group manages its resources and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

The primary sources of the Group's interest rate risk relates to loans payable from DBP amounting to P2.22 billion as at December 31, 2023 (2022 - P2.4 billion; 2021 - P2.6 billion) which are subject to quarterly interest repricing. Loans payable from BDO amounting to P2.31 billion will start repricing on February 7, 2024 (Note 9).

Based on the sensitivity analysis performed, the impact on income before tax during December 31, 2023 of a 100 basis points increase in the discount rate, with all other variables held constant, is a decrease of 0.07%, P1.54 million (December 31, 2022 - 0.05%, P1.19 million; December 31, 2021 - 0.04%, P1.08 million) on the Group's reported operating income.

Other financial assets and liabilities including bonds payable are subject to fixed interest rate, hence, not exposed to any interest rate risk.

(b) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Group is not unfavorably exposed to fluctuations of foreign exchange rates.

The Group's foreign currency denominated liability as at December 31, 2023 and December 31, 2022 refers to a portion of lease liabilities. The Group's foreign currency denominated asset as at December 31, 2023 and December 31, 2022 refers to a portion of cash in banks. The net foreign currency denominated liability as at December 31, 2023 and 2022 is considered to be immaterial.

	Note	2023	2022	2021
Unrealized gains (losses), net		10,960	(52,287)	(55,318)
Realized gains, net		-	-	24,922
	16	10,960	(52,287)	(30,396)

The Group's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in a currency other than the Group's functional currency.

22.1.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk arises primarily from its cash and cash equivalents, trade and other receivables, electric utility deposits, cash bond, security deposits and restricted cash.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group uses internal ratings to determine the quality of its financial assets. The Group determined that its financial assets are all considered high grade financial assets except for those that were provided for.

The maximum exposures to credit risk, pertaining to financial assets, as at December 31 are as follows:

	Notes	2023	2022
Cash and cash equivalents*	2	2,402,761,616	1,472,835,179
Trade and other receivables	3	5,025,832,757	7,199,081,016
Electric utility deposits	7	177,660,054	60,618,348
Cash bonds	7	42,171,335	-
Security deposits	7	5,743,910	5,554,106
Restricted cash	7	5,176,752	4,372,749
		7,659,346,424	8,742,461,398

*excluding cash on hand

Credit quality of financial assets

(i) Cash and cash equivalents and restricted cash

Cash deposited/placed in banks are considered stable as the banks qualify as universal and commercial banks as defined by the Philippine Banking System and are approved by the BOD to minimize credit risk. The amounts deposited in these banks are disclosed in Notes 2 and 7. The expected credit loss is determined to be immaterial. Cash on hand is not subject to credit risk.

(ii) Trade and other receivables

The Group has no concentration of credit risk since it transacts with a number of customers. The Group transacts with related parties, local retail electricity suppliers, contestable customers, TransCo and IEMOP. For trade receivables, the credit risk is brought down to an acceptable level since credit terms on billed fees for sale of electricity are fixed as provided in formal agreements, and are accordingly collected in accordance with this agreement and the Group's credit policy with no reported defaults and write-offs in previous years. Management believes that collection is probable due to cumulative experience, similar contractual arrangements and acknowledgement of customer.

Trade receivables coming from SOCOTECO aged over 90 days were deemed past due, which pertain to those arising from back billings. In 2022, the credit quality of the past due receivables improved due to the acknowledgement of the recovery plan by the customer resulting in reversal of the corresponding allowance for doubtful accounts.

For other trade receivables which are considered past due, expected credit losses were estimated based on the days past due and on the credit quality of the trade receivables.

For the year ended December 31, 2023, based on the management's assessment, reversal for doubtful accounts amounting to P1.1 million was recognized (2022 - reversal of provision of P2.8 million; 2021 - provision of P7.8 million) (Note 3).

The tables below detail the credit quality of the Group's trade receivables, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	High grade	Standard grade	Low grade	Total
2023				
Third parties	410,957,287	53,850,811	2,454,760	467,262,858
Related parties	14,735,464	-	-	14,735,464
	425,692,751	53,850,811	2,454,760	481,998,322
2022				
Third parties	241,608,820	35,508,088	2,005,792	279,122,700
Related parties	81,786,510	-	-	81,786,510
	323,395,330	35,508,088	2,005,792	360,909,210

High grade receivables pertain to those receivables from customers that has a low risk of default and does not have any past-due amounts. Standard grade includes receivables that are past due and has an increase in credit risk since initial recognition. Low grade includes the receivables which shows evidence indicating the asset may be credit- impaired.

The credit exposure on due from related parties is considered to be low as there is no history of default and collections are expected to be made within 12 months. These are considered as high-grade financial assets as the related parties have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by the management.

Other receivables pertain to refunds for overpaid insurance and receivables from third party for the sale of property, plant and equipment. Full provision was recognized for other receivables related to refunds for overpaid insurance which have been long outstanding for more than one (1) year as at December 31, 2023 and 2022. Remaining receivables are current in nature and expected to be collectible within the maturity date. The expected credit loss is determined to be immaterial by the management.

(iii) Security deposits, electrical utility deposits and cash bonds

Security deposits, electrical utility deposits and cash bond include cash required from the Group in relation to its lease agreements, service agreements and permits from the government, respectively. These deposits are assessed as high grade as there is no history of default and these are collectible upon termination of or at the end of the term of the agreements or permits. The expected credit loss is determined to be immaterial by management.

22.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as these falls due. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Group is to first exhaust lines available from related parties before local bank lines are availed. The Group also has available due from related parties which can be readily collected to settle maturing obligations.

The Group seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The Group's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
<i>December 31, 2023</i>				
Trade and other payables*	8	-	881,591,990	-
Dividends payable	13, 20	-	124,550,646	-
Loans payable	9	-	453,614,073	7,306,853,945
Bonds payable	9	-	-	3,959,876,787
Lease liabilities	18	-	9,495,105	594,702,933
Interest**		-	926,734,026	5,388,670,343
Customers deposits	11	-	-	146,941,891
Security deposits	11	-	-	28,243,574
		-	2,395,985,840	17,425,289,473
<i>December 31, 2022</i>				
Trade and other payables*	8	17,354,790	664,679,280	-
Dividends payable	20	-	102,842,491	-
Loans payable	9	-	395,864,073	5,447,095,279
Interest**		-	375,206,897	1,710,173,170
Lease liabilities	18	-	4,877,243	235,588,336
Customers deposits	11	-	-	59,147,755
Security deposits	11	-	-	26,407,980
		17,354,790	1,543,469,984	7,478,412,520

*excluding due to government agencies and deferred rent income

**expected interest on borrowings and lease liabilities up to contractual maturity date

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities, which are equivalent to their carrying balances as the impact of discounting is not significant. The Group expects to settle the above financial liabilities within their contractual maturity date.

22.2 Capital management

The Group maintains a sound capital to ensure its ability to continue as a going concern to provide returns to shareholder and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholder, pay-off existing debts, return capital to shareholder or issue new shares. Capital management policies and procedures of the Group have remained consistent for all the periods presented.

The Parent Company's BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operations and industry.

The capital structure of the Group consists of equity attributed to Parent Company, which comprises of issued capital, additional paid-in capital, other reserves and retained earnings. The Group monitors capital on the basis of net gearing ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term, long-term bank borrowings, and bonds payable from third parties less cash and cash equivalents, while equity is total equity as shown in the consolidated statements of financial position.

The net debt reconciliation as at December 31 are presented below:

	Notes	2023	2022	2021
Borrowings, beginning	9	5,842,959,352	3,806,995,030	4,116,217,987
Assignment of loan		-	3,678,977,272	-
Additions to loans	9	2,400,090,000	-	-
Bonds payable	9	4,000,000,000	-	-
Payment of loans	9	(395,864,074)	(1,643,012,950)	(316,148,943)
Payment of debt and bond issuance costs	9	(134,450,935)	-	-
Amortization of debt and bond issuance costs	9	7,610,462	-	6,925,986
Borrowings, ending	9	11,720,344,805	5,842,959,352	3,806,995,030
Cash and cash equivalents	2	(2,403,332,616)	(1,473,217,179)	(125,025,258)
Net debt		9,317,012,189	4,369,742,173	3,681,969,772
Total equity attributable to shareholders of the Parent Company		7,494,558,516	6,831,658,501	1,698,921,201
Net gearing ratio		1.24:1	0.64:1	2.17:1

The Group is also compliant with its loan covenants or has secured necessary waiver or grace period for any breach as disclosed in Note 9.

22.3 Fair value estimation

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, trade and other payables (excluding due to government agencies and deferred rent income), dividends payable, current portion of loans payable and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair values of other non-current assets (excluding advances to contractor and downpayments to land owners), non-current portion of trade receivables, lease liabilities, loans payable, bonds payable and customers deposits are close to market rates.

As at December 31, 2023 and 2022, the Group does not have financial instruments that are measured using the fair value hierarchy.

23 Critical accounting estimates and assumptions and judgments

The preparation of the consolidated financial statements in conformity with Philippine Financial Reporting Standards (PFRS) requires management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and the related notes. Estimates, assumptions and judgments 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.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding sections.

23.1 Critical accounting estimates and assumptions

(a) Impairment of trade and other receivables

Provision for impairment of trade and other receivables is based on assumptions about risk of default and expected loss rates and for certain financial assets, the credit quality of such. The Group uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Notes 24.3 and 24.4.

In 2023, the Group reversed provision for doubtful accounts based on management's assessment amounting to P1.1 million (2022 - reversal of provision of P2.8 million ; 2021 - provision of P7.8 million).

In 2022, the Group wrote-off allowance for doubtful accounts amounting to P0.7 million for refunds for overpaid insurance. The provision for other receivables is equivalent to the full lifetime expected credit loss using the expected credit loss model, hence, any sensitivity analysis is no longer deemed necessary.

For due from related parties, based on its credit quality, the management assessed that the amounts due from related parties are fully collectible. Hence, no provision for impairment is required.

The carrying values of the Group's trade and other receivables are shown in Note 3.

(b) Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations used cash flow projections based on financial budgets approved by management covering the estimated remaining useful lives of the solar power plants.

The following sets out the key assumptions used for the CGUs:

	2023	2022
Generation capacity (MWdc)	11.98	11.98
Customer tariffs	7.48	8.07
Remaining estimated useful life of solar plants	20	20.8
Discount rate	10.3%	10.1%
Annual operating costs (% of Sale)	11.62%	11.20%

Management has determined the values assigned to each of the above key assumptions as follows:

(i) Generation capacity

Generation capacity is the maximum electric output the solar power plants can produce when fully operational. Generation capacity is the main driver for the actual generation of each power plant.

(ii) Customer tariffs

Customer tariffs pertain to combination of FIT prices, contracted prices with customers and market prices depending on the operations.

(iii) Remaining estimated useful life of solar plants

Estimated useful life is the period over which an asset is expected to be available for use by an entity and based from industry standards. Remaining useful life pertains to the remaining number of years where the entity can still derive benefits from the assets as at a given period of time.

(iv) Discount rate

The present value of the expected cash flows of the CGUs is determined by applying a suitable discount rate. The discount rate was derived based on weighted average cost of capital for comparable entities in the renewable energy generation companies in Southeast Asia - Emerging Markets.

(v) Annual operating costs

Annual operating costs of the CGUs are both fixed and variable based on the operations of the solar power plants.

An impairment loss is recognized for the amount by which the cash-generating units (CGUs) carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a CGU's fair value less cost to sell or value in use. Management believes that there are no indications that the carrying amount of goodwill is impaired. Other details of goodwill are disclosed in Note 6.

(c) Estimated useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. Estimated useful lives of property, plant and equipment are based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets based on the related industry benchmark information and land lease term where the solar power plant is situated. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

For certain solar power plants, the estimated useful life used was higher than the current land lease term of the Group since based on the management's assessment, the Group can still use the solar plant and equipment beyond each of the current land lease term and considered possible lease term extension. If the actual useful lives of these assets are prolonged or shortened by five (5) years, income before tax for the years ended December 31 would be as follows:

	Impact on income before tax Increase (Decrease)		
	Years ended December 31		
	2023	2022	2021
Prolonged by 5 years	P22.2 million	P44.3 million	P28.0 million
Shortened by 5 years	(P18.9 million)	(P41.1 million)	(P43.9 million)

The range used was based on the management's assessment where potential impact to operations might occur. The carrying values of the Group's property, plant and equipment are shown in Note 5.

(d) Determining incremental borrowing rate

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Any change in the rates would have direct impact to interest expense for the period and on lease liabilities. Based on the sensitivity analysis performed, the impact on income before tax during 2023 of a 100 basis points increase in the discount rate, with all other variables held constant, is a decrease by 0.01%, P0.01 million (2022 - 0.04%, P0.03 million; 2021 - 0.09%, P0.02 million) on the Group's reported operating income.

(e) Income taxes

Significant estimate is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The details of recognized and unrecognized deferred income taxes are shown in Note 17.

The Group reviews the carrying amounts of deferred income tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax assets to be utilized.

23.2 Critical judgments in applying the Group's accounting policies

(a) Recoverability of non-financial assets other than goodwill

The Group's non-financial assets such as prepayments and other current assets, property, plant and equipment, investment properties, right-of-use assets, advances to contractor and land owners, intangible assets and investment in a joint venture are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use. Management believes that there are no indications that the carrying amount of non-financial assets may not be recoverable. Details of each non-financial asset are disclosed in respective notes.

(b) Critical judgment in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Group's lease agreements have not been included in the lease liabilities because the Group's lease agreements state that extension and termination should be made upon mutual agreement by both parties and considering the estimated useful lives of the solar power plants of the Group. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(c) Assessment of control and joint control

The Parent Company determined that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee, and
- Rights arising from other contractual agreements.

Based on this assessment, the Parent Company deemed that it has control over its subsidiaries.

The Parent Company's investment in a joint venture is structured in separate incorporated entity. The respective joint arrangement agreements require unanimous consent from all parties to the agreement for the relevant activities identified. In addition, the Parent Company considers the number of its board seats in the incorporated entity. The Parent Company and the parties to the agreement only have rights to the net assets of the joint venture through the term of the contractual agreement. Considering these factors, management assessed that it has joint control over GPS3 (Note 19).

(d) Contingencies

During 2023, the Group is a party to an arbitration case to which the regulatory body have not rendered any final decision as at reporting date. The Group's management and its legal counsels are assessing and closely monitoring these matters. Based on the management's assessment, the Group is in a favorable legal position.

The Group believes that any unfavorable outcome of this case will not have a material effect on the Group's financial position and results of operations as at and for the years ended December 31, 2023, 2022 and 2021.

24 Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of the Group have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

The consolidated financial statements of the Group have been prepared using historical cost basis.

This annual consolidated financial statements is the first statutory and general purpose PFRS consolidated financial statements of the Group.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 23.

(a) New and amendment to existing standards and interpretations adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2023:

- Disclosure of accounting policies - Amendments to PAS 1 and PFRS Practice Statement 2

PAS 1, "*Presentation of Financial Statements*" was amended to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effects of adoption of amendments to PAS 1 and PFRS Practice Statement 2 as at January 1, 2023 are considered in the Summary of material accounting policies (Note 24).

- Definition of accounting estimates - Amendments to PAS 8

The amendment to PAS 8, "*Accounting Policies, Changes in Accounting Estimates and Errors*" clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The adoption did not have a significant impact on the Group's financial statements as at December 31, 2023 and 2022.

- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to PAS 12

The amendments to PAS 12, "*Income Taxes*" require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The adoption did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations not yet adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

24.1 Consolidation and equity accounting

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, 2022 and 2021. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies. Any difference in the accounting policies of the Parent Company and subsidiaries is accordingly adjusted.

Intercompany transactions, balances and unrealized gains/losses on transactions among the Parent Company and subsidiaries are eliminated.

Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date on which control ceases.

(i) Business combinations through acquisition of business

Business combinations with third parties are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, NCI recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as expense in the consolidated statement of total comprehensive income.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is seemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or in other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

(ii) Business combinations under common control

Business combinations under common control are accounted for using the predecessor values method (i.e., pooling of interest). Under this method, the Group does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which financial statements are prepared. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquired entity's identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination.

The consolidated financial statements incorporate the net assets and results of operations of the combining entities or businesses as if they had always been combined or from the date when the combining entities or businesses first became under common control, whichever period is shorter.

The difference between the consideration given and the aggregate book value of the assets and liabilities acquired as at the date of the transaction is recognized directly to other reserves in the consolidated statement of financial position.

(iii) Transactions with NCI

Transactions with NCI that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from NCI, the difference between any consideration paid and the relevant shares acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in other income or expense in the consolidated statement of total comprehensive income. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Joint arrangements

Under PFRS 11, “*Joint Arrangements*”, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group’s joint arrangement only pertains to joint venture.

Interests in joint ventures are accounted for using the equity method after initially being recognized at cost in the consolidated statement of financial position and adjusted thereafter to recognize the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 24.11.

(c) Change in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Deposits for future shares subscription

Deposits for future shares subscription represent amounts deposited to an entity where finalization of the sale or transfer of the majority shares or controlling stake of such to the Parent Company is still outstanding on a documentary or regulator’s perspective. Finalization of the sale or transfer of controlling stake signifies that the Parent Company has control to the entity. The account is measured at cost based on the amount deposited by the Parent Company and reported as non-current asset in the consolidated statement of financial position. The entity is consolidated once the control is acquired by the Parent Company.

The Parent Company classifies deposits for future shares subscription as deposits if the Parent Company does not control the entity and any of the following elements is present as at the end of the reporting period:

- The unissued authorized share capital of the entity is insufficient to cover the amount of shares indicated in the subscription contract;
- There is BOD's approval on the proposed increase in the authorized capital stock of the entity (for which a deposit was made by the Parent Company);
- There is shareholders' approval of said proposed increase; and
- The application for the approval of said proposed increase has been filed with the SEC.

If all of the elements above are present, then the entity is consolidated if control was established.

24.2 Cash and cash equivalents; Restricted cash

Restricted cash is subject to regulatory restrictions and therefore not available for general use of the Group. This is classified as non-current asset as this is expected to be collected more than 12 months after the end of the reporting period.

Other relevant policies are disclosed in Note 24.4.

24.3 Trade and other receivables

Trade receivables which have 25 to 60 days credit term and other receivables are initially recognized and carried at transaction price and subsequently measured at amortized cost, less provision for impairment loss. The fair value of trade receivables at initial recognition is equivalent to the original invoice amount (as the effect of discounting is immaterial).

The Group applies the simplified approach in measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the consolidated statement of total comprehensive income.

When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the consolidated statement of total comprehensive income.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 12 months before the beginning of each reporting period and the corresponding historical credit losses experience within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and inflation to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Other relevant policies are disclosed in Note 24.4.

24.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial instrument in the consolidated statement of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Group did not hold financial assets under the category financial assets at FVPL and FVOCI for the years ended December 31, 2023 and 2022.

The classification depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows.

The Group's financial assets measured at amortized cost comprise of cash and cash equivalents (Note 24.2), trade and other receivables (Note 24.3), security deposits, electric utility deposits and cash bond (Note 24.7) and restricted cash in bank (Note 24.2) in the consolidated statement of financial position. These are included in current assets, except for those expected to be realized greater than 12 months after the reporting period which are classified as non-current assets.

(b) Measurement

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, if any, is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated statement of total comprehensive income and presented as other income or expense. Impairment losses, if any, are presented in the consolidated statement of total comprehensive income within operating expenses.

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

(c) Impairment

The Group recognizes an expected credit loss for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Expected credit losses are recognized in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For cash and cash equivalents, due from related parties, other receivables, security deposits, electric utility deposits, restricted cash and cash bond, the Group applies a general approach in calculating expected credit losses. The Group recognizes a loss allowance based on either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk on these financial assets since initial recognition. The carrying amount of the financial asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the consolidated statement of total comprehensive income. When the financial asset remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the consolidated statement of total comprehensive income.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment testing of trade receivables is described in Note 24.3.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

(a) Classification

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value); and financial liabilities at amortized cost. The Group's financial liabilities are limited to financial liabilities at amortized cost.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified as fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Group's trade and other payables (excluding due to government agencies and deferred rent income) (Note 24.12), dividends payable (Note 24.14), loans and interest payables (Note 24.16), lease liabilities (Note 24.19), customers deposits, bonds payable (Note 24.16), and security deposits (Note 24.19) are classified under financial liabilities at amortized cost.

24.5 Fair value measurement

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation. The Group does not hold financial and non-financial assets and liabilities at fair value as at December 31, 2023 and 2022.

24.6 Input value-added tax

Input VAT is stated at historical cost less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portions of the claims. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses. Input VAT is derecognized once applied against output VAT or claimed for refund.

24.7 Prepayments and other assets

Prepayments and other assets are expenses paid in cash and recorded as assets before these are used or consumed, as the services or benefits will be received in the future. Prepayments and other assets expire and are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Security deposits, electrical utility deposits and cash bond pertain to advances to lessor relating to rent and service providers and permits from the government, respectively, which will be refunded at the end of the service periods, as determined in the contract agreements. Other relevant policies are disclosed in Note 24.4.

24.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation.

Depreciation and amortization are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

	No. of years
Solar plant and equipment	15-30
Other equipment	3-5
Service vehicles	5
Furniture and fixtures	5
Leasehold improvements	3-5 or lease term whichever is shorter

Land is not depreciated.

Construction in progress is stated at cost. Construction in progress includes development costs and other direct costs related to the planned construction of the Group's power plant. Construction in progress is not depreciated until such time the planned construction is completed and put into operational use. Development costs are capitalized when the technical feasibility and commercial viability of generating renewable resources are demonstrable (i.e., solar energy resource assessment, topographic survey, geotechnical study, hydrological study, corrosion assessment, soil resistivity, pull out test, system impact study and facility study has been completed); work completed to date supports the future development of the property; and such development receives appropriate approvals (i.e. already obtained DOE solar energy service contract, DOE certificate of registration, and DOE certificate of commerciality).

All subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized as construction in progress.

When the Group has already achieved commercial levels of production, project development costs are moved to property and equipment under their respective appropriate categories (e.g. solar power plant). Commercial production is deemed to have commenced when management determines that the operational commissioning of major power plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will continue.

Downpayments to land owners and contractor represent advance payments for land acquisitions and for construction of power plant, respectively. These are initially recognized at transaction price and subsequently reported in the consolidated statement of financial position as non-financial asset at cost. The classification in the consolidated statements of financial position is non-current since these downpayments are expected to be subsequently reclassified into property, plant and equipment when the purchase is completed.

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 (Note 24.11).

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation is removed from the accounts.

24.9 Investment properties

After initial recognition, investment properties are measured at cost and accounted in accordance with PAS 16, "*Property, plant and equipment*". Land is not depreciated.

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal.

Investment properties acquired through equity-settled transactions are measured in reference to the fair value of investment properties unless the fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the investment properties received, the entity shall measure the value of the investment properties, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instrument.

Other relevant accounting policies are disclosed in Note 24.8.

24.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell.

Any impairment is recognized immediately as an expense in the consolidated statement of total comprehensive income and is not subsequently reversed.

(b) Computer software

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three (3) to five (5) years. These are derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated amortization are removed from the accounts. The relevant policy on impairment is described in Note 24.11.

24.11 Impairment of non-financial assets

Assets that have an indefinite useful life such as land, goodwill and investment in a joint venture are not subject to amortization and are evaluated annually for impairment, or more frequently if events or changes in circumstances indicate that these might be impaired.

Assets that have definite useful lives and are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is charged against other expenses in the consolidated statement of total comprehensive income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to other income in the consolidated statement of total comprehensive income.

24.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers with average credit terms of 30 days. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Trade and other payables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Trade and other payables are derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of total comprehensive income within other income or expense.

Due to government agencies are not considered financial liabilities but are derecognized similarly.

Other relevant accounting policies are disclosed in Note 24.4.

24.13 Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. 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. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in the consolidated statement of total comprehensive income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized in the consolidated statement of financial position.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

24.14 Equity

(a) Share capital

The Parent Company's share capital is composed of common and preferred shares at par value. The amount of proceeds from the issuance or sale of common shares representing the aggregate par value is credited to share capital.

Proceeds in excess of par value of shares issued or additional capital contribution without corresponding issuance of shares are credited to additional paid-in capital.

After initial measurement, share capital and additional paid-in capital, if any, are carried at historical cost and are classified as equity in the consolidated statement of financial position.

Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Parent Company's option and any dividends are discretionary. Preferred shares of the Parent Company that were redeemed shall not be considered retired and may be reissued. Preferred shares are derecognized when retired.

(b) Retained earnings (Deficit)

Retained earnings (Deficit) includes current and prior years' results of operations, net of transactions with shareholder and dividends declared, if any.

(c) Dividend distribution

Dividend distribution to the Parent Company's shareholder is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the BOD.

(d) Share issuance costs

Share issuance costs are incremental costs directly attributable to the issuance or subscription of new shares. Share issuance costs which might be incurred in anticipation of an issuance of shares are recorded as an asset and deferred in the consolidated statement of financial position until the shares are issued. Upon issuance of shares, the deferred costs are charged to share premium or retained earnings, if no available share premium. If the shares are not subsequently issued, the transaction costs are recognized as expense under both approaches.

(e) Non-controlling interests

The Group attributes the profit or loss and each component of other comprehensive income to the owners of the Parent Company and to the non-controlling interests after considering intercompany adjustments. The proportion allocated to the Parent Company and non-controlling interests are determined on the basis of present ownership interests.

The Group also attributes total comprehensive income to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

24.15 Revenue and cost recognition

The following is a description of principal activities from which the Group generates its revenue.

Revenue recognized under PFRS 15, "*Revenue from contracts with customers*".

(a) Sale of electricity

The Group recognizes revenue from contracts with customer which pertains to generation of electricity at a point in time when control of the goods or services are transferred to the customers at transaction price that reflects the consideration to which the Group expects to be settled in exchange for the services.

The Group's generation of electricity from renewable power energy is assessed by management as a single performance obligation. Sale of electricity is recognized whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer for a consideration.

Revenue from sale of electricity is based on the applicable FIT rate or contract rates as transaction price as approved by the ERC or as stipulated in the contracts, respectively. Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

(b) Service fees

Service fees pertain to consideration received for the operation and maintenance of power distribution system. The Group recognizes revenue from services rendered when (or as) a performance obligation is satisfied at the amount of the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). Service fees comprise the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities, which normally approximates the invoice amount. Services fees are only recognized to the extent that it is probable that a significant reversal will not occur. No element of financing is deemed present as the services are made with a credit of average of 30 days.

A receivable is recognized when the services have been performed as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Service fees is recognized upon billing which coincides when the services are rendered.

(c) Rental income

Rental income arising from operating lease agreements on its investment properties is recognized as income on a straight-line basis over the lease term or based on a certain percentage of the earnings of the lessees plus any variable components which are measured based on the actual results of operations of the lessees, as provided under the terms of the lease contract.

Other relevant accounting policies are disclosed in Note 24.19.

(d) Interest income

Interest income is accrued on a time proportion basis by reference to the outstanding principal and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

(e) Costs and expenses

Costs and expenses are recognized in the consolidated statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Costs and expenses in the consolidated statement of total comprehensive income are presented using the function of expense method. Costs of services are expenses incurred that are associated with the services rendered. Operating expenses are costs attributable to administrative and other business activities of the Group.

24.16 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of total comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan capitalized as a contra liability account and amortised over the period of the facility to which it relates.

Borrowings are derecognized in the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of total comprehensive income under finance cost.

A substantial modification of the terms of the existing borrowings or part of the borrowings is accounted for as an extinguishment of the original financial liability and a recognition of new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The resulting difference is recognized as a gain or loss under other income, net in the consolidated statement of total comprehensive income.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized as other income or expense in the consolidated statement of total comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. In cases of breaches in loan covenants prior to the end of a reporting period, borrowings are classified as current liability, unless a sufficient waiver of the covenant is granted by the lender, such that the borrowings do not become immediately repayable.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged under finance cost in the consolidated statement of total comprehensive income in the year in which these are incurred.

Other relevant accounting policies are disclosed in Note 24.4.

24.17 Current and deferred income tax

Income tax expense comprises current and deferred income taxes.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Group reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

24.18 Employee benefits

(a) Short-term benefits obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Retirement benefits

The Group has a defined benefit plan, which is unfunded and covers substantially all of its qualified employees. The defined benefit plan satisfies the minimum benefit requirements of RA No. 7641, otherwise known as the "Retirement Pay Law".

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of service and compensation.

The retirement benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the retirement benefit obligation.

The retirement benefit obligation recognized in the consolidated statements of financial position is the present value of the defined benefit obligation at the end of the reporting period.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which these arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is charged to profit or loss.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

24.19 Leases

Group as a lessee

The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are amortized over the underlying assets' useful life.

Right-of-use assets that meet the definition of investment property shall be presented in the consolidated statement of financial position as investment property.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Group as a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term except for variable rent which is recognized when earned.

Deposits from lessees which include security deposits are initially measured at fair value. After initial recognition, security deposits are subsequently measured at amortized cost using effective interest rate method. The difference between the cash received and its fair value is deferred and amortized on a straight-line basis over the lease term. Amortization of deferred credits and accretion of discount are recorded in the consolidated statement of total comprehensive income under lease income and finance cost accounts, respectively.

24.20 Related party relationships and transactions

(a) Related party relationship

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel or directors.

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

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

24.21 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Philippine Peso, which is the Group’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of total comprehensive income through profit or loss.

24.22 Events after the reporting period

Post year-end events that provide additional information about the Group’s position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Citicore Renewable Energy Corporation and Subsidiaries

Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code
December 31, 2023 and 2022

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator

Citicore Renewable Energy Corporation and Subsidiaries

Schedule A - Financial Assets December 31, 2023

Name of issuing entity and association of each issue	Amount shown in the consolidated statement of financial position	Income received and accrued
Financial assets at amortized cost		
Cash in banks		
BDO Unibank, Inc.	1,664,259,891	6,798,181
Development Bank of the Philippines	550,512,550	167,970
Security Bank Corporation	34,063,901	10,637
Bank of the Philippine Islands	564,453	-
Robinsons Bank Corporation	100,000	-
Philippine National Bank	100,100,000	-
Hongkong and Shanghai Banking Corp. LTD.	100,000	-
Short-term placements		
BDO Unibank, Inc.	53,060,821	27,811,007
Cash on hand	571,000	-
Total cash and cash equivalents	2,403,332,616	34,787,795
Trade and other receivables	5,032,376,978	10,201,225
Electric utility deposits	177,660,054	200,364
Security deposits and cash bond	47,915,245	184,804
Restricted cash	5,176,752	4,598
Total financial assets	7,666,461,645	45,378,786

December 31, 2022

Name of issuing entity and association of each issue	Amount shown in the consolidated statement of financial position	Income received and accrued
Financial assets at amortized cost		
Cash in banks		
BDO Unibank, Inc.	762,296,779	3,219,551
Development Bank of the Philippines	640,684,906	693,122
Security Bank Corporation	17,010,224	9,419
Bank of the Philippine Islands	564,450	267
Short-term placements		
BDO Unibank, Inc.	50,212,500	51,213
Development Bank of the Philippines	2,066,320	2,112
Cash on hand	382,000	-
Total cash and cash equivalents	1,473,217,179	3,975,684
Trade and other receivables	7,206,765,840	10,202,467
Electric utility deposits	60,618,348	-
Security deposits	5,554,106	360,403
Restricted cash	4,372,749	8,735
Total financial assets	8,750,528,222	14,547,289

Citicore Renewable Energy Corporation and Subsidiaries

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

December 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Power, Inc.	2,770,875,334	768,221,714	(3,092,679,795)	-	446,417,253	-	446,417,253
MCC-Citicore Construction, Inc.	183,897	466,582	(104,331)	-	546,148	-	546,148
Sunny Side Up Power Corp.	-	8,000,000	(5,000,000)	-	3,000,000	-	3,000,000
Himamaylan Biomass Power, Inc.	-	16,820	-	-	16,820	-	16,820
Megawatt Citicore Energy, Inc.	-	22,936	-	-	22,936	-	22,936
Citicore Solar Cebu, Inc.	3,727,266,934	164,125,850	(90,909,600)	-	3,800,483,184	-	3,800,483,184
Citicore Solar Bataan, Inc.	61,336,912	334,078,527	(356,129,596)	-	39,285,843	-	39,285,843
Citicore Biomass Corporation	1,285,760	350,500	(500)	-	1,635,760	-	1,635,760
Citicore Candlewick Foundation, Inc.	474,907	4,114,895	(566,926)	-	4,022,876	-	4,022,876
Citicore Summa Water Corporation	39,388,068	2,639,262	(600,000)	-	41,427,330	-	41,427,330
Total due from related parties	6,600,811,812	1,282,037,086	(3,545,990,748)	-	4,336,858,150	-	4,336,858,150

December 31, 2022

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Power, Inc.	550,076,544	3,659,988,112	(1,439,189,322)	-	2,770,875,334	-	2,770,875,334
Citicore Solar Cebu, Inc.	5,037,149	3,846,041,443	(123,811,658)	-	3,727,266,934	-	3,727,266,934
Citicore Solar Bataan, Inc.	60,974,158	52,762,754	(52,400,000)	-	61,336,912	-	61,336,912
MCC-Citicore Construction, Inc.	-	233,622	(49,725)	-	183,897	-	183,897
Citicore Biomass Corp.	85,760	1,200,000	-	-	1,285,760	-	1,285,760
Citicore Summa Water Corp.	-	39,388,068	-	-	39,388,068	-	39,388,068
Citicore Candlewick Foundation, Inc.	-	677,382	(202,475)	-	474,907	-	474,907
Sunny Side Up Power, Inc.	25,858,085	1,199,850,314	(1,225,708,399)	-	-	-	-
Greencore Power Solutions 3, Inc.	155,243,759	-	(155,243,759)	-	-	-	-
Total due from related parties**	797,275,455	8,800,141,695	(2,996,605,338)	-	6,600,811,812	-	6,600,811,812

*As required by Rule 68 of the Securities Regulation Code, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at December 31, 2023 and 2022.

Citicore Renewable Energy Corporation and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements

December 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Citicore Solar Bulacan, Inc.	1,412,533,230	18,200,000	(46,483,060)	-	1,384,250,170	-	1,384,250,170
Sikat Solar Holding, Inc.	388,951,193	40,438,654	-	-	429,389,847	-	429,389,847
Citicore Solar Tarlac 1, Inc.	499,275,044	41,729,721	(113,283,326)	-	427,721,439	-	427,721,439
Citicore Solar Tarlac 2, Inc.	309,295,847	49,129,688	(72,944,763)	-	285,480,772	-	285,480,772
Citicore Renewable Energy, Corp.	195,982,467	80,000,000	(169,206,002)	-	106,776,465	-	106,776,465
Citicore Energy Solutions, Inc.	3,595,648	216,010,500	(216,215,100)	-	3,391,048	-	3,391,048
Citicore Property Management, Inc.	28,348,232	111,694,599	(5,010,124)	-	135,032,707	-	135,032,707
Citicore Energy REIT Corp.	53,223,717	-	(53,223,717)	-	-	-	-
Greencore Power Solutions 1, Inc.	5,676,971	15,306,808	(15,176,971)	-	5,806,808	-	5,806,808
Citicore Wind Cagayan, Inc.	16,467,473	2,089,312	(18,556,785)	-	-	-	-
Citicore Solar Pampanga 2, Inc.	-	67,898	-	-	67,898	-	67,898
	2,913,349,822	574,667,180	(710,099,848)	-	2,777,917,154	-	2,777,917,154

December 31, 2022

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
Citicore Renewable Energy, Corp.	326,374,821	106,054,682	(236,447,036)	-	195,982,467	-	195,982,467
Sikat Solar Holding, Inc.	482,616,737	5,000,000	(98,665,544)	-	388,951,193	-	388,951,193
Citicore Solar Tarlac 1, Inc.	425,711,482	73,563,562	-	-	499,275,044	-	499,275,044
Citicore Solar Tarlac 2, Inc.	324,021,782	9,433,157	(24,159,092)	-	309,295,847	-	309,295,847
Citicore Energy Solutions, Inc.	-	3,839,495	(243,847)	-	3,595,648	-	3,595,648
Citicore Energy REIT Corp.	124,666,676	-	(71,442,959)	-	53,223,717	-	53,223,717
Citicore Solar Bulacan, Inc.	1,374,776,970	37,756,260	-	-	1,412,533,230	-	1,412,533,230
Citicore Property Management, Inc.	(508,515)	32,467,831	(3,611,084)	-	28,348,232	-	28,348,232
Greencore Power Solutions 1, Inc.	-	5,676,971	-	-	5,676,971	-	5,676,971
Citicore Wind Cagayan, Inc.	-	16,467,473	-	-	16,467,473	-	16,467,473
	3,057,659,953	290,259,431	(434,569,562)	-	2,913,349,822	-	2,913,349,822

Citicore Renewable Energy Corporation and Subsidiaries

Schedule D - Long Term Debt

December 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
15-year Omnibus Loan and Security Agreement with applicable interest based on the benchmark rate as at the relevant interest rate setting date and the interest margin	2,800,000,000	184,153,846	2,035,384,616
15-year Omnibus Loan and Security Agreement with an initial fixed interest rate of 5.75% subsequently repriced to 8.4389%	4,375,000,000	269,460,227	2,958,096,590
15-year Omnibus Loan and Security Agreement with applicable interest based on the higher of the 3-month BVAL rate and the applicable Floor Rate of 7.5758%	5,620,860,000	-	2,313,372,739
ASEAN Green bonds maturing in five (5) years from the issue date and bear a fixed interest rate of 7.0543% per annum.	4,000,000,000	-	3,959,876,787

December 31, 2022

Title of issue and type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
15-year Omnibus Loan and Security Agreement with applicable interest based on the benchmark rate as at the relevant interest rate setting date and the interest margin	2,800,000,000	170,153,846	2,219,538,462
15-year Omnibus Loan and Security Agreement with an initial fixed interest rate of 5.75% subsequently repriced to 8.4389%	4,375,000,000	225,710,227	3,227,556,817

Citicore Renewable Energy Corporation and Subsidiaries

Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2023 and 2022

Name of related party	Balance at the beginning of the period	Balance at the end of the period
N/A	N/A	N/A

Citicore Renewable Energy Corporation and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
December 31, 2023 and 2022

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
N/A	N/A	N/A	N/A	N/A

Citicore Renewable Energy Corporation and Subsidiaries

Schedule G - Share Capital December 31, 2023 and 2022

Title of issue	Number of authorized shares	Number of issued and outstanding	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
<i>December 31, 2023</i>						
Common shares	27,857,142,857	7,142,857,143	N/A	7,142,857,136	7	N/A
Preference shares	50,000,000	-	N/A	-	-	N/A
<i>December 31, 2022</i>						
Common shares	2,000,000,000	500,000,000	N/A	499,999,995	5	N/A

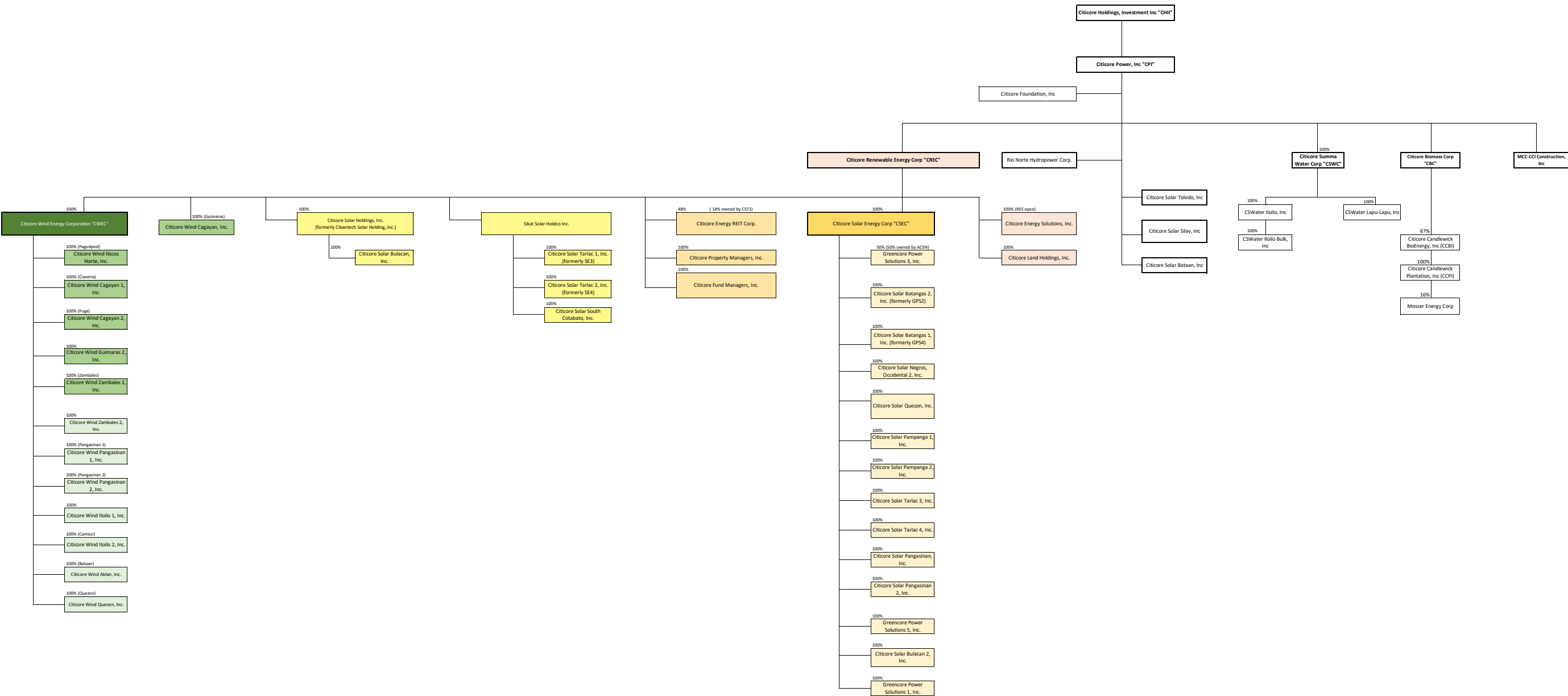
Citicore Renewable Energy Corporation
(A wholly-owned subsidiary of Citicore Power Inc.)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2023
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, beginning of the year	4,537,902,376
Add: Category A: Items that are directly credited to Unappropriated retained earnings	
Reversal of Retained earnings appropriation/s	-
Effect of restatements or prior-period adjustments	-
Others	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings	
Dividend declaration during the reporting period	10,000,000
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	10,000,000
Unappropriated Retained Earnings, as adjusted	4,527,902,376
Add/Less: Net Income for the current year	253,075,182
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)	-
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of Investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Adjusted net income/loss	253,075,182
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others	-
Total Retained Earnings, end of the year available for dividend declaration	4,780,977,558

Citicore Renewable Energy Corporation and Subsidiaries

A Map Showing the Relationships between and among the Parent Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2023



A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2022



Citicore Renewable Energy Corporation and Subsidiaries

Schedule of Financial Soundness Indicator

As at and for the three years ended December 31, 2023

	2023	2022	2021
Current ratio ¹	4.89x	6.91x	1.52x
Acid test ratio ²	4.57x	6.80x	1.35x
Solvency ratio ³	0.09x	0.17x	0.09x
Debt-to-equity ratio ⁴	1.36x	0.71x	2.24x
Asset-to-equity ratio ⁵	2.59x	1.86x	3.67x
Interest rate coverage ratio ⁶	3.66x	3.73x	2.49x
Debt service coverage ratio ⁷	3.41x	1.95x	1.41x
Net debt/ EBITDA ⁸	6.17x	3.19x	6.63x
Earnings per share (Php) ⁹	0.10	0.09	0.03
Book value per share ¹⁰	1.05	13.66	3.40
Return on assets ¹¹	3.65%	5.87%	3.01%
Return on equity ¹²	8.13%	12.73%	12.04%
Net profit margin ¹³	24.71%	29.88%	19.06%

¹ Current assets/current liabilities

² Cash and cash equivalents + Trade and other receivables, net/Current liabilities

³ Net operating profit after tax + depreciation and amortization/Loans and bonds payable

⁴ Loans and bonds payable/ Total equity

⁵ Total assets/ Total equity

⁶ Earnings before interest, taxes, depreciation and amortization/Interest expense

⁷ Earnings before interest, taxes, depreciation and amortization plus cash and cash equivalents, beginning/Current loan payable + Interest expense + Current lease liabilities

⁸ Short-term and long-term bank borrowings plus bond payable less cash and cash equivalents, ending/Earnings before interest, taxes, depreciation and amortization

⁹ Net income attributable to ordinary equity holders of the Parent Company/Weighted average number of ordinary shares

¹⁰ Total equity attributable to equity holders of the Parent Company less Preferred Equity/Total number of shares outstanding

¹¹ Net income attributable to owners of the Parent Company/Average total assets

¹² Net income attributable to owners of the Parent Company/Average total equity

¹³ Net income/Revenue



Independent Auditor's Report on the Compilation of Pro Forma Condensed Consolidated Financial Information Included in a Prospectus

To the Board of Directors and Shareholder of
Citicore Renewable Energy Corporation and Subsidiaries
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have completed our assurance engagement to report on the compilation of pro forma condensed consolidated financial information of Citicore Renewable Energy Corporation (the "Parent Company") and Subsidiaries (together, the "Group") prepared by the Group's management. The pro forma condensed consolidated financial information consists of the pro forma condensed consolidated statement of financial position as at December 31, 2023, the pro forma condensed consolidated statement of total comprehensive income, pro forma condensed consolidated statement of changes in equity, and pro forma condensed consolidated statement of cash flows for the year ended December 31, 2023 and the related notes. The applicable criteria on the basis of which the Group's management has compiled the pro forma condensed consolidated financial information are specified in Section 9, Part II of the Rule 68 of the Revised Securities Regulation Code (Revised SRC Rule 68) and described in Note 2 to the pro forma condensed consolidated financial information (the "applicable criteria").

The pro forma condensed consolidated financial information has been compiled by the Group's management to illustrate the impact of the transactions set out in Note 2 on the Group's financial position, financial performance, changes in equity and cash flows as at and for the year ended December 31, 2023 as if the transactions had taken place at January 1, 2023, the beginning of the year presented. As part of this process, information about the Group's financial position, financial performance, changes in equity and cash flows have been extracted from the Group's balances as at and for the year ended December 31, 2023, on which an audit report has been published.

Management's Responsibility for the Pro Forma Condensed Consolidated Financial Information

The Group's management is responsible for compiling the pro forma condensed consolidated financial information on the basis of the applicable criteria.

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants in the Philippines promulgated by the Philippine Board of Accountancy and approved by Philippine Professional Regulation Commission, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Philippine Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.



Independent Auditor's Report on the Compilation of
Pro Forma Condensed Consolidated Financial Information Included in a Prospectus
To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation and Subsidiaries
Page 2

Auditor's Responsibilities

Our responsibility is to express an opinion as required by Section 9, Part II of the Revised SRC Rule 68, about whether the pro forma condensed consolidated financial information has been compiled, in all material respects, by the Group's management on the basis of the applicable criteria.

We conducted our engagement in accordance with Philippine Standard on Assurance Engagements (PSAE) 3420, "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*", issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the Group's management has compiled, in all material respects, the pro forma condensed consolidated financial information, on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma condensed consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma condensed consolidated financial information.

The purpose of pro forma condensed financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at and for the year ended December 31, 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma condensed consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Group's management in the compilation of the pro forma condensed consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma condensed consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Group, the event or transaction in respect of which the pro forma condensed consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma condensed consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report on the Compilation of
Pro Forma Condensed Consolidated Financial Information Included in a Prospectus
To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation and Subsidiaries
Page 3

Opinion

In our opinion, the pro forma condensed consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria.

Intended users and purpose

The pro forma condensed consolidated financial information has been prepared for the purpose described in the first section of this report, and may therefore not be appropriate for another purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Pocholo C. Domondon".

Pocholo C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 12, 2024 at Makati City

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 25, 2024

Citicore Renewable Energy Corporation and Subsidiaries

Pro Forma Condensed Consolidated Statement of Financial Position
As at December 31, 2023
(All amounts in Philippine Peso)

	Audited balances	Pro forma adjustments	Pro forma balances
Assets			
Current assets			
Cash and cash equivalents	2,403,332,616	4,683,155,283	7,086,487,899
Trade and other receivables, net	4,818,080,823	369,349,497	5,187,430,320
Prepayments and other current assets	508,906,801	-	508,906,801
Total current assets	7,730,320,240	5,052,504,780	12,782,825,020
Non-current assets			
Trade receivables, net of current portion	207,751,934	-	207,751,934
Advances to contractor	1,677,454,463	-	1,677,454,463
Property, plant and equipment, net	9,307,658,335	-	9,307,658,335
Investment properties, net	124,942,674	-	124,942,674
Right-of-use assets, net	470,378,568	-	470,378,568
Investment in a joint venture and deposits	1,162,012,656	-	1,162,012,656
Deferred income tax assets, net	3,113,985	-	3,113,985
Goodwill	1,279,126,115	-	1,279,126,115
Other non-current assets	335,818,933	-	335,818,933
Total non-current assets	14,568,257,663	-	14,568,257,663
Total assets	22,298,577,903	5,052,504,780	27,351,082,683
Liabilities and Equity			
Current liabilities			
Trade and other payables	993,039,126	-	993,039,126
Dividends payable	124,550,646	86,039,997	210,590,643
Loans payable, current portion	453,614,073	-	453,614,073
Lease liabilities, current portion	9,495,105	-	9,495,105
Total current liabilities	1,580,698,950	86,039,997	1,666,738,947
Non-current liabilities			
Loans payable, net of current portion	7,306,853,945	-	7,306,853,945
Lease liabilities, net of current portion	594,702,933	-	594,702,933
Bonds payable	3,959,876,787	-	3,959,876,787
Deposits and deferred rent income	192,015,641	-	192,015,641
Retirement benefit obligation	40,616,078	-	40,616,078
Deferred income tax liabilities, net	4,819,153	-	4,819,153
Total non-current liabilities	12,098,884,537	-	12,098,884,537
Total liabilities	13,679,583,487	86,039,997	13,765,623,484
Equity			
Share capital	500,000,000	-	500,000,000
Share premium	925,200,000	-	925,200,000
Other reserves	4,397,871,807	2,321,183,513	6,719,055,320
Retained earnings	1,671,486,709	200,229,319	1,871,716,028
Total equity attributable to shareholders of the Parent Company	7,494,558,516	2,521,412,832	10,015,971,348
Non-controlling interest	1,124,435,900	2,445,051,951	3,569,487,851
Total equity	8,618,994,416	4,966,464,783	13,585,459,199
Total liabilities and equity	22,298,577,903	5,052,504,780	27,351,082,683

The notes on pages 1 to 8 are integral part of these pro forma condensed consolidated financial information.

Citicore Renewable Energy Corporation and Subsidiaries

Pro Forma Condensed Consolidated Statement of Total Comprehensive Income
For the year ended December 31, 2023
(All amounts in Philippine Peso)

	Audited balances	Pro forma adjustments	Pro forma balances
Revenue			
Sale of electricity	2,962,552,557	-	2,962,552,557
Lease income	664,437,424	-	664,437,424
Service fees	56,885,706	-	56,885,706
	3,683,875,687	-	3,683,875,687
Cost of services	(2,398,192,322)	-	(2,398,192,322)
Gross profit	1,285,683,365	-	1,285,683,365
Operating expenses	(211,275,537)	-	(211,275,537)
Share in net income of a joint venture	218,124,787	-	218,124,787
Income from operations	1,292,532,615	-	1,292,532,615
Finance costs	(412,012,401)	-	(412,012,401)
Other income, net	55,402,573	-	55,402,573
Income before income tax	935,922,787	-	935,922,787
Income tax expense	(25,808,477)	-	(25,808,477)
Net income for the year	910,114,310	-	910,114,310
Other comprehensive income			
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Remeasurement gain on retirement benefits, net of tax	(12,053,599)	-	(12,053,599)
Total comprehensive income for the year	898,060,711	-	898,060,711
Net income attributable to:			
Shareholders of the parent company	684,953,614	(169,120,178)	515,833,436
Non-controlling interest	225,160,696	169,120,178	394,280,874
	910,114,310	-	910,114,310
Total comprehensive income attributable to:			
Shareholders of the parent company	672,900,015	(169,120,178)	503,779,837
Non-controlling interest	225,160,696	169,120,178	394,280,874
	898,060,711	-	898,060,711
Earnings per share			
Basic and diluted	0.10		0.07

The notes on pages 1 to 8 are integral part of these pro forma condensed consolidated financial information.

Citicore Renewable Energy Corporation and Subsidiaries

Pro Forma Condensed Consolidated Statement of Changes in Equity
For the year ended December 31, 2023
(All amounts in Philippine Peso)

	Equity attributable to shareholders of the Parent Company					Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Other reserves	Retained earnings	Total		
Balances at January 1, 2023	500,000,000	925,200,000	4,409,925,406	996,533,095	6,831,658,501	1,391,014,218	8,222,672,719
Comprehensive income							
Net income for the year	-	-	-	684,953,614	684,953,614	225,160,696	910,114,310
Other comprehensive income for the year	-	-	(12,053,599)	-	(12,053,599)	-	(12,053,599)
Total comprehensive income for the year	-	-	(12,053,599)	684,953,614	672,900,015	225,160,696	898,060,711
Transactions with owners							
Dividends declared	-	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)
Transactions with non-controlling interest							
Payment of dividends to non-controlling interest	-	-	-	-	-	(491,739,014)	(491,739,014)
Balances at December 31, 2023	500,000,000	925,200,000	4,397,871,807	1,671,486,709	7,494,558,516	1,124,435,900	8,618,994,416
Proforma adjustments							
Comprehensive income							
Pro forma adjustments to net income	-	-	-	(169,120,178)	(169,120,178)	169,120,178	-
Transactions with non-controlling interest							
Pro forma adjustment on sale of existing shares in a subsidiary	-	-	2,321,183,513	-	2,321,183,513	2,645,281,270	4,966,464,783
Pro forma adjustments to payment of dividends to non-controlling interest	-	-	-	369,349,497	369,349,497	(369,349,497)	-
Total transactions with non-controlling interest	-	-	2,321,183,513	369,349,497	2,690,533,010	2,275,931,773	4,966,464,783
Pro forma balances at December 31, 2023	500,000,000	925,200,000	6,719,055,320	1,871,716,028	10,015,971,348	3,569,487,851	13,585,459,199

The notes on pages 1 to 8 are integral part of these pro forma condensed consolidated financial information.

Citicore Renewable Energy Corporation and Subsidiaries

Pro Forma Condensed Consolidated Statement of Cash Flows For the year ended December 31, 2023 (All amounts in Philippine Peso)

	Audited balances	Pro forma adjustment	Pro forma balance
Cash flows from operating activities			
Income before income tax	935,922,787	-	935,922,787
Adjustments for:			
Finance costs	412,012,401	-	412,012,401
Depreciation and amortization	161,095,909	-	161,095,909
Retirement benefit expense	6,990,563	-	6,990,563
Unrealized foreign exchange gain, net	(10,960)	-	(10,960)
Reversal of doubtful accounts	(1,140,604)	-	(1,140,604)
Interest income	(50,071,024)	-	(50,071,024)
Share in net income of a joint venture	(218,124,787)	-	(218,124,787)
Operating income before changes in working capital	1,246,674,285	-	1,246,674,285
Changes in working capital:			
Trade and other receivables	(89,564,799)	-	(89,564,799)
Prepayments and other current assets	(399,570,471)	-	(399,570,471)
Other non-current assets	(159,821,679)	-	(159,821,679)
Trade and other payables	176,610,411	-	176,610,411
Deposits and deferred rent income	86,159,284	-	86,159,284
Net cash generated from operations	860,487,031	-	860,487,031
Interest received	44,993,618	-	44,993,618
Income taxes paid	(370,314)	-	(370,314)
Net cash provided by operating activities	905,110,335	-	905,110,335
Cash flows from investing activities			
Additions in due from related parties	(1,282,037,086)	-	(1,282,037,086)
Decrease in due from related parties	3,545,990,748	-	3,545,990,748
Deposits in future shares subscriptions	(50,000,000)	-	(50,000,000)
Advances to contractor	(1,677,454,463)	-	(1,677,454,463)
Downpayments to land owners	(98,235,487)	-	(98,235,487)
Additions to property, plant and equipment	(5,178,354,728)	-	(5,178,354,728)
Additions to intangible assets	(5,468,027)	-	(5,468,027)
Net cash used in investing activities	(4,745,559,043)	-	(4,745,559,043)
Cash flows from financing activities			
Proceeds from bond issuance	4,000,000,000	-	4,000,000,000
Interest payment on bonds payable	(212,922,288)	-	(212,922,288)
Payment of bond issuance costs	(41,004,160)	-	(41,004,160)
Availment of loans	2,400,090,000	-	2,400,090,000
Principal payment of loans from banks	(395,864,074)	-	(395,864,074)
Interest payment on loans from banks	(373,358,323)	-	(373,358,323)
Payment of debt issuance costs	(87,111,873)	-	(87,111,873)
Interest payment on lease liabilities	(30,550,678)	-	(30,550,678)
Principal payment of lease liabilities	(8,683,600)	-	(8,683,600)
Proceeds on sale of part interest of subsidiary	-	4,999,997,972	4,999,997,972
Payment of transaction costs related to sale of part interest of subsidiary	-	(33,533,189)	(33,533,189)
Dividends paid to non-controlling interest and owner	(480,030,859)	(283,309,500)	(763,340,359)
Net cash provided by financing activities	4,770,564,145	4,683,155,283	9,453,719,428
Net increase in cash and cash equivalents	930,115,437	4,683,155,283	5,613,270,720
Effects of exchange rate changes on cash and cash equivalents	-	-	-
Cash and cash equivalents at January 1	1,473,217,179	-	1,473,217,179
Cash and cash equivalents at December 31	2,403,332,616	4,683,155,283	7,086,487,899

The notes on pages 1 to 8 are integral part of these pro forma condensed consolidated financial information.

Citicore Renewable Energy Corporation and Subsidiaries

Notes to the Pro Forma Condensed Consolidated Financial Information
As at December 31, 2023 and
for the year ended December 31, 2023
(All amounts are shown in Philippine Peso unless otherwise stated)

1 General Information

1.1 Corporate information

Citicore Renewable Energy Corporation (the “Parent Company”) was organized and incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 15, 2018. Its primary purpose is to engage in power generation under Renewable Energy Law.

On April 20, 2023, the Parent Company’s Board of Directors (BOD) approved to amend its Articles of Incorporation (AOI) as follows:

- Its primary purpose to carry on and conduct business in all renewable energy resources such as solar, hydro, wind, biomass, tide, geothermal, and others including bidding, construction, assembling, installation and operation of different renewable energy power plants, equipment, and supplies connected therewith; to enter into, execute, and engage in solar power contracts and solar power projects, hydro power contracts and hydro power projects, wind power contracts and wind power projects, biomass contracts and biomass power projects, tide power contracts and tide power projects, geothermal power contracts and geothermal power projects and all other renewable energy contracts and its power projects: to buy, sell, generate power, sell power, distribute power, and others relating thereof.
- Its secondary purpose to perform certain activities related to its primary purpose.
- Update of Parent Company’s principal office to 11th Floor, Rockwell Town Plaza, 276 Santolan Road, San Juan City.
- Capital restructuring particularly share split of its P2.0 billion authorized share capital divided into 27,857,142,857 common shares with par value of seven centavos (P0.07) per share and 50,000,000 preferred shares with par value of one peso (P1.00) per share.
- The Parent Company shall comply with the lock-up requirement provided under the Listing Rules Philippine Stock Exchange, Inc. (the “PSE”), as may be amended from time to time, subject to any waiver or exemption that may be granted by the PSE in respect of such lock-up requirement.

These amendments were approved by the SEC on July 6, 2023.

The Parent Company is a wholly-owned subsidiary of Citicore Power Inc. (the “Intermediate Parent Company” or “CPI”), a company incorporated in the Philippines. CPI is engaged in the development of renewable and non-renewable energy sources for power generation, including the design, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof, and the processing and commercialization of by-products in its operations.

The Parent Company’s ultimate parent company is Citicore Holdings Investment, Inc., a company incorporated in the Philippines, registered as a holding company engaged in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other shareholders by way of assignment in a private sale.

As at March 25, 2024, the Parent Company is in the process of completing and finalizing all statutory requirements in connection with the planned offering of its shares to the public and listing with the PSE.

1.2 Status of operations

The Parent Company's subsidiaries and its ownership interest as at December 31, 2023 in these subsidiaries are as follows:

Companies	Ownership
Citicore Energy REIT Corp. (CREIT)	Direct 48%
	Indirect 14%*
Citicore Fund Managers, Inc. (CFMI)	Direct 100%
Citicore Property Managers, Inc. (CPMI)	Direct 100%
Sikat Solar Holdco, Inc. (SSHI)	Direct 100%
Citicore Solar South Cotabato, Inc. (CSSCI)	Indirect 100%
Citicore Solar Tarlac 1, Inc. (CST1)	Indirect 100%
Citicore Solar Tarlac 2, Inc. (CST2)	Indirect 100%
Citicore Solar Holdings, Inc. (CSHI)	Direct 100%
Citicore Solar Bulacan, Inc. (CSBI)	Indirect 100%
Citicore Energy Solutions, Inc. (CESI)	Direct 100%
Citicore Batangas 1, Inc. (CSB1) <i>(formerly Greencore Power Solutions 4, Inc. or GPS4)**</i>	Indirect 100%
Citicore Solar Energy Corp. (CSEC)	Direct 100%
Greencore Power Solutions 1, Inc. (GPS1)	Indirect 100%
Citicore Batangas 2, Inc. (CSB2) <i>(formerly Greencore Power Solutions 2, Inc. or GPS2)</i>	Indirect 100%
Greencore Power Solutions 5, Inc. (GPS5)	Indirect 100%
Citicore Solar Pampanga 1 Inc. (CSPam1)	Indirect 100%
Citicore Solar Pampanga 2 Inc. (CSPam2)	Indirect 100%
Citicore Solar Tarlac 3, Inc. (CST3)	Indirect 100%
Citicore Solar Tarlac 4 Inc. (CST4)	Indirect 100%
Citicore Solar Pangasinan Inc. (CSPan)	Indirect 100%
Citicore Solar Pangasinan 2 Inc. CSPan2)	Indirect 100%
Citicore Solar Quezon (CSQ)	Indirect 100%
Citicore Solar Negros Occidental, Inc. 2 (CSNOI2)	Indirect 100%
Citicore Wind Cagayan, Inc. (CWCI)	Direct 100%
Citicore Wind Energy Corporation (CWEC)	Direct 100%
Citicore Wind Pangasinan 1, Inc. (CWP1)	Indirect 100%
Citicore Wind Pangasinan 2, Inc. (CWP2)	Indirect 100%
Citicore Wind Quezon, Inc. (CWQ)	Indirect 100%
Citicore Wind Ilocos Norte, Inc. (CWINI)	Indirect 100%
Citicore Wind Iloilo 1, Inc. (CWI1)	Indirect 100%
Citicore Wind Iloilo 2 Inc. (CWI2)	Indirect 100%
Citicore Wind Cagayan 1, Inc. (CWC1)	Indirect 100%
Citicore Wind Cagayan 2, Inc. (CWC2)	Indirect 100%
Citicore Wind Guimaras 2, Inc. (CWG2)	Indirect 100%
Citicore Wind Zambales 1, Inc. (CWZ1)	Indirect 100%
Citicore Wind Zambales 2, Inc. (CWZ2)	Indirect 100%
Citicore Wind Aklan, Inc. (CWA)	Indirect 100%
Citicore Land Holdings, Inc. (CLHI)	Direct 100%

*CST1 owns 14% as at December 31, 2023

**Ownership of CSB1 was transferred from the Parent Company to CSEC.

The Parent Company and its subsidiaries (the "Group") whether directly or indirectly owned are all organized and incorporated in the Philippines and registered with the SEC.

CREIT

CREIT was registered with the SEC on July 15, 2010.

Prior to May 25, 2021, CREIT's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The amended primary purpose of CREIT is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of Republic Act (RA) No. 9856, otherwise known as the "*Real Estate Investment Trust Act of 2009*" and its implementing rules and regulations.

On May 25, 2021, CREIT's BOD and shareholders approved, among others, the following amendments to CREIT's AOI: (i) change of corporate name from Enfinity Philippines Renewable Resources Inc. to Citicore Energy REIT Corp.; (ii) amendment of the primary purpose to that of a real estate investment trust; (iii) change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila; and (iv) increase of authorized share capital from P540 million divided into 2.16 billion common shares with P0.25 par value to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share. On May 26, 2021, as part of the increase in authorized share capital, the Parent Company subscribed to 2.4 billion shares as consideration for the assignment by the Parent Company of its advances to CREIT amounting to P602,465,066. In addition, the Parent Company and CST1 subscribed to 19,461,142 shares and 918,720,864 shares, respectively, or a total of 938,182,006 shares, as consideration for the assignment of parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac. CREIT's submission to the SEC for the foregoing amendments was approved on October 12, 2021. Upon issuance of the shares during 2021, CREIT's shareholding structure was 16.7% and 83.3% owned by CST1 and Parent Company, respectively. Prior to October 12, 2021, the Parent Company owns 100% of CREIT.

On November 4, 2021, CREIT's BOD and shareholders approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by the BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". CREIT's submission to the SEC for the foregoing amendment was approved on November 17, 2021.

CREIT was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under RA No. 9513, otherwise known as the "*Renewable Energy Act of 2008*".

On October 13, 2021, CREIT, assigned the Solar Energy Service Contract (SESC) for the operation of the 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga to the Parent Company, making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the DOE on December 24, 2021. The Clark Solar Power Project was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its SESC No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. The Philippine BOI approved the transfer of BOI Certificate of Registration No. 2015-222 of CREIT to the Parent Company as a renewable energy developer of solar energy resources under RA No. 9513 effective January 1, 2022.

On February 22, 2022, CREIT successfully listed its shares with the PSE via the offer of (i) 1,047,272,000 new common shares with a par value of P0.25 per share issued and offered by CREIT as “Primary Offer Shares”, and (ii) 1,134,547,000 existing shares offered by the Parent Company, selling shareholder, pursuant to a “Secondary Offer Shares” with an over-allotment option of up to 327,273,000 shares which were exercised at such date. All the shares offered by the CREIT and the Parent Company were sold at an offer price of P2.55 per share.

The sale of CREIT's share was treated as an equity transaction by the Parent Company resulting in:

	Primary offer shares	Secondary offer shares
Number of shares offered	1,047,272,000	1,461,820,000
Offer price	2.55	2.55
Gross proceeds from sale of shares	2,670,543,600	3,727,641,000
Cost of offering	(103,854,927)	(192,706,277)
Net proceeds from sale of shares	2,566,688,673	3,534,934,723
Non-controlling interest	(671,157,158)	(936,825,348)
Credit to equity under other reserves	1,895,531,515	2,598,109,375

On June 8, 2022, CREIT's shareholders approved the issuance of fixed-rate bonds not exceeding 35% of the value of the deposited property of CREIT or up to the allowable leverage under the REIT Act of 2009 and its implementing rules and regulations. On February 10, 2023, CREIT listed its maiden ASEAN Green Bonds amounting to P4.5 billion which bear a coupon interest rate of 7.0543% in the Philippine Dealing and Exchange Corp. In 2022, CREIT received PRS AA+ rating with stable outlook from PhilRatings for both CREIT and its proposed bond issuance. The rating, which is considered as an investment grade, allowed CREIT to increase its leverage limit from the minimum 35% of the deposited property to a maximum of 70% as prescribed in the REIT IRR. PRS AA+ rating is continuously monitored as long as the rated bond issuance is outstanding.

On March 15, 2024, the Parent Company and CST1 sold a total of 1,884,374,000 common shares in CREIT at P2.6534 per share to SM Investments Corporation (SMIC) raising approximately P5.0 billion. The Parent Company will continue to be the single largest shareholder in CREIT with a 32.88% effective ownership post-transaction. Proceeds from the sale will be used by CREC to fund further development of solar construction projects across different locations nationwide.

1.3 Approval of the pro forma condensed consolidated financial information

The pro forma condensed consolidated financial information have been approved and authorized for issuance by the Parent Company's BOD on March 22, 2024. There have been no events between the BOD approval and report date that will warrant adjustment or further disclosure in the pro forma condensed consolidated financial information.

2 Basis of preparing pro forma condensed consolidated financial information

The pro forma condensed consolidated financial information has been prepared in accordance with Section 9, Part II of the Revised SRC Rule 68 (Revised SRC Rule 68).

The pro forma condensed consolidated financial information has been prepared solely for the inclusion in the listing prospectus prepared by the Parent Company in connection with its planned capital-raising activity. The pro forma condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2023.

The objective of the pro forma condensed consolidated financial information is to show the effects of certain transactions on the historical financial information of the Group had these occurred at an earlier date. However, the pro forma condensed consolidated financial information is not necessarily indicative of the results of operations or related effects on the financial statements that would have been attained, had certain transactions actually occurred at an earlier date. In addition, the pro forma condensed consolidated financial information is not intended to be considered in isolation from, or as a substitute for, the financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRS). The transactions were reflected in the pro forma condensed consolidated financial information as if the transactions happened on January 1, 2023. These transactions are discussed in the succeeding section.

Significant transactions

Details of the significant transactions that occurred during the interim period are as follows:

Sale of existing shares to new investor

The Parent Company, together with its wholly owned subsidiary Citicore Solar Tarlac 1, Inc. (CST1), sold a total of 1,884,374,000 common shares in the real estate investment trust Citicore Energy REIT Corporation (CREIT) at Php2.6534 per share to SM Investments Corporation (SMIC), thereby raising approximately P5.0 billion. This reduces percentage ownership of Parent Company and CST1 from 61.67% to 32.88% (excluding shares in trust held by directors and officers accounting for 0.12% ownership). The Parent Company believes that it maintains control mainly because it is still in-charge of managing the relevant business activities including day-to-day operations.

The NCI ownership percentage has increased from 38.21% to 67.00% due to this sale of existing shares.

These transactions were reflected in the pro forma condensed consolidated financial information as if the transactions occurred on January 1, 2023 to show:

- the impact on sale of Parent Company and CST1's stake in CREIT on other reserves, total equity attributable to shareholders of the Parent Company and non-controlling interest (NCI) as at December 31, 2023;
- the impact on the calculation of net income attributable to NCI of the sale of existing shares to new investor for the year ended December 31, 2023;
- the impact on payment of dividends during 2023 and balance of dividends payable as at December 31, 2023 to non-controlling interest; and
- the impact on earnings per share calculation for the year ended December 31, 2023.

3 Pro forma adjustments and balances

The pro forma condensed consolidated financial information is based on the historical financial information of the Group as shown in the audited financial statements as at and for the year ended December 31, 2023 after certain assumptions and pro forma adjustments described in the preceding sections were adjusted. The pro forma adjustments are based on available information and certain assumptions that the Group believes are reasonable under the circumstances.

The pro forma condensed consolidated financial information does not purport to represent what the results of operations and financial position of the Group would have been had the significant transactions discussed in the preceding sections occurred earlier than the actual date of the transactions, nor does it purport to project the results of operations of the Group for any future period or date, since closing and completion of the significant transactions are still subject to the satisfaction of certain conditions precedent. This has been prepared for illustration purposes only and on the assumption that all relevant conditions precedent has been satisfied.

3.1 Pro forma condensed consolidated statement of financial position

The impact of the significant transactions described in Note 2 in the pro forma condensed consolidated statement of financial position as at December 31, 2023 is as follows:

1. The sale of CREIT's share was treated as an equity transaction by the Parent Company resulting in credit to equity under other reserves amounting to P2,321,183,513 and increase in balance of NCI amounting to P2,645,281,270. The related proceeds on sale resulted in increase in cash and cash equivalents amounting to P4,999,997,972. This increase in cash was offset by decrease related to payment of shares transactions tax and documentary stamp tax amounting to P29,999,988 and P3,533,201, respectively.

	Amount
Number of shares sold	1,884,374,000
Consideration (price per share)	2.6534
Gross proceeds from sale of shares	4,999,997,972
Payment of transaction costs	(33,533,189)
Net proceeds from sale of shares	4,966,464,783
Cost of investment	(2,645,281,270)
Credit to equity under other reserves	2,321,183,513

2. Increase in dividends payable by P86,039,997 as a result of higher NCI. Decrease in cash and cash equivalents amounting to P283,309,500 to reflect additional payment of dividends to NCI for the year ended December 31, 2023. This also resulted in increase in other receivables for the aggregate amount of P369,349,497.

3. Pro forma adjustment to retained earnings and NCI account related to change in ownership interest of NCI is as follows:

	Amount
Net income of CREIT after intragroup eliminations	587,426,809
Change in ownership interest of NCI (from 38.21% to 67.00%)	28.79%
Pro forma adjustment to retained earnings and NCI	169,120,178

4. Pro forma adjustment to retained earnings and NCI account related to dividends paid to NCI is calculated as follows:

	Amount
Total dividends payment of CREIT	1,282,908,984
Change in ownership interest of NCI (from 38.21% to 67.00%)	28.79%
Pro forma adjustment to payment of dividends to NCI	369,349,497

The net impact of above assumptions in equity is disclosed in Note 3.3.

3.2 Pro forma condensed consolidated statement of total comprehensive income

The impact of the significant transactions described in Note 2 in the pro forma condensed consolidated statement of total comprehensive income is as follows:

	Audited	Pro forma adjustment	Pro forma balance
Net income attributable to:			
Shareholders of the Parent Company	684,953,614	(169,120,178)	515,833,436
Non-controlling interest	225,160,696	169,120,178	394,280,874
	910,114,310	-	910,114,310

1. Pro forma adjustment to record increase in net income attributable to NCI with corresponding decrease in net income attributable to shareholders of the Parent Company amounting to P169,120,178.

3.3 Pro forma condensed statement of changes in equity

The impact of the significant transactions described in Note 2 in the pro forma condensed consolidated statement of changes in equity is as follows:

The impact of the pro forma adjustments in equity as at December 31, 2023 follows:

	Audited balance	Pro forma adjustments	Pro forma balance
Share capital	500,000,000	-	500,000,000
Share premium	925,200,000	-	925,200,000
Other reserves	4,397,871,807	2,321,183,513	6,719,055,320
Retained earnings	1,671,486,709	200,229,319	1,871,716,028
Total equity attributable to shareholders of the Parent Company	7,494,558,516	2,521,412,832	10,015,971,348
Non-controlling interest	1,124,435,900	2,445,051,951	3,569,487,851

1. Pro forma adjustment was made to increase the other reserves amounting to P2,321,183,513 which is the difference between net consideration received by Parent Company and CST1 and the cost of investment to CREIT. The gross consideration was offset by payment of STT and DST amounting to P33,533,189.
2. Net increase in retained earnings as a result of increase in net income attributable to NCI and dividends payment to NCI amounting to P169,120,178 and P369,349,497, respectively.
3. Net increase in NCI amounting to P2,445,051,951 reflecting increase in ownership interest amounting to P2,645,281,270, increase in net income attributable to NCI amounting to P169,120,178, and increase in dividends payment to NCI amounting to P369,349,497.

	Audited	Pro forma adjustments	Pro forma balance
Pro forma adjustment to reflect increase in ownership interest of NCI	1,391,014,218	2,645,281,270	4,036,295,488
Pro forma adjustment to reflect increase in share in net income attributable to NCI	225,160,696	169,120,178	394,280,874
Pro forma adjustment to reflect increase in dividends payment to NCI	(491,739,014)	(369,349,497)	(861,088,511)
	1,124,435,900	2,445,051,951	3,569,487,851

Beginning January 1, 2023, all the pro forma adjustments were assumed to have flowed through from the pro forma total comprehensive income for the year ended December 31, 2023 to the pro forma condensed statement of changes in equity and pro forma condensed statement of total comprehensive income.

3.4 Pro forma condensed consolidated statement of cash flows

The impact of the significant transactions described in Note 2 in the pro forma condensed consolidated statement of cash flows is as follows:

(a) Cash flows from operating activities

- No pro forma adjustments were made.

(b) Cash flows from investing activities

- No pro forma adjustments were made.

(c) Cash flows from financing activities

- Pro forma adjustment was made to record proceeds on sale of part interest of subsidiary and payment of transaction costs related to sale of part interest of subsidiary amounting to P4,999,997,972 and P33,533,189, respectively.
- Pro forma adjustment was made to record additional payment of dividends paid to NCI amounting to P283,309,500.

3.5 Earnings per share (EPS) computation

Basic EPS is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common shares or instruments that may entitle the holder to common shares were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS is the same as the basic EPS.

There are no dilutive financial instruments for the year ended December 31, 2023, hence, diluted EPS is the same as the basic EPS.

The pro forma basic and diluted EPS are as follows:

	Audited balance	Pro forma balance
Net income attributable to shareholders of the Parent Company	684,953,614	515,833,436
Weighted average number of common shares	7,142,857,143	7,142,857,143
	0.10	0.07

APPENDIX 1

FULL INDUSTRY REPORT PREPARED BY THE LANTAU GROUP

Industry Report for Philippines Power Market

**Citicore Renewable
Energy Corporation –
IPO Prospectus**

Document Information	
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ABBREVIATIONS

AAGR	- Annual Average Growth Rate
AC	- Alternating Current
ACEN	- AC Energy
ADB	- Asian Development Bank
ARMM	- Autonomous Region of Muslim Mindanao
AS-CSP	- Ancillary Service Competitive Selection Processes
ASPA	- Ancillary Service Procurement Agreements
ASPP	- Ancillary Services Procurement Plan
BAU	- Business-as-Usual
BBB	- Build! Build! Build!
BBM	- Build, Better, More
BCQ	- Bilaterally Contracted Quantities
BESS	- Battery Energy Storage Systems
BOI	- Philippine Board of Investments
BSP	- Bangko Ng Sentral Pilipinas
C&I	- Commercial and Industrial
CCGT	- Combined Cycle Gas Turbine
CDP	- Carbon Disclosure Project
CES	- Clean Energy Scenario
CES-1	- Clean Energy First Scenario
CES-2	- Clean Energy Second Scenario
CINMF	- Copenhagen Infrastructure New Markets Fund
COC	- Certificate of Commerciality
COD	- Commercial Operation Date
COP26	- 26th United Nations Climate Change Conference
CPI	- Consumer Price Index
CRB	- Central Registration Body
CREZ	- Competitive Renewable Energy Zone
CSP	- Competitive Selection Processes
DDP	- Distribution Development Plan
DENR	- Department of Environment & Natural Resources
DLPC	- Davao Light & Power Co.
DOE	- Department of Energy
DSOAR	- Amended Distribution Services and Open Access Rules
DU	- Distribution Utilities
EC	- Electric Cooperatives
EDC	- Energy Development Corporation
EGS	- Electricity, Gas, and Steam
EIA	- Environmental Impact Assessment
EMB	- Environmental Management Bureau
EO21	- Executive Order 21
EPC	- Engineering, Procurement, and Construction
EPI	- Emerging Power Inc.
EPIRA	- Electric Power Industry Reform Act
ERC	- Energy Regulatory Commission
ESMAP	- Energy Sector Management Assistance Program
ESS	- Energy Storage System
EV	- Electric Vehicle

EVOSS	- Energy Virtual One Shared System
FDI	- Foreign Direct Investment
FIT	- Feed-in Tariff
FIT-ALL	- FIT-Allowance
GCI	- Global Competition Index
GDP	- Gross Domestic Production
GEAP	- Green Energy Auction Program
GEAP1	- Green Energy Auction Program Round 1
GEAP2	- Green Energy Auction Program Round 2
GEAR	- Green Energy Auction Reserve
GEOP	- Green Energy Option Program
GHG	- Greenhouse Gas
GII	- Global Innovation Index
GW	- Gigawatt
GWh	- Gigawatt-hour
GWp	- Gigawatt-peak
H	- Half
ICT	- Information and Communications Technology
IEMOP	- Independent Market Operator of the Philippines
IFC	- International Finance Corporation
IMF	- International Monetary Fund
IMO	- Independent Market Operator
IPO	- Initial Public Offering
IPP	- Independent Power Producer
IPPA	- Independent Power Producer Administrator
I-REC	- International Renewable Energy Certificate Standard
ITH	- Income Tax Holiday
JV	- Joint Venture
kW	- Kilowatts
kWh	- Kilowatt-hours
kWp	- Kilowatt-peak
LCOE	- Levelized Cost of Electricity
LGU	- Local Government Unit
LNG	- Liquefied Natural Gas
LRES	- Local Retail Electricity Supplier
m ²	- Meters Squared
MERALCO	- Manila Electric Company
MIF	- Maharlika Investment Fund
MMBTU	- Million Standard Cubic Feet
MOU	- Memorandum of Understanding
MtCO ₂ e	- Million Tonnes of Carbon Dioxide Equivalent
MTOE	- Million Tonnes of Oil Equivalent
MW	- Megawatt
MWdc	- Megawatt Direct Current
MWh	- Megawatt Hour
MWp	- Megawatt Peak
NCCAP	- National Climate Change Action Plan
NCR	- National Capital Region
NDC	- Nationally Determined Contribution
NEA	- National Electrification Administration
NEDA	- National Economic & Development Authority

NEM	- Australia National Electricity Market
NEP	- Thai National Energy Plan
NETP	- National Energy Transition Roadmap
NGCP	- National grid Corporation of the Philippines
NPC	- National Power Corporation
NREB	- National Renewable Energy Board
NREL	- National Renewable Energy Laboratory
NREP	- National Renewable Energy Program
NSP	- National Security Policy
OATS	- Open Access Transmission Service
OCSP	- Open and Competitive Selection Process
OSW	- Offshore Wind
OSWESC	- Offshore Wind Service Contract
PCC	- Philippine Competition Commission
PDP	- Power Development Plan
PDP 2018 Rev.1	- Thai Power Development Plan 2018 (Revision 1)
PDP VIII	- Vietnam Power Development Plan 8 (2023)
PEMC	- Philippine Electricity Market Corporation
PEP	- Philippine Energy Plan
PEZA	- Philippine Economic Zone Authority
PhP	- Philippine Peso
PIOU	- Private Investor-Owned Utilities
POWR	- Philippines Offshore Wind Roadmap
PPA	- Power Purchase Agreement
PSA	- Power Supply Agreements
PSALM	- Power Sector Assets and Liability Management
PSH	- Pumped Storage Hydropower
PSPP	- Power Supply Procurement Plans
Q	- Quarter
RCOA	- Retail Competition and Open Access
RE Act	- The Renewable Energy Act of 2008
REC	- Renewable Energy Certificate
REDD+	- Reducing Emissions from Deforestation and Forest Degradation
REM	- Renewable Energy Market
REMB	- Renewable Energy Management Bureau
RES	- Retail Electricity Supplier
RESC	- Renewable Energy Service Contracts
RoR	- Run-of-River Hydropower
RPS	- Renewable Portfolio Standards
RRP	- Reverse Repurchase Operation
RUTPL	- Indonesia Electricity Business Plan
S&P	- Standard & Poor
SIS	- System Impact Study
SLRB	- San Lorenzo Ruiz Builders Inc.
SPV	- Special Purpose Vehicle
tCO ₂ e	- Tonnes of Carbon Dioxide Equivalent
TDP	- Transmission Development Plan
TFEC	- Total Final Energy Consumption
TPES	- Total Primary Energy Supply
TransCo	- National Transmission Corporation
TWh	- Terawatt-hour

UC	- Universal Charge
UNFCCC	- United Nations Framework Convention on Climate Change
USAID	- United States Agency for International Development
USD	- United States Dollar
VAT	- Value Added Tax
VECO	- Visayan Electric Company
VRE	- Variable Renewable Energy
WBG	- World Bank Group
WEM	- Australia Western Electricity Market
WESM	- Wholesale Electricity Spot Market
WTE	- Waste-to-Energy
YoY	- Year-on-Year

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1. EXECUTIVE SUMMARY

In connection with the Initial Public Offering (IPO) of Citicore Renewable Energy Corporation (CREC), The Lantau Group (TLG) has been engaged as an independent economic consulting firm to prepare an industry report on the Philippines power sector with a focus on renewable energy.

As a substantially deregulated market, the Philippines power sector is commercially active with growing electricity demand and a strong institutional focus on renewables. The country's economic performance has improved since 2010 and steady increases have been seen across GDP per capita (USD 3,528 GDP per capita in 2022) and electricity consumption per capita (965 kilowatt-hours per capita in 2022).¹ Peak demand across the three main grid-connected regions of Luzon, Visayas, and Mindanao stood at 16.6 GW in 2022.² The government's vision for accelerating economic development requires significant expansion and investment in energy supply, but has also been coupled with a clear sustainability mandate. Underpinning this mandate are strong political commitments to:

- **Progressive renewable energy targets** requiring renewables to account for 35% of the generation mix by 2030 and 50% by 2040, if not earlier. With the share of renewable energy standing at 22.1% as of 2022, this requires significant investment in clean energy technologies over the coming decades.³
- **Numerous incentives and programs for renewables developers** to bring more renewables and new clean technologies to market. Key incentives include preferential dispatch rights for renewables, government administered revenue-support mechanisms such as the Green Energy Auction Program, as well as tax-related incentives.
- **Market-based instruments to support renewable deployment.** The implementation of Renewable Portfolio Standards and the planned launch of a Renewable Energy Market are set to spur the contracting of renewable energy while establishing a local ecosystem for renewable premiums.
- **Key policies to prepare the supply mix for renewables at-scale** such as supporting the uptake of battery energy storage systems to improve dispatchability of renewables, as well as a moratorium on new greenfield coal projects.

Relative to several other Southeast Asian countries, the Philippines is a versatile market that provides investors and developers of renewable energy projects with multiple offtake channels for commercialisation. These 'routes-to-market' encompass bilateral contracting in the regulated and retail markets, policy mechanisms such as green energy auctions and Feed-in-Tariffs, as well as sales via the Wholesale Electricity Spot Market (WESM). In this diverse contracting landscape, renewable energy developers such as CREC are afforded a wide range of opportunities to generate revenue and expand renewable energy portfolios.

As the second largest solar portfolio in the country, with 285 MW of operating projects and around 19% of the current market, CREC is well positioned to capture further growth as the Philippine renewables sector continues to expand, including opportunities for solar, hydro, and onshore and offshore wind technologies, among others. Growth prospects for CREC's renewables platform were bolstered following sizable awards for solar and onshore wind capacity in the second Green Energy Auction held in 2023. In the auction, CREC secured 23% of overall awarded capacity for solar and 25% for onshore wind, amounting to total capacity of 792 MW to be brought online between 2024-2026.⁴ These project awards form part of CREC's overall target of developing 1 GWp of ready-to-build utility-scale solar additions per year over the course of 2023 to 2027. Whilst these targets are underpinned by CREC's large pipeline of projects across various stages of development, it still represents a modest portion of the overall market potential with solar expected to lead new capacity addition in Philippines over the coming decade.

2. MACROECONOMIC ENVIRONMENT

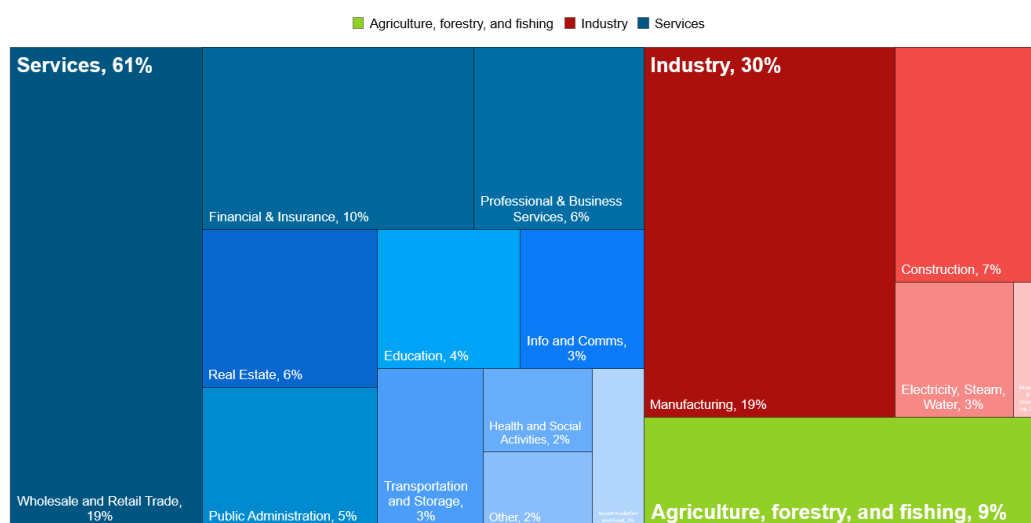
Comprising over 7,600 islands in Southeast Asia, the Philippines is a vast archipelago in the Pacific Ocean. The bulk of the Philippines is represented by three main geographical regions: Luzon, Visayas, and Mindanao. As of 2022, the total population in the Philippines was reported at 115.6 million, having grown by 17.6 million since 2012 with an annual average growth rate (AAGR) of 1.7% per annum over the same decade.⁵ Luzon has typically accounted for 55% to 58% of the total population with its National Capital Region (NCR), Metro Manila, accounting for approximately 12-13% of the national total. Meanwhile, Visayas and Mindanao have typically accounted for 19% and 24% respectively.⁶

2.1. NATIONAL ECONOMIC PERFORMANCE

With a real gross domestic product (GDP) of USD 407.7 billion in 2022, the Philippines ranks as the third largest economy in Southeast Asia, behind Indonesia and Thailand.⁷ The Philippine economy has experienced robust growth over the past decade on account of its strong fundamentals, with real GDP growing by 5.7% and 7.6% in 2022 and 2023.

Contrary to most of its regional counterparts, the Philippines economy largely consists of services sector activity, which represented 61% of overall national GDP in 2022 (Figure 2-1). Over the past two decades, including the post-Covid recovery, the financial, communications, and business outsourcing sectors have been a key driver of economic growth – speaking to the country's growth as a modern service hub for the region. Driven by recent industrialisation and urbanisation, the Philippine growth story has been anchored in Metro Manila and the NCR which collectively made up 31.4% of GDP in 2022.⁸

Figure 2-1: Share of National GDP by Sector (2022)⁹



During the 2010s, the Philippines' large services sector experienced a robust growth, achieving a pre-Covid AAGR of 7.1% over 2010 to 2019.¹⁰ Although services sector recovery from Covid-19's drop was slower (only seeing 5.4% growth in 2020), sector growth subsequently hit new highs in 2022 with 9.2% year-on-year (YoY) growth. Growth in the industrial sector also demonstrated strong fundamentals in the lead up to Covid-19, with an AAGR of 6.7% across 2010 to 2019.¹¹ Despite the sector experiencing a sizable contraction in 2020 as lockdown measures halted manufacturing and construction activity across the country, growth quickly returned to strength in 2021 (8.5% growth YoY) (Figure 2-2).

Figure 2-2: Real GDP Growth by Sector, 2002-2022¹²



Covid-19 undeniably affected economic activity in the Philippines' first half of 2020 with the industry and service sectors slumping by -13.1% and -9.1% YoY respectively (see Figure 2-2).¹³ As cases of Covid-19 swelled from Q1 to Q3 2020 in the Philippines, the Philippine government imposed a range of restrictive measures in an effort to proactively respond to the virus. Such measures included flexible work arrangements, prohibitions on gatherings, and enhanced community quarantine which started as a lockdown in Metro Manila before being subsequently extended to the entirety of Luzon. As a result, household final consumption expenditures fell by 7.9% YoY and gross capital formation fell by 34.4% YoY in 2020.¹⁴

The pandemic had a material impact on the Philippines' manufacturing output and exports as Covid-related restrictions compounded with supply chain pressures and the global slump in trade. In 2020, manufacturing dipped by 9.8% YOY and exports of goods and services fell by 16.3% YoY.¹⁵ Restrictions on retail trading in Q2 and Q3 of 2020 significantly disrupted manufacturing output and activity in the retail sector. However, Bangko Sentral ng Pilipinas (BSP) acted aggressively to support the domestic economy and cut its overnight reverse repurchase rate (RRP) six times in 2020 alone (shown in Figure 2-4).

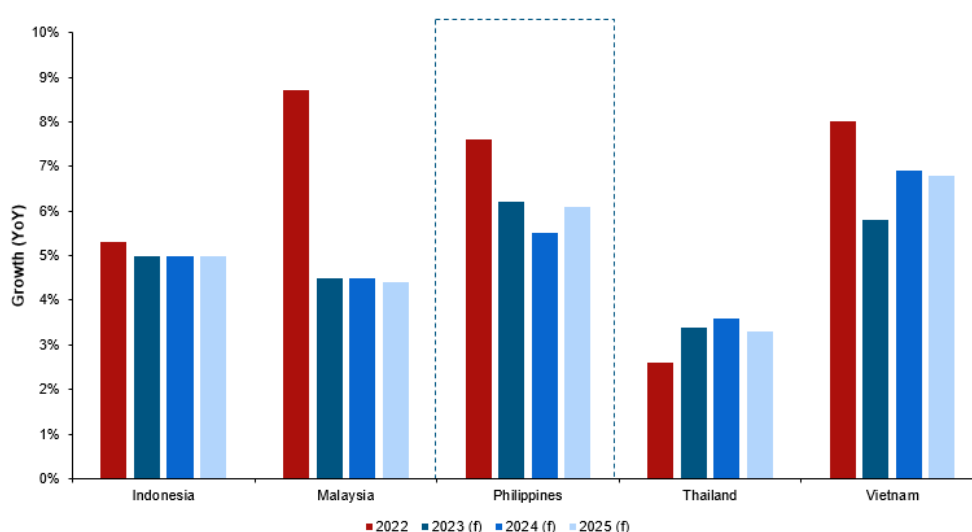
Major multilateral and financial institutions have retained a strong outlook for Philippine economic growth in coming years (Table 2-1). Consensus forecasts see growth normalizing towards pre-Covid levels with estimates ranging between 5.4% to 6.5% for the 2023 to 2025 period.¹⁶ The forecast outlook for Philippine economic growth tracks expectations for regional peers, while maintaining robust levels of growth by comparison (Figure 2-3). Across institutional growth forecasts by the IMF, World Bank Group (WBG), and ADB, the Philippines is forecast to have the second highest rate of economic expansion in the region, trailing only Vietnam.

Table 2-1: Summary of Key Forecasts for Philippines GDP, 2023 to 2025¹⁷

Source of Forecast or Target	2023	2024	2025
National Economic and Development Authority (NEDA)¹⁸	6.0%-7.0%	6.5%-8.0%	6.5%-8.0%
International Monetary Fund (IMF)	6.2%	5.5%	6.1%
The World Bank Group (WBG)	6.0%	5.9%	5.9%
Asian Development Bank (ADB)¹⁹	6.0%	6.2%	-
Fitch Ratings	6.2%	6.5%	6.3%
Moody's Analytics	6.0%	5.5%	6.5%
S&P Global	5.4%	5.6%	5.5%
Bloomberg Contributor Composite	5.2%	5.8%	6.1%

Although financial institutions see the Philippines falling short of the government's GDP target of 6% to 7% in 2023, multilateral institutions cite rising employment, expansion of manufacturing, and aggressive infrastructure spending in reaffirming that the Philippines will meet its GDP targets for 2023.²⁰ The country has maintained its sovereign bond ratings of BBB (Fitch), BBB+ (S&P), and Baa2 (Moody's).²¹ In May 2023, Fitch Ratings revised their outlook on the Philippines from negative to stable. Fitch cited gradual fiscal consolidation, macroeconomic stability, as well as resilient growth and debt dynamics for their change in outlook.²²

Figure 2-3: Regional Comparison of Real GDP Growth (2022) and IMF Forecasts (2023-2025)²³

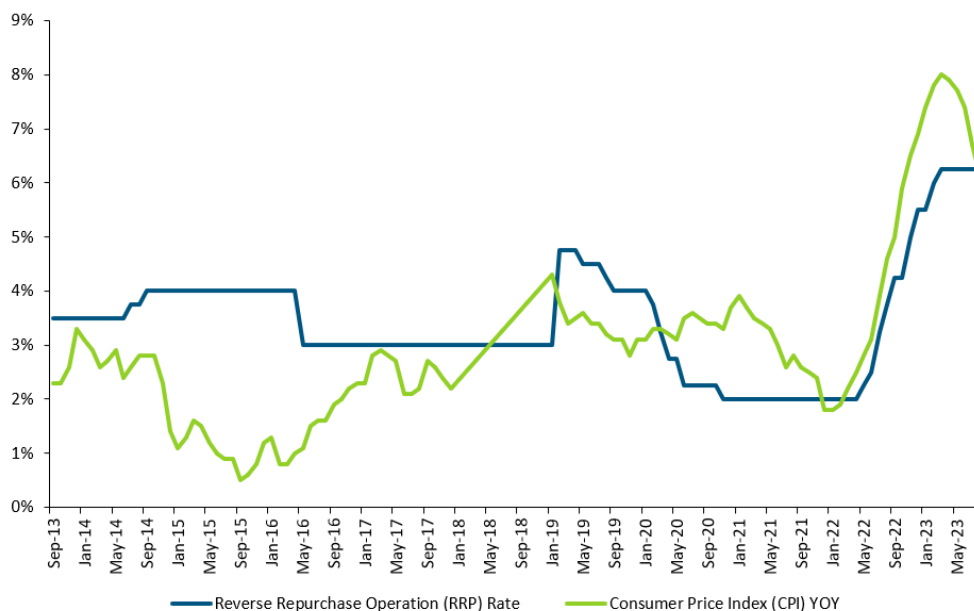


Monetary easing to support the local economy during Covid-19 saw the RRP reach its lowest rate in a decade in 2020 and 2021. But as BSP posted a 2% to 4% target range for Philippine headline inflation in 2022 and 2023, inflation amounted to 5.8% for the full 2022 calendar year and is likely to surpass the target again in 2023.²⁴ As with the global post-pandemic trend, Philippine inflation rapidly accelerated from Q3 2022 and hit a peak of 8.7% YoY in January 2023. However, as of the end of August 2023, inflation had tempered to 6.1% YoY.²⁵

Food, alcohol, and non-alcoholic beverages have been the primary driver in the inflation escalation – accounting for half of the Consumer Price Index (CPI) basket. Although fuel prices have played their part in 2022 and 2023 inflation, major climate shocks have exacerbated domestic prices. Typhoon Rai's damage to sugar plantations in Q4 2021, Typhoon Doksuri (Q2 2023) in addition to heavy monsoons spurred vegetable production losses, and El Nino's shock to rice harvests (Q3 2023) have all demonstrated the food-related vulnerability of local core inflation. BSP has maintained a proactive and hawkish monetary stance to combat these surges and amidst the inflationary trends seen globally – raising the benchmark reverse repurchase operate (RRP) six times in 2022 alone.

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Figure 2-4: Philippines Core Inflation and BSP Benchmark Interest Rate, Monthly 2013-2023²⁶



Amidst the global fuel price headwinds affecting local prices, a widened trade deficit, and the interest rate environment in the past few years, the Philippine Peso (PhP) has weakened (Figure 2-5). The Bloomberg Contributor Composite forecast for the USD/PhP currency pair suggests gradual normalization and return to relative strength in the medium term (PhP 56.00 in 2023, PhP 54.85 in 2024, and PhP 52.90 in 2025).²⁷

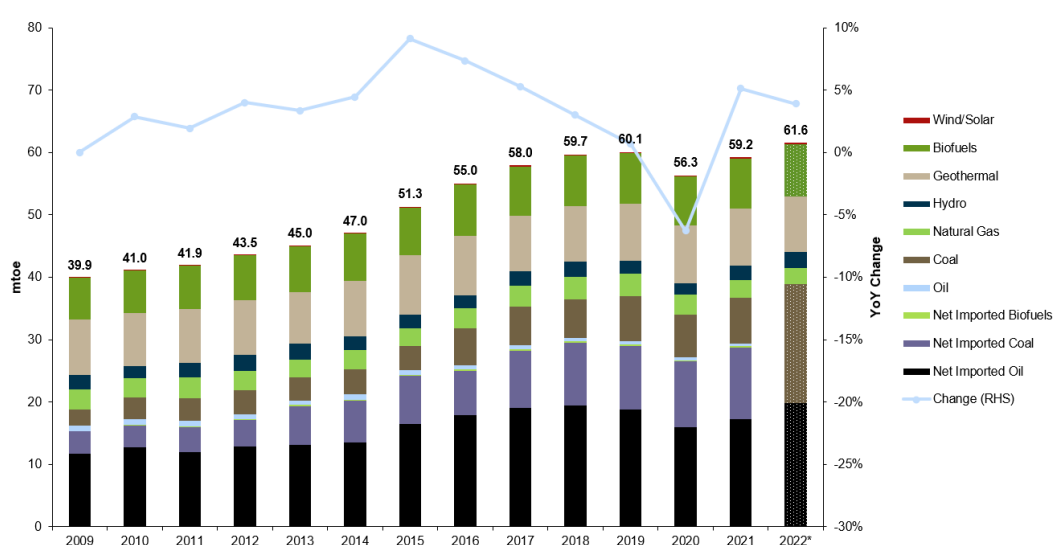
Figure 2-5: Performance of USD/PhP Currency Pair, 2013-2023²⁸



2.2. ROLE OF THE ENERGY SECTOR

Defined as total available energy sources prior to their engineering or conversion into secondary or tertiary forms of energy, the total primary energy supply (TPES) in the Philippines reached 61.6 million tonnes of oil equivalent (mtoe) in 2022.²⁹ TPES consisted of 50.6% of imported and 49.4% of indigenous energy in 2022. Total TPES in 2022 represented a 3.9% YoY increase from 2021 which had previously seen a 5.2% recovery from 2020 levels during Covid-19 (Figure 2-6).³⁰ The largest declines in 2020 were seen in imported biofuels (-23.1% YoY), indigenous biofuels (-19.4%) imported oil (-14.7%), indigenous oil (-13.2%), domestic natural gas (-9.9%), and hydropower (-9.8%). Imported coal, oil, and biofuels all saw sizable gains in 2021 and 2022 with these imports cumulatively achieving a majority share of the TPES in 2022. Importantly, renewable energy sources, wind, and solar, were among the few supply sources shielded from economic headwinds – posting a total gain of 12.8% YoY in 2020, 4.2% in 2021, and 6.4% in 2022.

Figure 2-6: Total Primary Energy Supply (TPES) by Fuel Type, 2009-2022³¹



*Note: *Data for 2022 does not provide granularity on imported or indigenous oil, coal, and biofuels. Instead, those three fuels are provided as totals of indigenous and imported types for 2022 only.*

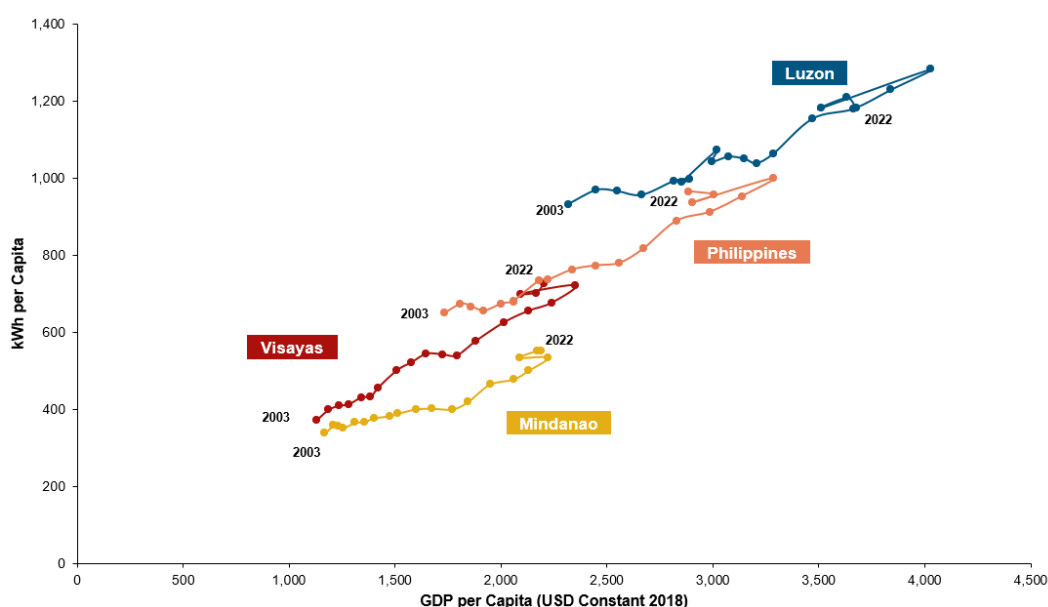
Defined as the total energy consumed by end users and excluding that which the energy sector uses itself, total final energy consumption (TFEC) in the Philippines grew by 7.8% YoY to reach 35.1 mtoe in 2021 and 2.1% YoY to reach 35.9 mtoe in 2022 – just shy of the 2019 levels at 36.3 mtoe.³² The largest consuming industry in the TFEC has become transport with 12.3 mtoe in 2022 (34.4% of total), closely followed by the residential segment with 10.3 mtoe (28.8% of total). Industry and services also represent a significant share of the TFEC at 7.1 mtoe and 4.5 mtoe respectively in 2022. Electricity represented 21.9% of TFEC in 2022.³³

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Power demand in the Philippines has historically been highly coupled with economic development, with GDP per capita and electricity consumption per capita largely rising in tandem. Improving levels of electrification and population growth also have spurred growth in power consumption (Figure 2-7). Geographic differences do exist, with the more developed and industrialized region of Luzon featuring higher levels of economic activity and electricity consumption in the Philippines. In 2022, per capita electricity consumption in Luzon stood at 1,172 kilowatt-hours (kWh), significantly higher than the national figure of 965 kWh per capita.³⁴

Notwithstanding, the Visayas and Mindanao regions, despite their smaller size, have exhibited particularly rapid increases in electricity consumption – reaching 716 kWh per capita and 545 kWh per capita respectively in 2022. Over the past decade, Mindanao has led growth in electricity consumption on a per capita basis with a ten-year (2013-2022) AAGR of 3.2% despite the downward pressures of the pandemic, higher than the national AAGR of 2.9%. Visayas has similarly shown strong growth with a 2.9% ten-year AAGR. Compared to Visayas and Mindanao's development-fuelled growth, Luzon has had a ten-year AAGR of 1.1% with its already largely developed regional economy.

Figure 2-7: Electricity Consumption per Capita vs. GDP per Capita, National and by Region (2003-2022)³⁵



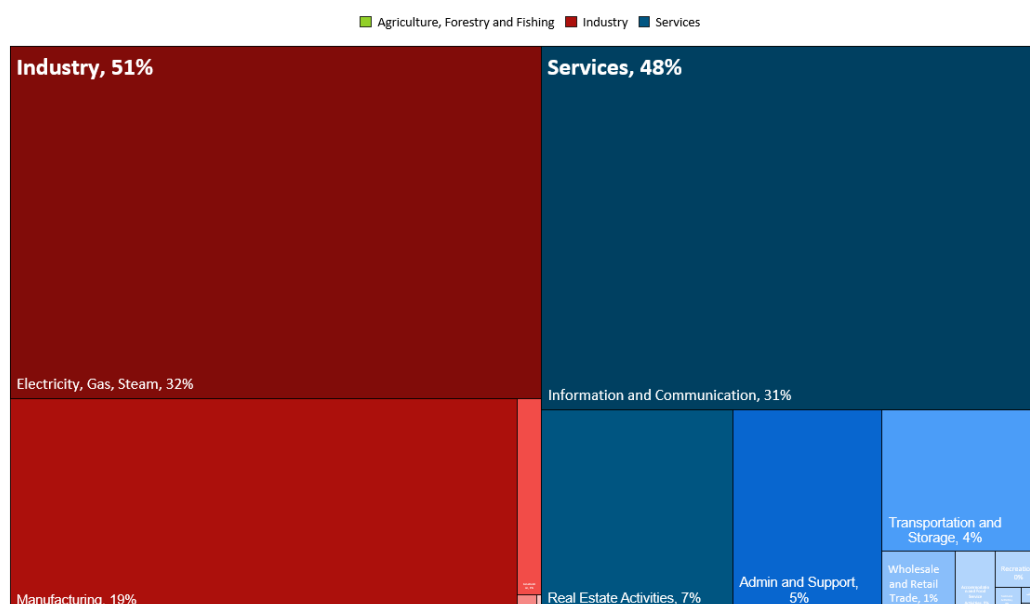
With levels of electricity consumption in the Philippines generally lower on a per capita basis compared to its peers in Southeast Asia and South Asia (discussed later in Section 3.1.1), this provides a significant runway for electricity demand to grow over the long-term as economic development in the country continues.

2.3. FOREIGN INVESTMENT ENVIRONMENT

In the Philippines, foreign direct investment (FDI) has been disproportionately invested in the electricity, gas, and steam (EGS), information and communications technology (ICT), and manufacturing sectors over the past half decade (Figure 2-8). Material investor interest in the Philippine ICT sector speaks to the country's rise as a digital hub, whilst sizable investments in the EGS and manufacturing sectors demonstrate the confidence of foreign investors in investing in key sectors underpinning the country's economy.

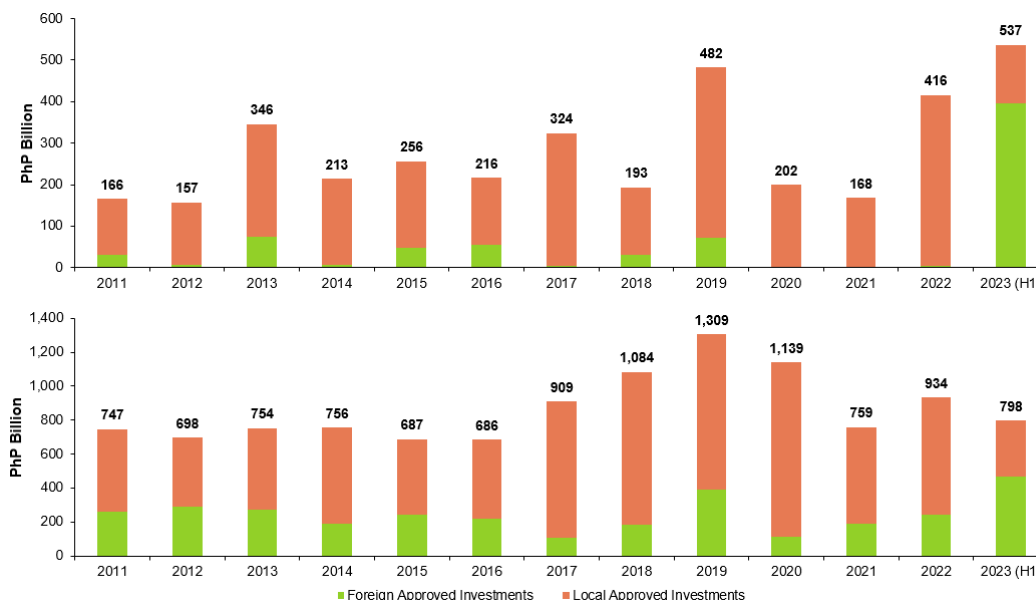
This section brings in data from the first half (H1) of 2023 in order to show the impact of removing foreign ownership limitations on renewables in December 2022 (such policy offerings will be further discussed in Section 5). The remainder of this report uses 2022 data for consistency.

Figure 2-8: Share of FDI by Industry, Based on Total 2018-2023 H1³⁶



While Figure 2-8 shows the sector shares of total approved FDI over the course of 2018 to June (H1) 2023, Figure 2-9 shows the FDI approvals over time in total and for EGS. In 2022, a total of PhP 241.9 billion of FDI was approved by the Philippine Board of Investments (BOI).³⁷ Of this sum in 2022, only 1.6% of FDI was directed into the industrial class of EGS. EGS-directed FDI has wavered with the pandemic, barely reaching above 2% of total FDI per annum in the 2020 to 2022 period, in contrast to higher levels in pre-pandemic years (average of 16.9% during 2015-2019).³⁸ During the first half of 2023, however, FDI in the EGS sector rebounded strongly as investments into the broader sector hit PhP 395.4 billion in the first half of the year – already exceeding total FDI for the entirety of 2022. Over the same timeframe, FDI in the EGS sector represented 84.6% of the total PhP 467.3 billion of FDI injected into the Philippines. The large sum of EGS-directed FDI approval in H1 2023 alone have increased the EGS share of total FDI significantly (shown in Figure 2-8).

Figure 2-9: BOI-Approved Foreign and Local Investments in the Electricity, Gas, and Steam (EGS) Sector (Top) and Overall (Bottom), 2011-2023 H1³⁹



As an inter-agency mandate, the Philippine government has been taking steps to improve the investor climate for both foreign and local investors.⁴⁰ In pitching the Maharlika Investment Fund (MIF), which has been established as the country's first sovereign investment fund, President Ferdinand R. Marcos Jr. has identified renewable energy, tourism, and digital services as key priority sectors for investor-friendly reforms.⁴¹ Within the energy sector specifically, November 2022 saw the removal of foreign ownership limits for renewable projects encompassing solar, wind, hydro, ocean, and tidal resources.⁴² Department of Energy (DOE) Secretary Raphael Lotilla has further reaffirmed the DOE's commitment to improving accessibility to both foreign and domestic investors for the sector – the Energy Virtual One Shared System (EVOSS), also known as the 'One-Stop-Shop,' is an ongoing DOE initiative to improve investor access to information, permitting requirements and procedures, and the variety of agencies that participate in the permitting process (further discussed in Section 4.3.3).⁴³

Even prior to the full removal of foreign ownership limits for renewables, several foreign players have held longstanding positions in the Philippine energy sector via partnerships and minority stakes in certain assets. One example is Shell Philippines Exploration B.V., which owned a 45% operating stake in the Malampaya gas field prior to sale in 2022.⁴⁴ Other examples include AC Energy's partnership with UPC Renewables for an 81 megawatt (MW) wind farm in 2013, JERA's purchase of a 27% stake in Aboitiz Power in 2021, and TotalEren (now TotalEnergies) and Sindicatum Renewables' collective development of two solar projects with Mabalacat Solar in 2021.⁴⁵ Earlier in 2023, Copenhagen Infrastructure New Markets Fund (CINMF) was awarded the first service contracts by the DOE to develop three offshore wind (OSW) farms.⁴⁶

3. POWER SECTOR OVERVIEW

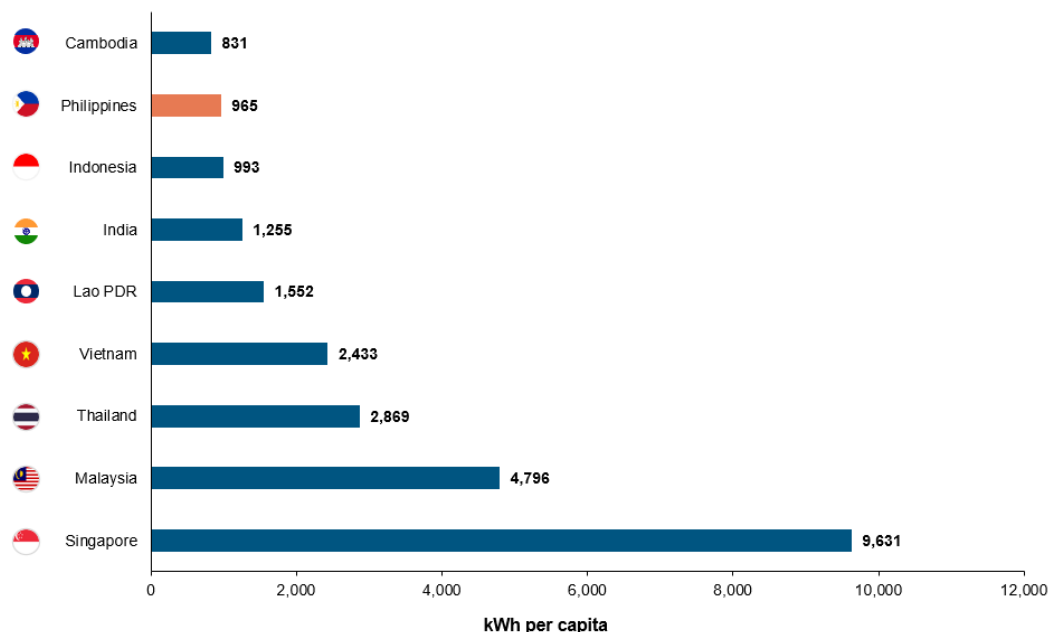
3.1. DEMAND FUNDAMENTALS

3.1.1. Demand in Regional Context

Owing to an outsized share of services sector activity in its economic makeup, the power sector in the Philippines has historically been led by a smaller demand base. With levels of electricity consumption in the Philippines generally lower on a per capita basis compared to its peers in Southeast Asia and South Asia, this provides a significant runway for electricity demand to grow over the long-term as economic development in the country continues.

The Philippines' consumption per capita (965 kWh per capita as of 2022) is close to levels seen in Indonesia rather than the more heavily-industrialized Vietnam and Thailand (Figure 3-1).⁴⁷ Even though the country's power sector is smaller than some of its regional counterparts, it offers a sizable commercial runway that will be further discussed in Sections 2 and 5.⁴⁸

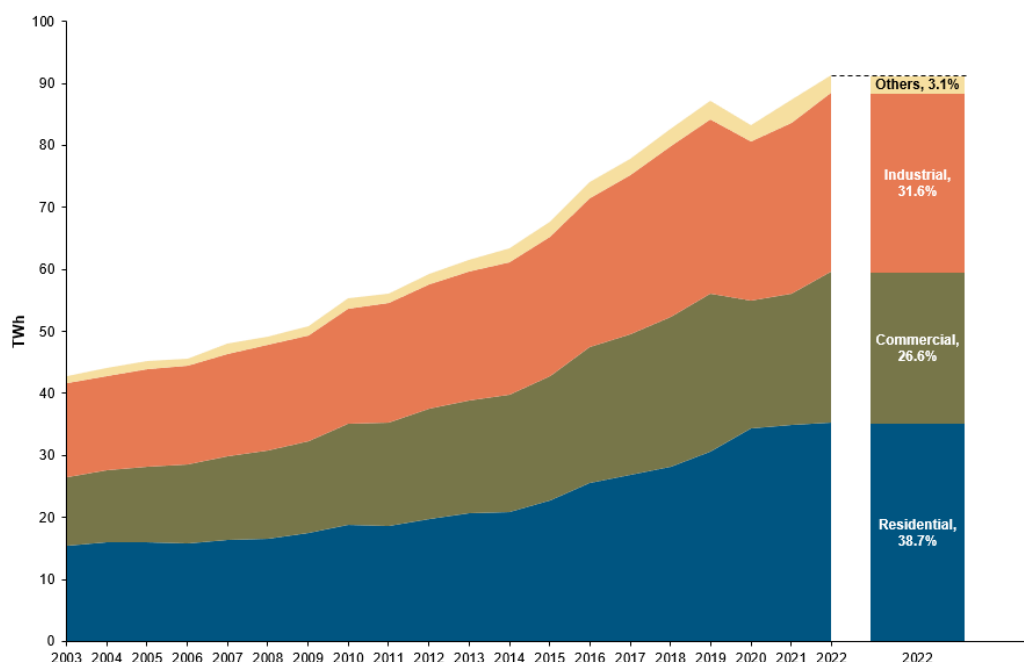
Figure 3-1: Regional Comparison of Electricity Consumption per Capita in 2022⁴⁹



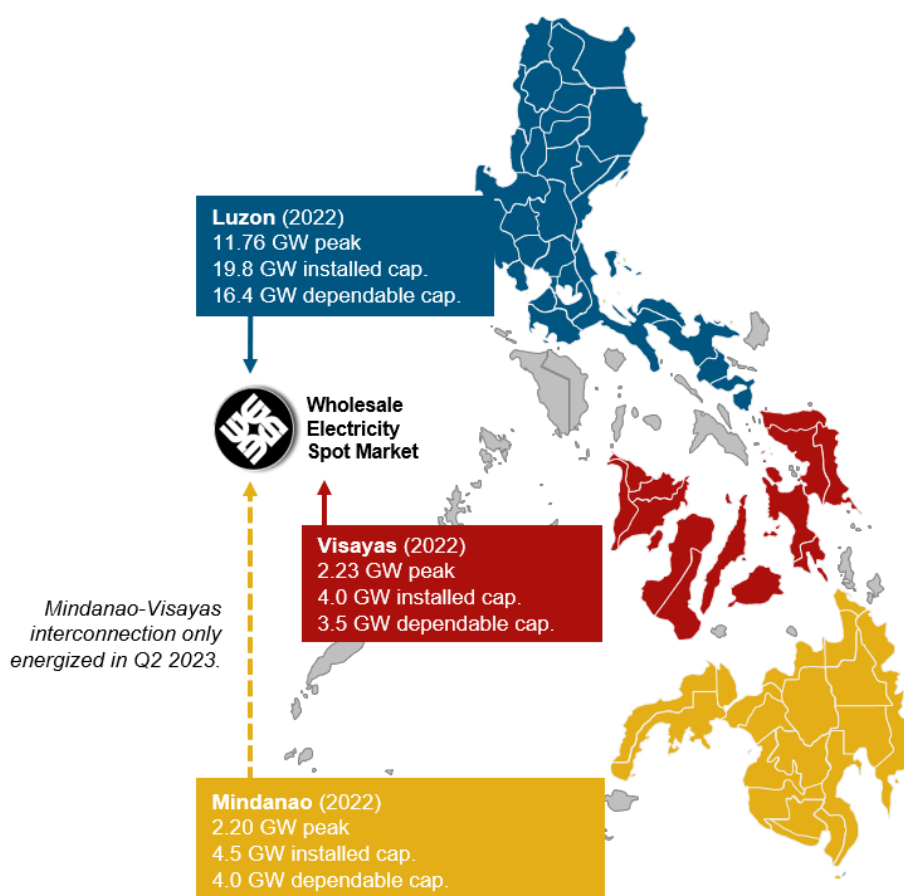
3.1.2. Demand in the Philippines

Over the past ten years, national electricity consumption has grown by a compounded annual growth rate (CAGR) of 4.4%.⁵⁰ National electricity consumption levels have exhibited robust growth with strong growing demand needs from residential end users whose consumption has risen by a ten-year CAGR of 6.0%. Growing by ten-year CAGRs of 3.7% and 3.2% respectively, industrial, and commercial consumption have also driven growth. Although industrial and commercial consumption was disproportionately affected by the pandemic (-18.6% and -9.3% YoY in 2020 respectively), both types of customers exhibited robust 5-8%YoY growth in consumption in the five years leading up to Covid-19.⁵¹

Figure 3-2: National Consumption Growth by Sector (2003-2022), and Shares (2022)⁵²



The Philippine power sector is made up of three primary grid-connected regions, Luzon, Visayas, and Mindanao, with several other prominent islands yet to be connected to the national grid (Figure 3-3). The Mindanao-Visayas Interconnection Project was successfully energized in April 2023 which connected Mindanao to the national grid.⁵³ An additional interconnection project to Mindoro and Palwan, the two largest unelectrified islands and home to strong offshore wind speeds, has been approved in 2023 to further expand the national grid.⁵⁴

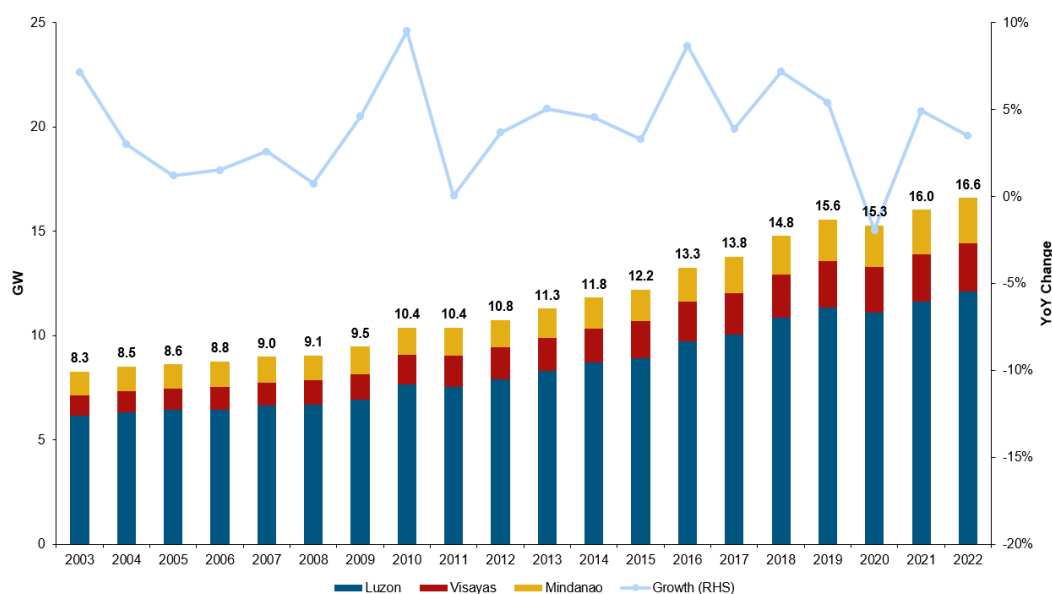
Figure 3-3: Graphic Overview of the Philippine Power Sector⁵⁵

While Luzon and Visayas have been connected to the country's Wholesale Electricity Spot Market (WESM) for more than a decade (2006 and 2010 respectively), the launch of the spot market in Mindanao formally commenced in January 2023. Luzon represents the bulk of electricity demand (73.6% of total consumption in 2022), consistent with its economic profile, however each region has its own unique supply and demand characteristics.⁵⁶ Mindanao and Visayas represent smaller but growing shares of national electricity consumption, at 14.0% and 12.4% respectively in 2022.

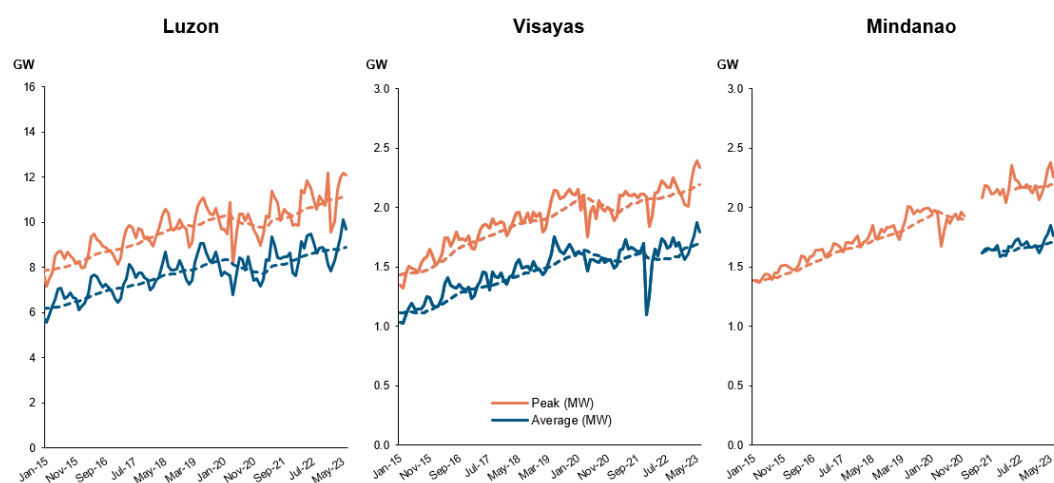
3.1.3. Demand in Grid-Connected Regions

On the demand side, peak demand has risen by an AAGR of 3.8% nationally over the past five years, and 4.4% over the past decade.⁵⁷ Over the course of the past twenty years, peak demand in the Philippines has doubled from 8.3 gigawatts (GW) in 2003 to reach 16.6 GW in 2022 (Figure 3-4). As of 2022, Luzon's peak demand reached 12.1 GW, 73% of the national total, while Visayas and Mindanao achieved 2.3 GW and 2.1 GW respectively.⁵⁸

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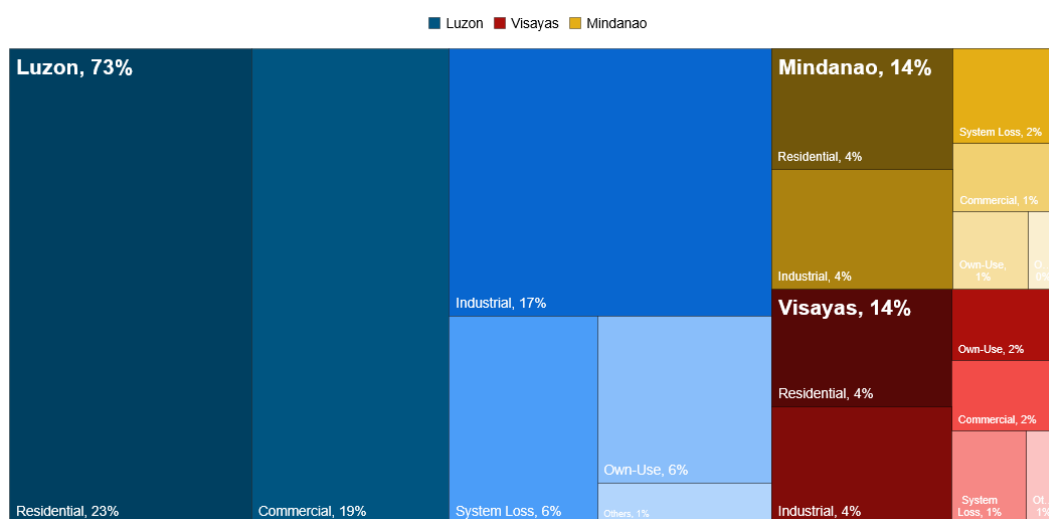
Figure 3-4: Peak Demand and Growth by Region, 2003-2022⁵⁹

All three grid-connected regions have historically experienced broadly similar rates of demand growth. Despite each representing disproportionate shares of national electricity demand. (Figure 3-4). In the five years between 2018 and 2022, Luzon grew by an AAGR of 3.9%, Visayas by 3.3%, and Mindanao by 4.3%, while over a ten-year time horizon since 2013, Luzon grew by 4.4% AAGR, Visayas by 4.1%, and Mindanao by 5.1%.⁶⁰

Figure 3-5: Monthly Average and Peak Demand by Region, January 2015-May 2023

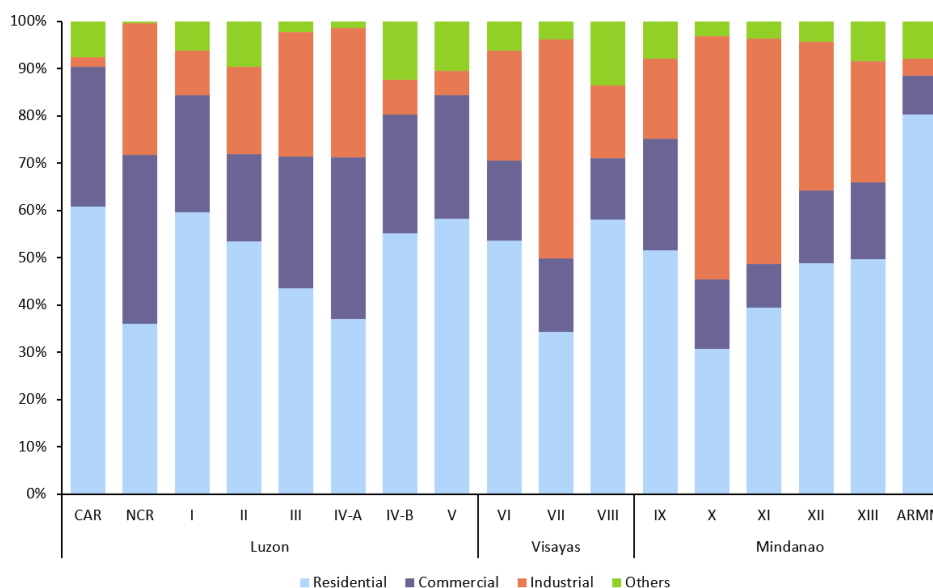
The pace of demand growth in Mindanao has overtaken Luzon in recent years; this is attributable in part to its growing industrial sector, rising levels of electrification, and hitherto unmet electricity demand being served by new coal-fired capacity coming online (Figure 3-5).⁶¹

Figure 3-6: Share of Electricity Consumption by Region (2022)⁶²



All three regions exhibit a significant share of residential demand with Luzon's residential consumption making up 40% of all sales in 2022, 44% in Visayas, and 42% in Mindanao (Figure 3-6).⁶³ However, one key characteristic of Luzon is its outsized commercial sector, with 32% of electricity sold to the commercial sector in 2022 compared to a share of only 16% in Visayas and 14% in Mindanao.⁶⁴ The role of the industrial sector in Visayas and Mindanao makes up for this gap in the commercial sector. Power sales to industrial consumers account for 35% of total in Visayas and 39% in Mindanao, while the industrial sector only accounts for 25% of sold electricity in Luzon.⁶⁵ Within these three major regions (Figure 3-7), each province has its own distinct electricity consumption and demand characteristics.⁶⁶ Luzon's provinces have a heavier weighting of electricity sales to the commercial sector, whereas Mindanao and Central Visayas tend to have a heavy presence of industrial consumers.

Figure 3-7: Sector Share of Total Electricity Sales, by Province in Region (2022)⁶⁷



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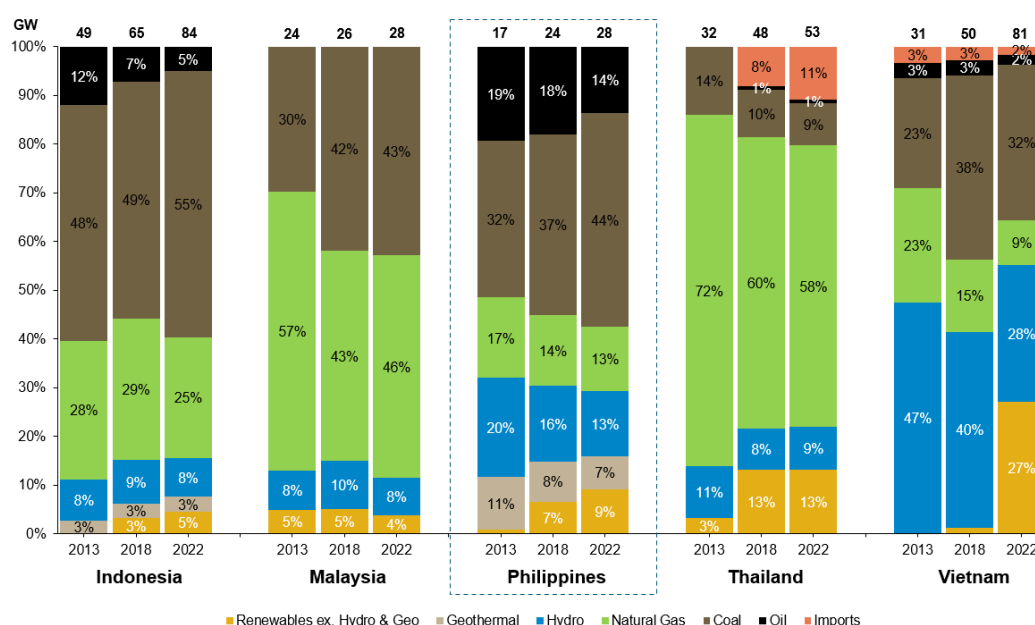
Note: Shares used here are based on total sold and consumed electricity, which excludes own-use and system losses in official figures. Province designations (LHS to RHS): Cordillera Administrative Region (CAR), National Capital Region (NCR), Ilocos Region (I), Cagayan Valley (II), Central Luzon (III), Calabarzon (IV-A), Southwestern Tagalog Region also known as Mimaropa (IV-B), Bicol Region (V), Western Visayas (VI), Central Visayas (VII), Eastern Visayas (VIII), Zamboanga Peninsula (IX), Northern Mindanao (X), Davao Region (XI), Soccskargen (XII), Caraga (XIII), and Bangsamoro Autonomous Region in Muslim Mindanao (ARMM).

3.2. SUPPLY FUNDAMENTALS

3.2.1. Supply in Regional Context

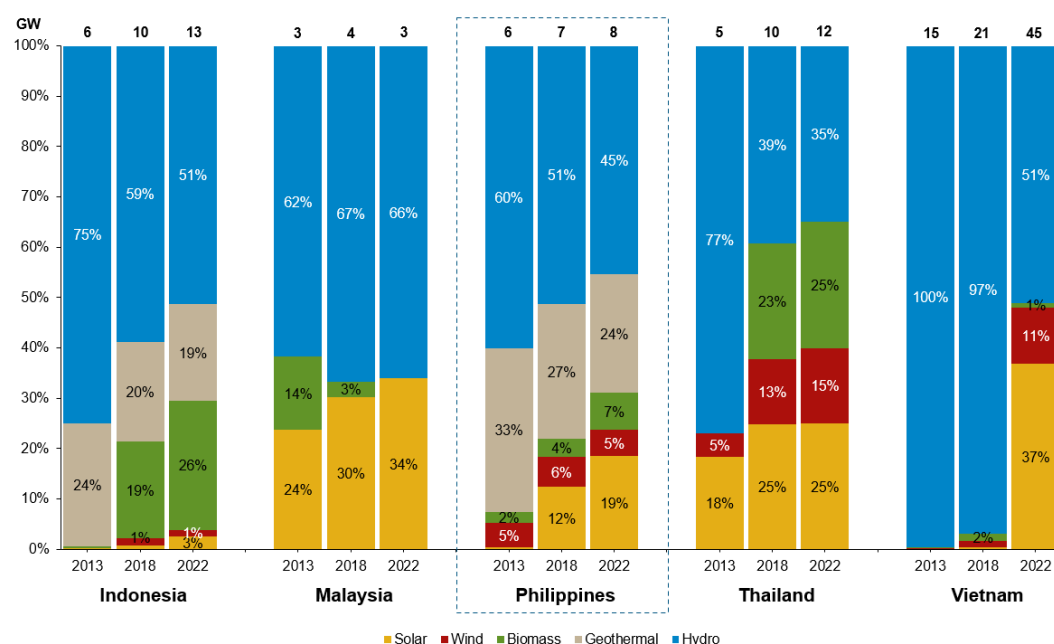
As of 2022, the Philippines boasts a 31% share of renewables in its power capacity mix, and 9% when excluding hydropower and geothermal.⁶⁸ These shares place the Philippines above most of its regional peers of similar market sizes, with only Vietnam surpassing the market in terms of the share of renewables capacity (Figure 3-8). As with peer markets, the Philippines' significant share of natural gas has dwindled over the past decade with strong renewables uptake and coal buildout – the latter of which is set to change direction.

Figure 3-8: Regional Comparison of Capacity Mix (2013, 2018, and 2022)⁶⁹



Similar to Indonesia, Malaysia, and Vietnam, the Philippines has an outsized share of coal-fired capacity leaving room for further expansion of renewables as governments push forward their decarbonisation agendas and consider earlier retirements of coal-fired generation facilities. Additionally, the Philippines' 14% share (in 2022) of oil and legacy diesel assets is the largest among this group of countries, demonstrating a further need to develop domestic renewable generation to meet growing demand needs.⁷⁰

Figure 3-9: Regional Comparison of Renewables Capacity Mix (2013, 2018, and 2022)⁷¹



Note: Vietnam's solar capacity includes 7,660 MW of rooftop solar (RTS) capacity.

Specifically in terms of the mix of renewable energy across similar countries over the past decade (Figure 3-9), the Philippines' legacy geothermal and hydropower resources have provided a strong foundation of renewables supply in the country. The pace of solar and uptake in the Philippines has seen steady growth over the past decade, cumulatively reaching approximately 19% of the renewable share in 2022, up from 0% ten years ago.⁷² Compared in this regional basket, the Philippines has a diverse mix of renewables with particular growth in the onshore wind, grid-scale solar, and biomass segments.

Table 3-1: Regional Peer Power Sector Fundamentals (as of 2022)⁷³

Parameter	Units	Indonesia	Malaysia*	Philippines	Thailand	Vietnam
Peak Demand	GW	43.5	19.2	16.6	32.3	45.4
Consumption	TWh	273.8	118.8	109.8	201.1	242.0
Consumption per Capita	kWh/capita	992.7	4,283.5	984.3	2,869.2	2,433.0
Generation	TWh	334.3	130.45	111.5	201.1	271.1

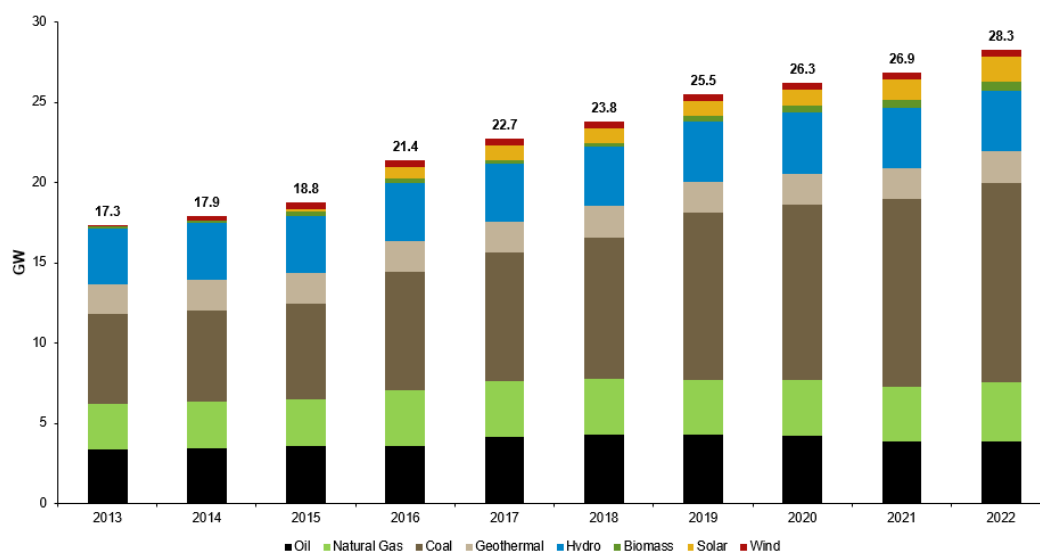
Parameter	Units	Indonesia	Malaysia*	Philippines	Thailand	Vietnam
<i>Share of RE Generation ex. Hydro</i>	%	12.0%	4.0%	13.1%	10.1%	14.0%
Total Installed Capacity	GW	83.8	28.2	28.3	58.4	82.9
Coal	GW	45.8	12.1	12.4	4.6	26.1
Natural Gas	GW	20.8	12.9	3.7	30.5	7.4
Oil	GW	4.2	0.0	3.8	0.3	1.6
Renewables	GW	13.1	3.2	8.3	17.3	46.4
Geothermal	GW	2.5	0.0	2.0	0.0	0.0
Hydropower	GW	6.7	2.1	3.7	4.6	23.0
Solar	GW	0.3	1.1	1.5 ⁷⁴	2.8 ⁷⁵	16.6 ⁷⁶
Wind	GW	0.2	0.0	0.4	1.5	5.1
Biomass	GW	3.4	0.0	0.6	2.7	0.4
Imported Power	GW	0.0	0.0	0.0	5.7	1.4
<i>Share of RE Capacity excl. Hydro</i>	%	7.6%	3.9%	16.0%	11.9%	26.6%

*Note: *Data for Malaysia only covers Peninsular Malaysia, excluding Sabah and Sarawak. Peninsular Malaysia represents the bulk of Malaysia's power sector.*

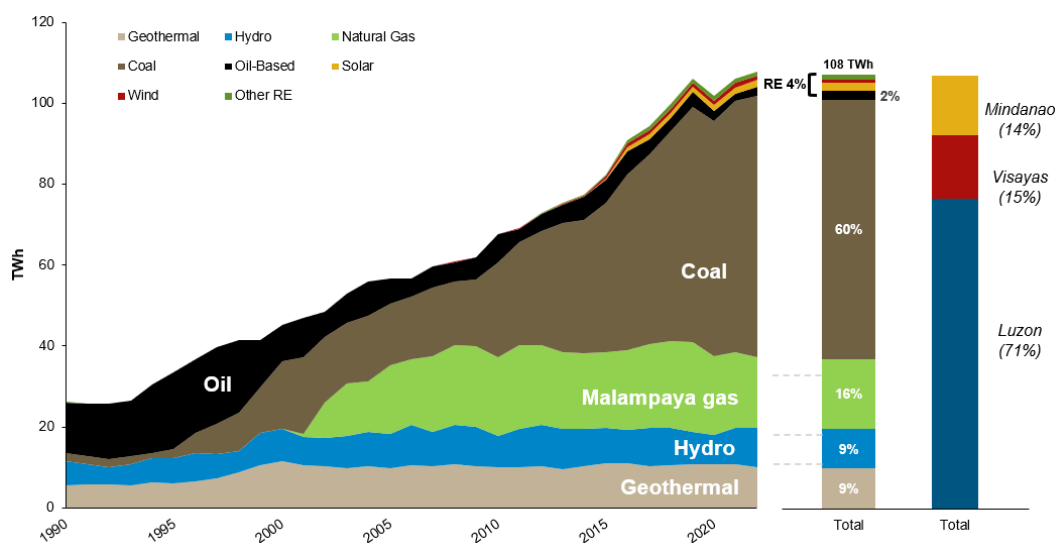
3.2.2. Supply in the Philippines

As of the end of 2022, the Philippines had 28.3 GW of national installed capacity (Figure 3-10).⁷⁷ Cumulatively, Philippine fossil fuels (coal, oil, and natural gas) made up 71% of domestic installed capacity in 2022 whereas renewables only made up the remaining 29%. Coal, in particular, forms the backbone of the Philippines' capacity mix, reaching 12.4 GW in 2022 (44.0% of national). Importantly, the DOE announced a moratorium on new coal projects in late 2020, limiting the amount of new coal capacity to a handful of potential projects and setting the path towards more gas-to-power and renewables in the energy supply mix.⁷⁸

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Figure 3-10: National Installed Capacity, 2013-2022⁷⁹

Installed capacity for renewables reached 8.3 GW in the Philippines as of 2022, comprising hydropower (3.8 GW), geothermal (2.0 GW), solar (1.5 gigawatt-peak [GWp]), onshore wind (0.4 GW), and biomass (0.6 GW) (Figure 3-10).⁸⁰ Although geothermal and hydropower resources have had a longstanding presence in the Philippines' supply mix (Figure 3-11), the past decade has seen a sharp uptick in onshore wind, solar, and biomass capacity. Onshore wind, solar, and biomass have cumulatively achieved an AAGR of 8.7% over the past ten years. Activity in the solar market has seen capacity additions rise significantly in the past five years at an AAGR of 12.0% - reaching 1.5 GW of total capacity in 2022, up from 896 MW in 2018 and 33 MW in 2013.⁸¹

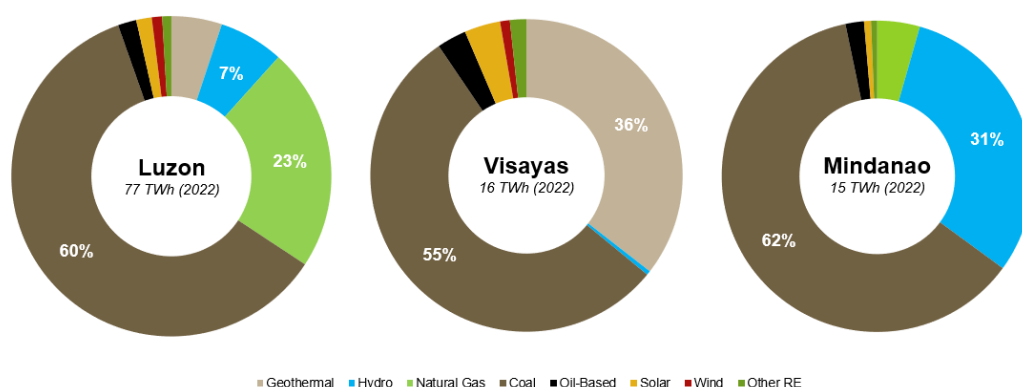
Figure 3-11: National Generation by Fuel Type (1990-2022), and 2022 Breakdown by Fuel Type and Regions⁸²

Consistent with new generation capacity coming online over the past decade, the national generation mix is anchored around coal and amounted to 59.7% of overall generation in 2022.⁸³

3.2.3. Supply in Grid-Connected Regions

Despite coal playing an outsized role in all three regions, generation within Luzon, Visayas, and Mindanao is characterised – to varying extents – by the Philippines' indigenous natural resources in the form of geothermal, hydropower, and domestic gas from the offshore Malampaya field (Figure 3-12). Solar and onshore wind penetration prospects benefit from the coal moratorium, Malampaya's declining output, LNG import costs, and supportive renewable energy policies. The Philippines' Green Energy Auction Program (GEAP) has awarded 5.4 GW of renewables (predominantly solar and wind) to developers in the past two years (further discussed in Sections 5.4.2 and 6.6.2).

Figure 3-12: Generation Mix for Each Major Region in the Philippines (2022)⁸⁴



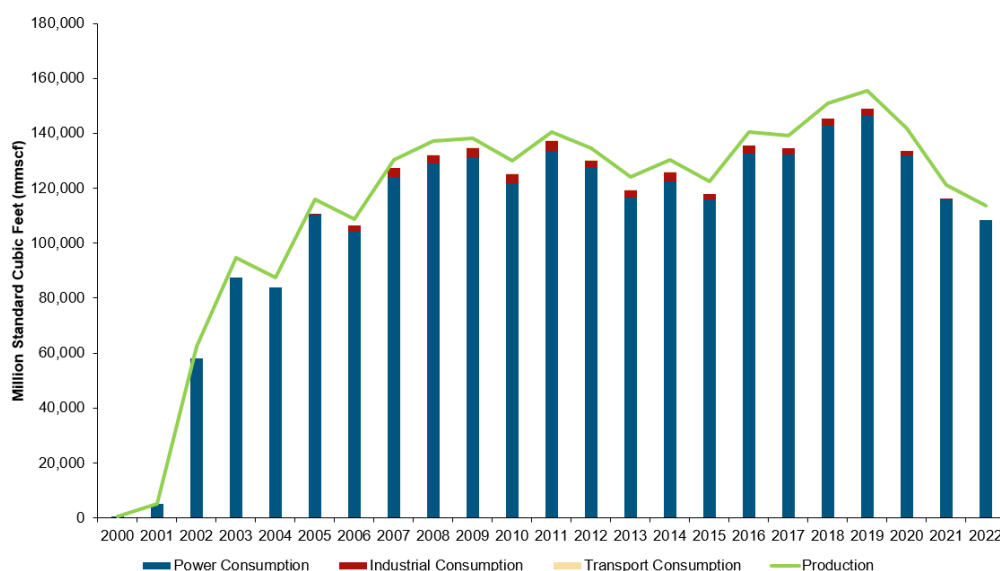
Considering the strong underlying growth in demand for power in the Philippines (further discussed in Section 3.1), significant new investment in generation capacity will be required in the coming years. The DOE has indicated that this build-out will be aligned with the country's energy transition aspirations, and thereby oriented towards renewables. Key themes in the sector include:

- Coal no longer seen as key for new capacity build-out.** Considering coal's baseload role in each region's generation mix and the DOE's institution of the moratorium in 2020, coal capacity additions will no longer be central for meeting future demand growth.⁸⁵ The moratorium halted all new endorsements of greenfield coal-fired plants, however, indicative plants with substantial progress towards development at the time of the announcement were still permitted to move ahead.⁸⁶ As of July 2023, there are still 3,300 MW of endorsed coal-fired projects yet to come online in Luzon, 135 MW in Visayas, and 390 MW in Mindanao.⁸⁷ The DOE expects the majority of these projects to come online by 2026, however, there is still 1.1 GW with uncertain timelines for operationalization.⁸⁸
 - In addition, the Philippines signed a statement on coal phase-out at the 26th United Nations Climate Change Conference (COP26) in November 2021.⁸⁹

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- Domestic natural gas is in decline.** The Philippines, particularly Luzon, has long been reliant on its largest indigenous gas field, Malampaya, which was commercialised in 2001 (Figure 3-13). Malampaya continues to support an outsized proportion of generation in Luzon (29% in 2019, 27%, in 2020, 25% in 2021, and 22% in 2022).⁹⁰ Malampaya has experienced declining production and, absent further exploration or investment, had previously expected to deplete as early as 2027 according to institutional forecasts.⁹¹ Against this backdrop and the coal moratorium, several market participants are pursuing liquefied natural gas (LNG)-to-power projects with the first imported LNG cargo being delivered to the Philippines earlier in 2023.

Figure 3-13: Natural Gas Production & Consumption including Malampaya Gas Field and Banked Gas, 2000-2022⁹²

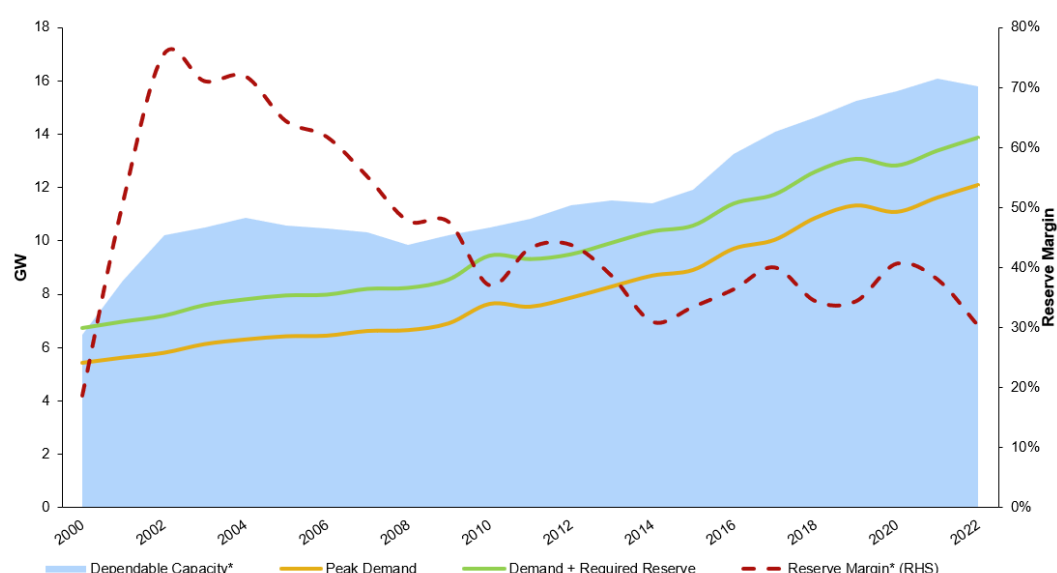


- Hydropower continues to be relevant.** Beyond playing an important role in the generation mix in Luzon and Mindanao, hydropower installed capacity stood at 13.3% of national levels in 2022.⁹³ The DOE has estimated that the country has 13.1 GW of untapped hydropower potential, of which 85% are large and small builds (greater than 10 MW).⁹⁴ Further, the DOE has identified mini- and micro-hydro projects as key to electrification in some key regions, and have also indicated the intention to continue auctioning significant swathes of hydropower to developers.⁹⁵
 - Additionally, the DOE has begun exploring **Pumped Storage Hydropower (PSH)** potential with the private sector. PSH can offer generation as well as ancillary services. As of September 2023, the DOE has drafted a policy to classify PSH assets as ancillary services to support deployment of such assets and to monetise their ability to store electricity.⁹⁶

- **Geothermal has been a key form of renewables serving baseload demand.** As of 2022, the Philippines had 2.0 GW of geothermal capacity (6.9% of national) with generation roughly split across Luzon and Visayas.⁹⁷ Geothermal plays a particularly important role in Visayas' generation mix (Figure 3-12). Despite exploration and development of geothermal projects requiring significant time and investment, a number of geothermal service contracts are currently under exploration at present totalling almost 1 GW of potential capacity as of June 2023.⁹⁸
- **Solar continues to scale up rapidly.** Solar capacity reached 1.5 GW and 1.8 terawatt-hours (TWh) of gross generation in 2022, from less than 1 MW and 1.3 gigawatt-hours (GWh) ten years prior in 2013.⁹⁹ In 2022, 60% of all solar power was generated in Luzon, with 34% in Visayas and 6% in Mindanao. Supported by government policies on renewables (discussed later in Section 5.4), rapid solar uptake in the Philippines has also benefited from strong resource potential and levels of irradiation:
 - The DOE's Competitive Renewable Energy Zone (CREZ) study with the National Renewable Energy Laboratory (NREL) estimated 58.1 GW of potential solar across 25 areas in the Philippines alone.¹⁰⁰
 - The Global Photovoltaic Power Potential Study carried out by WBG, Energy Sector Management Assistance Program (ESMAP), and Solargis, estimated the Philippines as having an average theoretical solar potential of 4.9 kWh per meter squared (m²) and an average practical solar potential of 3.9 kWh per kilowatt peak (kWp).¹⁰¹
 - Now under consideration by the DOE for future capacity additions, floating solar potential has been estimated at 11 GW across 5% of water surfaces nationally.¹⁰²
- **Onshore wind is playing a growing role.** Installed capacity stood at 427 MW and produced just over 1 TWh of national generation in 2022.¹⁰³ Onshore wind represented 1% of national generation in 2022 and 1.1% in each of Luzon and Visayas. Although capacity for onshore wind has stayed largely flat since 2015, there were approximately 16.3 GW of renewable energy service contracts (RESCs) awarded for onshore wind as of June 2023 – indicating strong, competitive interest in the segment.¹⁰⁴ Based on awarded RESCs, 13.6 GW of this potential onshore wind capacity is located in Luzon.
- **Biomass has seen steady deployment.** First introduced to the Philippines in 2009, biomass generation accounted for 2.2% of the national capacity mix as of 2022 with grid-connected capacity almost tripling between 2018 to 2022.¹⁰⁵ There is a clear opportunity for biomass deployment in the Philippines, where 43% of national land is used for agricultural purposes resulting in significant agricultural crop, animal, agro-industrial, and municipal waste.¹⁰⁶

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- **Offshore wind (OSW) is poised to play a sizable role towards the end decade and brings inherent scale to support the energy transition.** Although no formal regulatory framework for OSW exists as of September 2023, 73 OSW RESCs totalling 58.8 GW of potential capacity had been awarded as of August.¹⁰⁷ WBG and DOE's Offshore Wind Roadmap for the Philippines identified 178 GW of OSW technical potential in the country, but no formal targets for the technology have been adopted institutionally.¹⁰⁸ The yet-to-be-published Philippine Energy Plan (PEP) 2023-2050 is expected to provide further guidance on OSW deployment direction.
- **Battery Energy Storage Systems (BESS) deployment is at an early stage, whilst nuclear power may become a part of the long-term supply mix.** As of July 2023, there were five operating BESS assets in the Philippines totalling to 156 MW of capacity.¹⁰⁹ This will be discussed further in Section 5.5 and 6.7.

Figure 3-14: Supply, Demand, and Reserve Margins in Luzon, 2000-2022¹¹⁰

Note: Dependable capacity is the maximum capacity factoring plant dispatchability and ambient limitations. The Philippine Grid Code previously mandated 23.4% reserve be available, since 2011 it has required 4% for frequency regulation a quantity equal to the most-loaded unit for contingency and a quantity equal to the second most-loaded unit for dispatchable.

Reserve margins in the largest supply region of Luzon provide a useful gauge for the overall market, having hovered between 30% to 40% over the past decade and thereby implying new capacity additions have tracked demand growth (Figure 3-14).¹¹¹ Reserve margins have declined since 2010 (Figure 3-14). This decline has supported investment in new generation capacity in the past years which, in Luzon, has primarily been driven by opportunities relating to the Feed-in-Tariff (FIT), additional renewables capacity and investments in coal capacity (see Table 3-2). The government remains supportive of additional capacity build out, with a particular focus on renewables and gas evidenced by the ongoing coal moratorium, GEAP plans, and RPS implementation (discussed in Section 5.2.2).

Table 3-2: Major Capacity Additions in Luzon (Non-Exhaustive), 2019-2022¹¹²

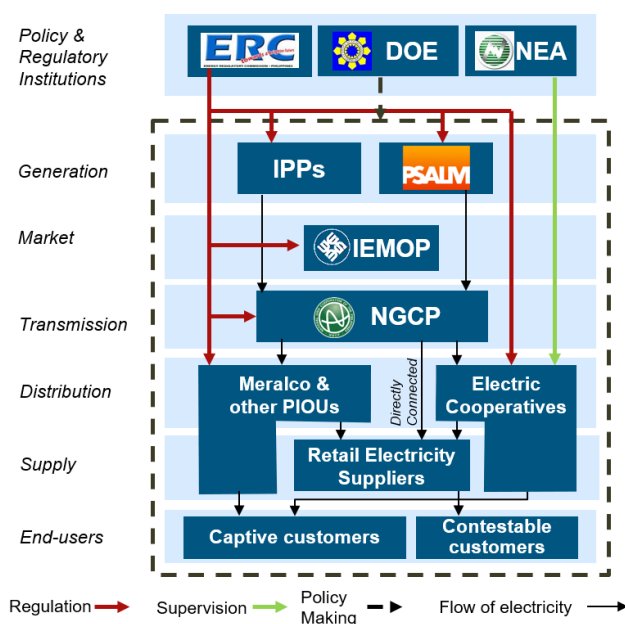
	Plant	Fuel	Installed Capacity (MW)
2019	SMC Limay U4	Coal	150
	San Buenaventura		500
2020	Concepcion 2	Solar	70.9
	Masinloc Expansion	Coal	351.8
2021	PFBSI	Solar	80.9
	Alaminos		120.3
	GigaSol 3		63
	Ingrid	Diesel	179.8
	GNPower Dinginin U1	Coal	725
2022	GNPower Dinginin U2	Coal	725
	Sta. Rosa	Solar	60.1
	Arayat-Mexico		72
	Sta. Rita (Phase 3B)		34.4
	Alaminos	BESS	60

4. STRUCTURE OF THE POWER MARKET

This section overviews the regulatory and market landscape of the Philippines for the grid-connected domain, thereby largely excluding regulatory structures in off-grid areas.

4.1. MARKET STRUCTURE

Figure 4-1 summarises the overall structure of the Philippine power market, including key stakeholders covering government and quasi-government agencies, independent entities, and private sector participants. The power sector is substantially unbundled, privatised, and commercially-oriented across the value chain. Particularly noteworthy are the substantial private sector participation in the generation segment, as well as the different entities operating across the supply and distribution space which serve captive and contestable customers.

Figure 4-1: Structure of the Philippine Power Industry for On-Grid Areas¹¹³

4.2. KEY STAKEHOLDERS

4.2.1. Government Institutions

The Department of Energy (DOE) holds responsibility for shaping energy policies and plans. The DOE operates under the purview of the Office of the President and supervises the energy sector reform process established by the Electric Power Industry Reform Act (EPIRA). Notable activities include preparation of the latest draft Philippines Energy Plan (PEP) spanning from 2023 to 2050, a comprehensive strategy integrating development initiatives for energy generation, supply, transmission, and distribution, encompassing both on- and off-grid systems.¹¹⁴ Additionally, the DOE exercises authority over key entities within the energy sector, including Power Sector Assets and Liability Management (PSALM) Corporation, National Transmission Corporation (TransCo), and the National Electrification Administration (NEA). The DOE plays a crucial role in appointing senior officials for these organizations and orchestrating strategies related to privatization, generation diversity, infrastructure upgrades, and electrification following a policy favoring unbundling from EPIRA.¹¹⁵

The Energy Regulatory Commission (ERC) assumes the autonomous role of regulating the power industry.¹¹⁶ Its responsibilities encompass approving bilateral Power Supply Agreements (PSAs) in the regulated supply market, assessing consumer contestability, setting distribution wheeling rates for Distribution Utilities (DUs) and Electric Cooperatives (ECs), determining transmission wheeling rates, and overseeing the National Grid Corporation of the Philippines' (NGCP's) revenues and tariffs under the Performance-Based Regulation, as well as Ancillary Service Procurement Agreements (ASPAs).¹¹⁷ The ERC also plays a pivotal role in authorizing transmission development plans submitted to the DOE, which are integrated into NGCP's Transmission Development Plans (TDP). Furthermore, the ERC aligns projects with the goals outlined in the Philippine Development Plan (PDP) by NEDA. It enforces the Philippine Grid Code for both transmission and distribution facilities.¹¹⁸

The ERC sets wheeling rates for DUs and ECs to compensate them reasonably for economically efficient costs and risks. End-user electricity tariffs are cost-reflective, with no subsidies, and comprise various charges, including generation, transmission, and distribution. Retail Electricity Suppliers (RESs) licensed by the ERC have been serving contestable customers since Retail Competition and Open Access' (RCOA's) implementation in 2013, with 3,163 contestable customers and 113 RESs as of March 2023 (further discussed in Section 6.4).¹¹⁹ Retail contestability was extended to customers with an average peak demand of 500 kilowatts (kW) or greater in January 2021, with plans ultimately to expand contestability down to 10 kW.¹²⁰

In addition to the previously mentioned institutions, other government bodies play significant roles in the Philippine electricity industry. Notably, **the Philippine Competition Commission (PCC)**, established under the Philippine Competition Act of 2015, is responsible for promoting fair competition across all sectors, including energy.¹²¹ The PCC has the authority to penalize monopolistic and anti-competitive practices and must approve major asset transactions.

4.2.2. State-Owned Enterprises & Concessionaires

The National Electrification Administration (NEA) focuses on rural electrification and provides support to ECs serving less-developed regions of the Philippines.¹²² NEA offers financial, institutional, and technical assistance to ECs.¹²³ NEA also undertakes additional roles since EPIRA was passed, including identifying and aiding ECs in need of performance enhancement or rehabilitation, monitoring ECs, and, in cases of significant financial deficiency, temporarily taking over operations during rehabilitation. With the enactment of EPIRA in 2001, NEA's franchising responsibilities shifted from Congress to the ERC in 2006.¹²⁴

The legal ownership of the physical transmission assets remains with government-owned **National Transmission Corporation (TransCo)**. The transmission system plays a vital role in transferring electricity from generation facilities' injection points to the distribution networks and large end-users directly connected to the transmission network. Among its responsibilities, TransCo is responsible for administering contracting and payment arrangements for all projects under the Feed-in-Tariff (FIT) and Green Energy Auction Program (GEAP) as part of the FIT-Allowance (FIT-ALL) framework.

The **National Grid Corporation of the Philippines (NGCP)** holds the exclusive concession for the transmission franchise. NGCP secured this 25-year franchise in 2008 through a competitive bidding process.¹²⁵ The State Grid Corporation of China has a 40% ownership stake in NGCP, while the remaining 60% is divided between two local private sector investors: Calaca High Power Corporation and Monte Oro Grid Resources Corporation. As the transmission franchise holder, NGCP operates, maintains, and invests in the national transmission system. NGCP also manages the procurement of ancillary services for maintaining the stability and security of the grid. Regulatory oversight of NGCP's operations falls under the ERC following a performance-based regulation regime similar in nature to that used for DUs in the distribution sector.

The catalyst for fundamental industry reform emerged in the early 1990s during a prolonged power crisis. At that time, the state-owned **National Power Corporation (NPC)**, responsible for electricity supply, faced difficulties in securing capital for necessary investments in new generation capacity. To address this issue, the Philippine government introduced an Independent Power Producer (IPP) model, enabling private sector investors to develop and finance power generation projects while entering into long-term power purchase agreements (PPAs). Between 1991 and 1993, NPC entered into approximately 22 PPAs with IPPs, resulting in a total capacity of 2,648 MW. Notably, these contracts were often established through bilateral negotiations, frequently initiated through unsolicited bids rather than competitive bidding processes.¹²⁶

Alongside IPPs, the **Power Sector Assets and Liabilities Management Corporation (PSALM)** retains control of some generation capacity, primarily in Luzon and Mindanao, as these assets await privatization. PSALM has privatized a significant portion of NPC's capacity in Luzon and Visayas. As of late 2023, 45 power plants (80% of the EPIRA target) have been privatized, generating PhP 16.76 billion of additional profit in 2023 on top of the PhP 39.5 billion aggregate collection as of 2022.¹²⁷

4.2.3. Independent Entities

The **Philippine Electricity Market Corporation (PEMC)**, a non-profit entity reporting to the DOE, is tasked with managing the WESM.¹²⁸ PEMC formerly served as the market operator but transferred this role and management of the WESM to the newly formed Independent Electricity Market Operator of the Philippines (IEMOP) in 2018.¹²⁹ PEMC maintains governance of the WESM through the Philippine Electricity Market Board of Directors and the WESM Governance Committees.¹³⁰

The Independent Electricity Market Operator (IEMOP), established on September 26, 2018, operates as both the Independent Market Operator (IMO) for WESM and the Central Registration Body (CRB) for the retail electricity market.¹³¹ In its role, IEMOP manages the WESM platform for wholesale electricity trading, handles bidding and offer processing, forecasts demand, calculates real-time market prices and dispatch schedules, oversees daily trading, manages billing, settlement, and collections, and registers new market participants.¹³² IEMOP also possesses the authority to impose penalties for rule violations. Additionally, IEMOP produces hourly generation schedules used by the system operator, NGCP, for generator dispatch. Unlike PEMC, IEMOP operates autonomously and privately, with oversight from the DOE and ERC.

In its capacity as the CRB for the retail market, IEMOP operates within the framework of the RCOA policy, aiming to promote competition.¹³³ IEMOP maintains a registry of suppliers and contestable customers, tracks market transactions, and facilitates customer switching. Furthermore, IEMOP will serve as the primary registrar for the Renewable Energy Market (REM).¹³⁴ Upon its eventual operationalization the REM will act as the trading platform for Philippine Renewable Energy Certificates (RECs) generated from renewable generation.

4.2.4. Private Sector

The power generation sector in the Philippines has undergone significant privatization, fostering an active environment for development and investment. Ownership within the sector is diverse, primarily comprising privately-owned power generation companies referred to as **Independent Power Producers (IPPs)**. Historically, the Philippines faced considerable challenges in meeting the infrastructure demands for electricity supply. In the 1970s and 1980s, the power sector encountered issues such as declining service quality, perceived mismanagement, and high levels of debt. These challenges prompted a shift towards a private-sector-led growth strategy for electricity supply, with the government focusing on creating a conducive regulatory framework. Consequently, the Philippines now boasts one of the most liberalized electricity sectors in Asia, marked by substantial private sector involvement, particularly across generation:

- **Prominent local market participants** include major domestic conglomerates such as San Miguel Corporation, Aboitiz Power, First Gen, and ACEN. The generation portfolios for several of these players predominantly consist of thermal generation assets, with some also having interests in distribution and retail.
- **‘Pure play’ renewables developers**, such as Citicore Renewable Energy Corporation (CREC). Others include local players such as Solar Philippines, Alternergy, and PetroGreen, as well as regional platforms such as VENA and Nexif Ratch. Against the backdrop of growing demand as well as demonstrable market and policy appetite for renewables, these developers are playing an increasing role in the Philippine renewables space (further discussed in Sections 5.4, 6.6, and 8.1.2).

Customers with monthly peak demand less than 500 kW purchase electricity from their local **Distribution Utility (DU) or Electric Cooperative (EC)**, whilst larger customers, currently with demand greater than 500 kW and having received a Certificate of Contestability by the ERC, are deemed 'contestable' and can voluntarily choose to procure electricity through an electricity retailer rather than their DU or EC.¹³⁵ A large number of DUs and ECs operate in the market and are licensed by the ERC to sell electricity to end-users in their respective distribution franchise areas.¹³⁶ EPIRA Section 43(f) mandates the ERC's power in overseeing both types of DU, but also mandates the NEA to regulate ECs.¹³⁷ The EPIRA also obligates DUs and ECs to provide electricity to end-users with least possible cost.¹³⁸

DUs are investor-backed, privately owned entities and therefore own their distribution assets, while ECs cooperatively own their assets unless they default on a loan from PSALM.¹³⁹ At present DUs and ECs can purchase wholesale electricity through power supply agreements (PSAs), which are bilateral contracts with generation companies for the purchase and supply of power, or alternatively from the WESM spot market.¹⁴⁰ Excluding Mindanao, there are 21 DUs and 131 ECs in operation as of 2022, with the former accounting for 70.3% of electricity sales and largely operating in urban and industrialised areas.¹⁴¹

The Philippines' downstream segment includes a wide range of private electricity suppliers (both DUs and ECs) that serve both captive and contestable end-users. These entities are as follows (further discussed in Section 6.1):

- **Private Investor-Owned Utilities (PIOUs)** which are for-profit DUs. The main DUs in each region include Manila Electric Company (Meralco) serving Metro Manila and neighbouring areas, Visayan Electric Company (VECO) serving Metro Cebu, and Davao Light & Power Co. (DLPC) in Davao. As of 2022, Meralco alone accounted for 53.5% of electricity sales in the Philippines.¹⁴²
- **Electric Cooperatives (ECs)**, by contrast, are non-profit and member-owned organisations that typically serve rural and smaller urban areas.
- **Ecozone Utility Enterprises** are the DUs within Philippine economic zones ("Ecozones") which span industrial and business parks and related end-users.
- **Retail Market suppliers** include Retail Electricity Suppliers (RESs), Local RESs (LRESs), and Renewable Energy Suppliers (discussed further in Sections 6.1 and 6.4). Each of these retail suppliers participate in the retail market, however, only Renewable Energy Suppliers are eligible to participate in the Green Energy Option Program (discussed in Section 5.3.3).

4.3. REGULATORY LANDSCAPE

4.3.1. Key Industry Reforms

The Electric Power Industry Reform Act (EPIRA), enacted in 2001, initiated substantial changes in the Philippine electricity sector's market structure, ownership, and operation. Before these reforms, government-owned NPC handled transmission, generation, and grid operation services.¹⁴³ However, over the past two decades, the Philippine electricity industry has undergone significant unbundling, privatization, and commercialization.¹⁴⁴

To this day, EPIRA serves as the foundational legislation for an unbundled, competitive, and increasingly liberalised Philippine power sector. EPIRA's reform efforts encompassed all segments of the power sector, including generation, transmission, distribution, and retail sales, fostering active private sector involvement across the entire value chain.¹⁴⁵ In the years since EPIRA's passage, the Philippine power sector has achieved several important milestones as set out in the original Act:

- i. Creation of a government-owned and -controlled asset management corporation, PSALM, to manage privatization of NPC's generation assets (including the sale of offtake rights and obligation under PPAs from IPPs);
- ii. Absorption of NPC's PhP 200 billion debt, partially incurred from the Asian Financial Crisis, by the government;
- iii. Creation of a government-owned and -controlled corporation, TransCo, to take ownership of the nation's transmission assets.
- iv. Mandate for the role of transmission operator to be conceded by TransCo via a formal long-term franchise contract. This concession was awarded to NGCP through a competitive tender (2008);¹⁴⁶
- v. Establishment of the ERC as an autonomous regulator for the energy sector;
- vi. Establishing the WESM in Luzon (2006), Visayas (2010), and Mindanao (2023);
- vii. Creation of PEMC as an independent market operator to run the WESM temporarily before transfer to the autonomous IEMOP in 2018;
- viii. Creation of a co-optimised reserve market in the WESM which is to be implemented following a trial run in 2023;¹⁴⁷
- ix. Performance-Based Regulation for transmission and distribution businesses; and
- x. Introducing retail competition and customer contestability which has reached customers as small as 500 kW in monthly peak demand terms as of September 2023 (further discussed below).

EPIRA's reforms included the unbundling of tariffs into generation, transmission, distribution, and system loss charges, resulting in more cost-reflective and transparent electricity pricing and the elimination of significant subsidies¹⁴⁸

Further, EPIRA introduced the concept of open access and retail competition, allowing end-users to select their electricity suppliers and distribution utilities.¹⁴⁹ **Retail Competition and Open Access (RCOA)** regulations were subsequently phased in, starting with large customers in 2013. Phases 1 through 3 of RCOA have already been implemented with the present threshold of 500 kW peak demand, with Phases 4 and 5 delayed, amid a slowdown in uptake by smaller end-users. Whilst the ERC had previously targeted lowering the demand threshold to end-users with over 100 kW by January 2022 (Phase 4) and to 10 kW by January 2023 (for Phase 5), the latest draft PEP 2023-2050 indicate plans to further lower this threshold more gradually between 2025-2028.¹⁵⁰ At present RCOA is in operation in Luzon and Visayas, with implementation in Mindanao currently targeted by the end of December 2023.

The Wholesale Electricity Spot Market (WESM), established under EPIRA in 2006, expanded to Mindanao in January 2023. The WESM operates as an energy-only gross pool market, covering both contracted and uncontracted capacity, with settlement occurring on a net basis after bilateral contract quantities are netted out. The market features 5-minute trading intervals with locational marginal prices determined separately numerous supply and demand nodes.

A **Reserve Market** in the Philippines has yet to formally launch in the WESM, although trial operations commenced in June 2023.¹⁵¹ NGCP and IEMOP have been tasked by the DOE with formulating this Reserve Market to improve the procurement of ancillary services in the country.¹⁵² Through EPIRA, NGCP's concession agreement, and the Ancillary Services Procurement Plan (ASPP), NGCP was tasked with procuring ancillary services to support transmission reliability.¹⁵³ The introduction of a reserves market will see specific classes of ancillary services (regulating, contingency, and dispatchable reserves) co-optimised with energy as part of the WESM. Until now, NGCP has procured ancillary services through ASPAs awarded bilaterally and – more recently – via an Ancillary Service Competitive Selection Processes (AS-CSP).

The Open Access Transmission Service (OATS) Rules were originally enacted in 2006, delineating the responsibilities of the transmission network provider and system operator, roles held by NGCP under the concession.¹⁵⁴ These rules specify requirements for transmission services, the key responsibilities of the system operator, and procedures for connecting a transmission customer to the grid.

- In June 2022, the ERC introduced an updated edition of OATS to supersede the original. The 2022 version aligns system operator responsibilities with ancillary services regulations and planning that have evolved since the original rules were enacted.¹⁵⁵

The Amended Distribution Services and Open Access Rules (DSOAR) cover connection standards for new assets to the distribution system. Given that newer technology projects (e.g., offshore wind and floating solar) may necessitate new subsea transmission lines, potential amendments to DSOAR might be required to ensure adequate technical criteria are met. Any such amendments would only be necessary if the DOE and ERC foresee such new technology projects being directly connected to the distribution system.

4.3.2. Regulations on Renewables

The Renewable Energy Act (RE Act) of 2008 serves as the foundational framework for the advancement and deployment of renewable generation technologies in the Philippines.¹⁵⁶ As discussed further in Section 5, the RE Act introduced a suite of fiscal and non-fiscal incentives for the commercialization of renewables. Key initiatives include the Feed-in Tariff (FIT), Renewable Portfolio Standards (RPS), the REM, RECs, the Green Energy Option Program (GEOP), and net-metering. Additionally, the RE Act established various tax incentives for renewable developers in consultation with the BOI.

Furthermore, the RE Act compels NGCP and distribution utilities to incorporate DOE-approved renewable facilities in their TDPs and Distribution Development Plans (DDPs) respectively. It also tasks NGCP (or TransCo) with determining the maximum penetration limit of intermittent renewable projects for grid connection, a crucial aspect for grid stability as these projects hold "must dispatch" status.

The RE Act outlines **Renewable Energy Service Contracts (RESCs)** as a pact between the DOE and renewable energy developers, granting exclusive rights for the exploration and development of renewable energy projects in a specified area. The RESC comprises two stages: pre-development and development/commercial stages, encompassing preliminary assessments up to financial closure, and construction and installation to operational phases, respectively. RESCs are further discussed in Section 4.3.3.

Chapter 8 of the RE Act established the National Renewable Energy Board (NREB), charged with advising the DOE on the National Renewable Energy Program (NREP), RPS, and minimum renewable energy generation capacities for off-grid areas. NREB continues to provide guidance on policies for renewable deployment.

The RE Act also mandates that all renewable exploration, development, use, and systems meet environmental compliance set forth by the Department of Environment & Natural Resources (DENR). The DOE holds the authority to impose necessary penalties, respecting the enforcement power of the DENR and other relevant government agencies.

Energy Storage Systems (ESS) were formally recognised in the Philippines as a means to improve power system stability as of a DOE Circular in 2019.¹⁵⁷ This Circular cited ESS as a recognised technology to manage the intermittent operations of variable renewable electricity (VRE) generating plants. In 2023, the DOE further released a regulatory framework for ESS projects, which includes battery storage (BESS) and pumped storage hydro (PSH), which subjects projects to a new category of metering and monitoring rules.¹⁵⁸ The regulatory framework also extended RE Act incentives, such as preferential dispatch and tax benefits (discussed further in Sections 5.4 and 5.5) to BESS-attached renewable plants.

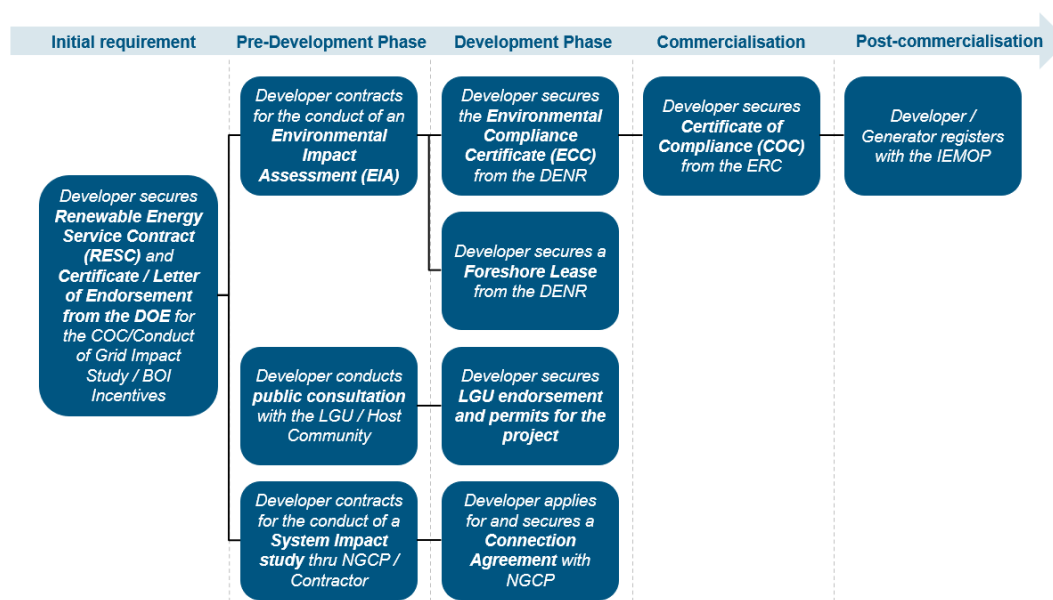
DOE is also moving forward to establish a **regulatory framework for OSW** in the country following President Ferdinand R. Marcos Jr.'s issuance of Executive Order No. 21 (EO21) in April 2023.¹⁵⁹ This framework is being established with the intention to open up existing channels of renewable development to OSW, including permitting, development activities, marine legalities, port and marine spatial planning, and integration into EVOSS.¹⁶⁰

Guidelines for floating solar projects have also been put in place by the DENR.¹⁶¹ These rules provide stricter terms for environmental compliance certificates and related assessments that are specific to floating solar.

4.3.3. Renewable Project Development

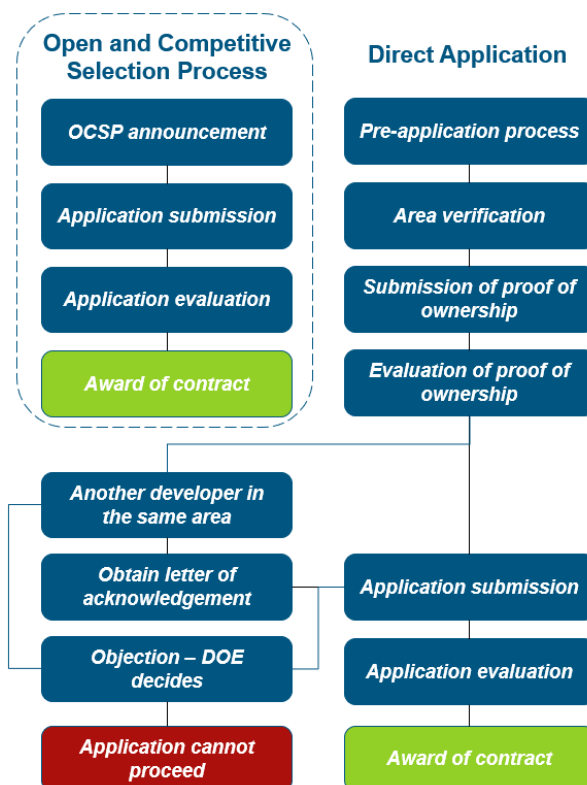
Implemented in 2019 by the DOE, the Omnibus Guidelines are the key regulatory framework governing registration of renewable energy developers and site exclusivity contracts; These site exclusivity contracts are known as RESCs.¹⁶² RESCs are a fundamental first step for any renewable energy project in the Philippines (Figure 4-2). RESCs provide the developer with five years from date of effectivity to achieve commercial operations for their renewable energy project.¹⁶³ Including the RESC, numerous permits across multiple institutional entities are required for a renewable energy project to achieve commercialisation in the market. A list of these permits is provided in Appendix C.

Figure 4-2: Overview of Regulatory Requirements for Renewables Project Development



The Omnibus Guidelines define the process for RESCs via either direct application or an Open and Competitive Selection Process (OCSP), the processes for which are shown in Figure 4-3.

Figure 4-3: Application Processes for Renewable Energy Service Contracts (RESCs), as of September 2023¹⁶⁴



Both the direct application and the OCSP for RESCs are evaluated by the DOE's Renewable Energy Management Bureau (REMB). OCSPs occur on an as-needed basis with the DOE announcing the process formally, after which prospective applicants have 60 days to submit their applications. Direct applications are unsolicited with applicants supplying a map of area of interest and a letter of intent. Typically, these maps require submission of land rights proof and associated details by the prospective developer or owner.

With the DOE considering inclusion of OSW and floating solar into national sector planning, their process of developing a domestic regulatory framework for the technologies looking to potentially amend the Omnibus Guidelines.¹⁶⁵

After acquiring a RESC, renewable energy project developers are required to conduct the following in their pre-development stage:

- Environmental Impact Assessment (EIA) with the Environmental Management Bureau (EMB) within the DENR. The EIA assesses the project's impact on the surrounding environment.
- System Impact Study (SIS) with NGCP is pre-requisite for grid connection as well as development to determine the adequacy and capacity of the grid to accommodate new connection.¹⁶⁶

- Public consultation with the Local Government Unit (LGU) responsible for the site's jurisdiction. Following LGU consultation at the pre-development stage, the development stage needs to be followed through with LGU endorsement and local permitting requirements. Should no LGU be responsible for the local jurisdiction, responsibility falls to the host community of the site.
- Renewable energy resource assessments and feasibility studies specific to the respective project.

With these studies and consultations in the pre-development period, the developer is required to demonstrate financial closing and submit a Declaration of Commerciality of the project which includes delineation of the proposed production and a proposed work program for the first five years. Upon issuance of a Certificate of Commerciality (COC) by the DOE can a project commence development. The COC's issuance also shifts the RESC into a 25-year contract, with data submission and government share remittance, that has an option for extension by another 25 years.¹⁶⁷ Extendibility within a RESC is useful for projects with longer development horizons or project lifetimes.

In September 2023, the DOE has issued three draft Department Circulars for revisions to the Omnibus Guidelines regarding floating solar, OSW, and waste-to-energy (WTE).¹⁶⁸

5. RENEWABLE ENERGY POLICY

5.1. NATIONAL CLIMATE AMBITIONS

As of 2020, the Philippines was estimated by WBG to have emitted 1.2 tonnes of carbon dioxide equivalent (tCO₂e) per capita which is lower than the global average of 4.3 tCO₂e per capita for the same year.¹⁶⁹ As with many countries, the Philippines has formalized its commitment to the Paris Agreement by communicating its Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC).¹⁷⁰ The Philippine government submitted its NDC in April 2021 with clarity that their NDC would be both based on and informed by key sector planning documents, including but not limited to the Climate Change Act of 2009, the PDP, the PEP, and the Sustainable Finance Policy Framework, among others.¹⁷¹

Within the Philippines' NDC, the government committed to greenhouse gas (GHG) emission reduction and avoidances based on a business-as-usual (BAU) case of 3,340.3 million tCO₂e (MtCO₂e) of cumulative economy-wide emissions between 2020 and 2030. The GHG emission reduction that the Philippines committed to is a 75% reduction from this BAU case, of which 72.3% is conditional upon financial support and other forms of assistance as is applicable under the Paris Agreement.¹⁷²

The Philippines' national climate commitments on the international stage both pertain to climate mitigation with the reduction and avoidance of GHG emissions, as well as climate adaptation. At the same time, the archipelagic geography of the Philippines makes the country particularly vulnerable to the effects of climate change, as does the substantial share of agriculture in the economy, representing 8.9% of real GDP in 2022.¹⁷³

5.1.1. National Emissions Programs

Per the Philippines' NDC, the government's GHG mitigation ambitions apply primarily to the energy, industrial, transportation, waste, and agricultural sectors.

The energy sector is a key focal point for the Philippine's NDC commitments and sustainability development goals – given the sector is responsible for the majority of GHG emissions. In 2018, over half of the Philippines' total GHG emissions were attributed to the energy sector.¹⁷⁴ For this reason, the energy sector has been a key focus for the Philippines' climate mitigation policies. Premised upon and aiming to meet NDC ambitions, the National Climate Change Action Plan (NCCAP) for 2011 to 2028 was published in 2012.¹⁷⁵ Despite the NCCAP's publication over a decade ago, the plan continues to be a driving framework for the Philippine approach to climate change. The NCCAP has the following priorities to drive sustainable growth and emissions reductions:

- A. Energy Efficiency & Conservation;
- B. Renewable Energy;
- C. Environmentally Sustainable Transport;
- D. Sustainable Infrastructure;
- E. National Reducing Emissions from Deforestation and Forest Degradation (REDD+) Strategy; and
- F. Waste Management.

Alongside climate-proofed energy infrastructure and sustainable transport, the NCCAP provides an impetus for the DOE to develop a national renewable energy program to increase generation capacity and research & development (R&D) in renewables. The NCCAP set the foundation for the NREP which aimed to raise installed renewable energy capacity to 15,304 MW by 2030.¹⁷⁶

Both the NCCAP and the NREP have been pursued through energy policy and planning since their inception. Alongside these policy targets for the energy sector, the Philippine government has also issued several policies to support sustainable development and rehabilitation towards the achievement of NDC.

- The **National Security Policy (NSP) 2023 to 2028** ties climate change into the Philippines' national security concerns and obstacles to overcome.¹⁷⁷ The NSP is the administration's national security framework and has historically featured a strong climate policy based on resource security. This administration's NSP 2023-2028 focuses on a low-carbon and disaster-resilient society.

- Recently announced by President Ferdinand Romualdez Marcos Jr. and his administration, the **Build, Better, More (BBM) program** is the new and expanded program for infrastructure modernization. The BBM has been listed as a spending priority by the Department of Budget and Management for the 2023 National Expenditure Program with an estimated PhP 1.2 trillion allocated from Congress.¹⁷⁸ Although the project aims to build on the previous administration's Build Build Build (BBB) program, the BBM's near-to-medium term focus for the upcoming year focuses on supporting economic recovery through major transportation infrastructure projects.¹⁷⁹

5.1.2. Energy Sector Coordination for Sustainable Growth

Prior to the President Ferdinand Romualdez Marcos Jr. administration, the administration of Former President Rodrigo Duterte put forward a long-term national agenda titled "Ambisyon Natin 2040." Although this was the national directive put forward by the previous administration, President Ferdinand Romualdez Marcos Jr. has continued to espouse Ambisyon Natin's priorities for national development and growth.¹⁸⁰ Ambisyon Natin's overarching national blueprint for inclusive growth is intended to define national reform and roadmaps at the sector level.

Ambisyon Natin is embodied by the President Ferdinand Romualdez Marcos Jr. administration in the Philippine Development Plan 2023-2028 (PDP 2023-2028) which spans the course of the President's tenure.¹⁸¹ The PDP acts as the administration's legislative agenda and framework at the national economic level, with cross-sector targets for individual government agencies and their sectors. The PDP also informs the energy sector agenda via mandate for the national legislation, the environment, and the DOE.

The present administration's PDP 2023-2028 has a strategic framework focused on (1) developing and protecting the capabilities of individuals and families, and (2) transforming production sectors to generate more quality jobs and competitive products. The PDP 2023-2028 created this framework to include the following headline targets, among others:¹⁸²

- Target of 6.0-7.0% annual GDP growth in 2023, and 6.5-8.0% from 2024 to 2028.
- Maintain headline inflation at 2.0-4.0% throughout 2024-2028, and within 2.5-4.5% in 2023.
- Improve their Global Innovation Index (GII) and Global Competitiveness Index (GCI) positions to 43rd and top 33% respectively.
- Decrease in the unemployment rate to between 4% and 5% by 2028.

PDP 2023-2028's agenda for the energy sector is to achieve an optimal and adequate energy mix that is secure and cost competitive. In this respect, PDP 2023-2028 focuses on improving the renewable energy investment environment while mitigating the effects of rising energy prices.¹⁸³ PDP 2023-2028 tasks the DOE with an important mandate for their sector planning in energy, power, and renewables.

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In the energy sector, the official sector roadmap is the DOE's PEP which is traditionally published every two to three years. The PEP aligns itself with the central government's priorities for the sector in both the PDP and the NREP. The DOE's most recently published final PEP was the PEP 2020-2040 which was aligned with Ambisyon Natin and the previous administration's PDP 2017-2022.¹⁸⁴ However, the DOE is currently drafting a PEP 2023-2050 which intends to align with the PDP 2023-2028 of the present administration. As of September 2023, PEP 2023-2050 is still under public consultation prior to its expected final publication by the end of the year. Sector planning and key targets for the energy sector will be further discussed in Section 5.2.

Although the Philippine energy sector does not feature the same degree of centralised government planning as is the case with markets such as Thailand and Vietnam, a number of key guiding documents play an important role in shaping the policy environment (Table 5-1).

Table 5-1: Overview of Key Energy Sector Planning Documents (as of September 2023)¹⁸⁵

Document Title	Authoring Entity	Brief Description
Nationally Determined Contributions (NDC) 2021	Republic of the Philippines	Commitment to the Paris Agreement by achieving long-term target for emissions reductions and climate change impacts
Philippines Development Plan (PDP) 2023-2028	NEDA	Economy-wide blueprint for development planning consistent with executive socioeconomic agenda.
National Renewable Energy Plan (NREP) 2020-2040	National Renewable Energy Bureau (NREB) & DOE	Policy framework for energy sector and DOE to carry out RE Act priorities and mandate in legislation and planning.
Energy Efficiency & Conservation Roadmap 2023-2050	DOE	Long-term roadmap for reducing energy intensity to meet targets in the Energy Efficiency & Conservation Act (2017).
Draft Consultation for Philippines Energy Plan (PEP) 2023-2050	DOE	Public consultation document behind a document that is the cornerstone of energy sector capacity planning with intended policies.
PEP 2020-2040	DOE	Current finalised iteration of PEP prior to publication of PEP 2023-2050.
Philippine Power Development Plan 2020-2040	DOE	Aligned with the PEP, the plan rolls out updated power sector roadmaps across the value-chain, including those for missionary electrification.
Philippines Offshore Wind Roadmap (POWR)	DOE & World Bank Group	Strategic analyses of OSW and hypothetical growth scenarios to inform future planning with OSW.
Grid Planning and Competitive Renewable Energy Zones (CREZ) in the Philippines	DOE, USAID & NREL	Resource assessment and roadmap for CREZ selection and development.

Document Title	Authoring Entity	Brief Description
Transmission Development Plan (TDP) 2023-2040 Consultation Report	NGCP	Conveys grid performance and development plans with approval from ERC.
Distribution Development Plan (DDP) (2021-2030)	DOE	Distribution system planning for infrastructure requirements and supply procurements needs across DUs and ECs.

5.2. GOVERNMENT TARGETS

As discussed earlier, the Philippines power sector is not a centrally planned and features no 'single buyer' entity; however, the government promulgates several vital planning documents to direct development in the sector (Table 5-1). The Philippines' NDC as well as the present administration's BBM mandate and PDP 2023-2028 lay the foundation for energy sector-specific planning over the medium-term horizon, manifest via the NREP and the PEP.

5.2.1. National Renewable Energy Program (NREP)

Aiming to develop a national sector program to meet the RE Act's long-term agenda, the National Renewable Energy Program (NREP) sets the strategic building blocks for national renewable energy planning in the country.¹⁸⁶ Penned by the NREB, the NREP aligns the energy sector with the wider national GHG emission and climate targets set out by the NDCs.

The most recent NREP 2020-40 sets out indicative interim targets for the delivery of renewable energy over the timeframe of 2020 to 2040, with aspirational targets to achieve a 35% and 50% share of renewables in the total generation mix by 2030 and 2040 respectively. These targets have now been inherited by the latest PEP 2023-2050, currently in draft form, which incorporates these targets into the Reference Case scenario for sectoral planning.

5.2.2. Philippine Energy Plan (PEP)

The PEP is a planning document which formulates a comprehensive sectoral roadmap to ensure implementation of the energy agenda; It provides targets for individual energy sources as well as the diversification of the country's energy mix. The PEP is prepared by the DOE and serves a blueprint for the energy sector supporting the government's long-term vision known as Ambisyon Natin 2040. Typically published every two to three years, the draft PEP 2023-2050 presents the latest view on the government's overall plans and targets.

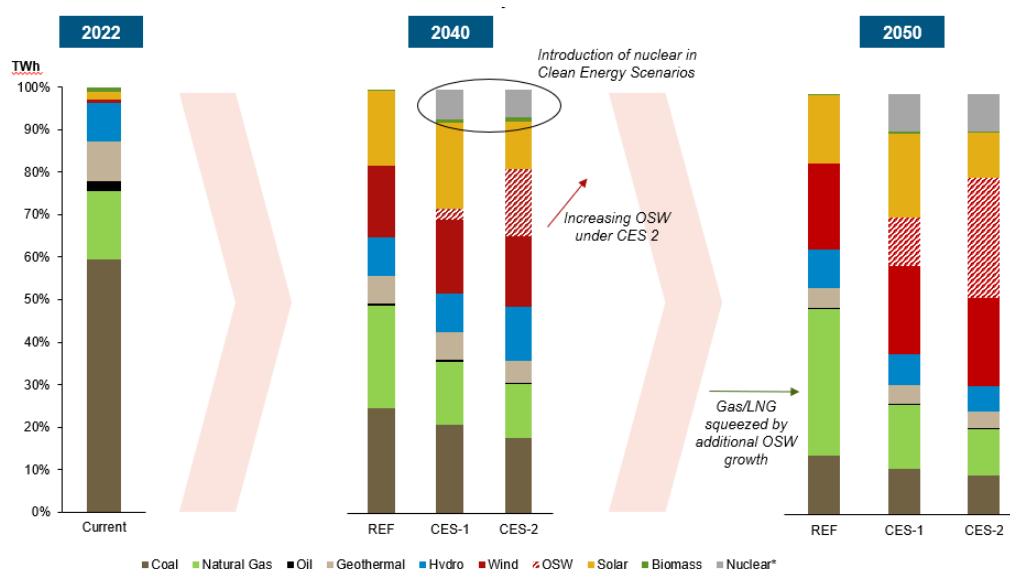
In addition to the Reference Case scenario, recent PEPs have also set out Clean Energy Scenarios (CES) to provide more ambitious plans and targets for renewable energy alternative technologies, and energy efficient technologies with an overall goal of reducing GHG emissions and lowering reliance on imported fuels. In draft PEP 2023-2050, the CES notably assumes 50% penetration rate for electric vehicles (EVs) for road transport by 2040, heightened gains from energy efficiency and conservation with up to 10% energy savings on oil products and electricity by 2050, and the inclusion of offshore wind and nuclear power into the generation mix.¹⁸⁷ In particular, draft PEP 2023-2050 sets out CES-1 and CES-2 which are differentiated by their respective degrees of OSW penetration.¹⁸⁸

Power Mix Targets Under Draft PEP 2023-2050

In broad terms, capacity targets in the draft PEP 2023-2050's Reference Case scenario align with the CES seen with the previous PEP 2020-2040 (with the exception of gas-fired capacity which fell to an 11.3 GW target by 2040 as compared with 24.9 GW in the previous NREP).¹⁸⁹ The Reference Case in the latest draft PEP contains a renewables target of approximately 35% by 2030, and 50% by 2040, while the CES has more ambitious targets leveraging the potential of OSW and nuclear power.

All scenarios within the draft PEP 2023-2050 show a transition away from coal, falling from 60% of power generation as of 2022 to 14% in the Reference Case by 2050, and falling further to 11% in the CES-1 and 10% in CES-2 scenarios over the same timeframe (Table 5-1).

Figure 5-1: Power Generation Outlook per Draft PEP 2023-2050¹⁹⁰



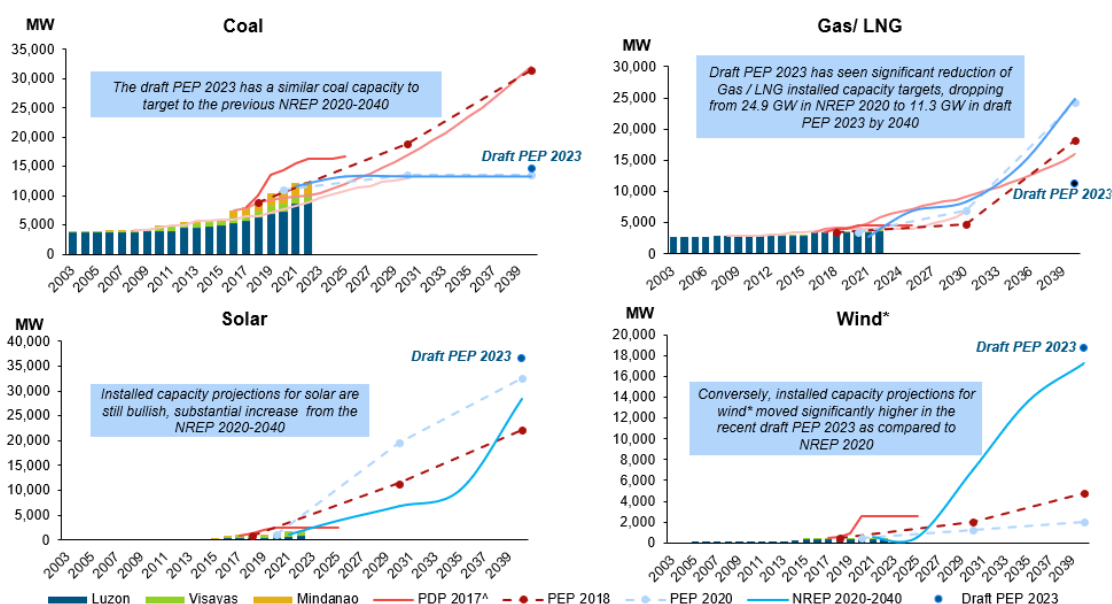
*Note: *Listed as 'Nuclear and other' in the draft PEP 2023-2050. Graphic based on initial generation mix and does not include BESS discharging.*

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Key aspects of the Reference Case Scenario: There is a clear emphasis on moving away from coal and creating a larger role for onshore wind, utility-scale solar and natural gas in the generation mix.¹⁹¹ Key capacity targets in the Reference Case include:¹⁹²

- **Solar:** Remains a key focus for MW additions and a key driver of overall increase in renewable capacity. Installed capacity is projected to grow from 1.5 GW in 2022 to 56.5 GW by 2050.
- **Wind:** Overall capacity grows from 0.4 GW in 2022 to 32.3 GW by 2050. This is assumed to all be onshore wind, with OSW featured explicitly in the CES-1 and CES-2 outlooks.
- **Gas:** Plays an increasingly large role in the sector with the coal moratorium remaining in place. Gas is seen in this scenario with a total installed capacity of 21.9 GW by 2050 vs. 3.7 GW in 2022.
- **Coal:** Projected to marginally grow from 12.4 GW in 2022 to 14.7 GW by 2050.
- **Other technologies:** Geothermal and hydropower capacity grow from 2.0 GW and 3.8 GW in 2022 to 3.3 GW and 14 GW respectively.

Figure 5-2: Installed Capacity vs. Historic Projections by Technology¹⁹³



Note: While not explicitly outlined in the draft PEP 2023-2050, the reference case is understood to contain only onshore wind.

Key aspects of the CES: CES-1 and CES-2 scenarios have a clear emphasis on OSW, and therein reducing overall power sector emissions and reliance on imported fuels. Among the two clean energy scenarios, CES-2 targets wind capacity alone to contribute to almost 50% of total power generation by 2050.¹⁹⁴ Nuclear power also features in both CES outlooks, with 1.2 GW operational by 2032. The increase in OSW and nuclear generation come at the expense of gas/LNG, which play a smaller role in the CES. Notable targets in the CES include:

- **Nuclear power:** 1.2 GW by 2032, 2.4 GW by 2035, and 4.8 GW by 2050 in both CES-1 and CES-2.
- **Offshore wind:**¹⁹⁵
 - CES-1 – 1.8 GW by 2040 and 13.2 GW by 2050.
 - CES-2 – 13 GW by 2040 and 38.4 GW by 2050.

Table 5-2: Net Capacity Additions from 2023 to 2050 per Draft PEP 2023-2050¹⁹⁶

	Wind	Solar*	Gas	Nuclear	Geothermal	Hydro	Biomass	BESS
Reference (GW)	32.3	56.5	21.9	0	3.3	14.0	0.7	3.8
CES-1 (GW)	45.9	54.7	16.0	4.8	3.0	10.6	0.8	22.0
CES-2 (GW)	66.0	35.7	18.8	4.9	3.0	9.9	0.8	Not published [^]

*Note: *Solar targets assumed to be in megawatt-peak (MWp) in the NREP. ^ Draft PEP 2023-2050 did not explicitly indicate what BESS capacity additions are expected under the CES-2, but BESS is likely part of the capacity forecast as BESS is included in both the reference and CES-1 scenario.*

Apart from projections for generation, demand, and final energy consumption up to 2050, the PEP also outlined the planning and policy work the department is doing to stimulate renewable buildout, investment in new technologies (e.g., hydrogen) and EV adoption; complementing support on conventional power (specifically gas), energy efficiency and grid innovations.

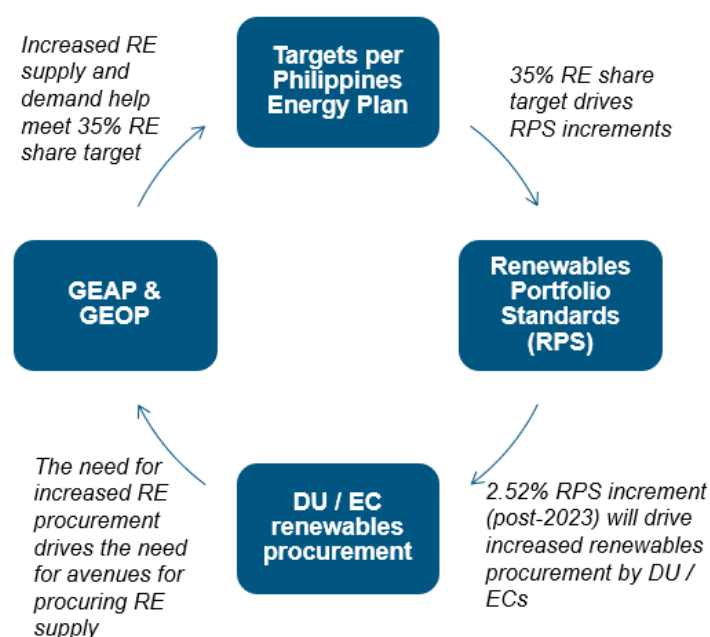
5.3. ENERGY TRANSITION POLICY DRIVERS

Affordability and security of energy supplies in the Philippines has been an important issue to address in Ambisyon Natin's pursuit of inclusive growth. Against this backdrop, renewable energy is set to play an important role in the attainment of Ambisyon Natin's goals. The RE Act formed an early platform to incentivize renewable development alongside national climate and development ambitions; it has remained a mainstay in the energy industry since and drives many of the incentive structures that exist for renewables today.

The RE Act laid out various measures to support the deployment of renewables, namely via for Renewable Portfolio Standards (RPS), Green Energy Auction Program (GEAP), and the Renewable Energy Market (REM).¹⁹⁷ To date, the RPS and GEAP (covered in the subsequent Section 5.3.1 and 5.4.2) have both seen successful implementation, while the REM (Section 5.3.2) is now undergoing interim commercial operations.¹⁹⁸ Each of these policy drivers are interlinked and supports the increase of renewables in the generation mix, with implicit linkages between the various government policies and market-based policy tools.

At a high level, RPS sets out mandated requirements for a minimum level of renewable energy procurement for all distribution utilities, electric cooperatives, and retailers.¹⁹⁹ As of January 2023, the annual increment in RPS requirements was revised higher to 2.52% per annum. According to the DOE's simulations for the policy itself, this 2.52% increment corresponds to a renewable share of 37.0% by 2030 and 55.9% by 2040 to meet foreseen RPS-obligated demand.²⁰⁰ This raised level is aimed at achieving the national 35% renewables generation goal by 2030 – a key target under the NREP.²⁰¹ The requirement to meet these RPS targets plays a central role in offtakers procuring higher levels of renewable energy in their supply portfolios through mechanisms such as the Competitive Selection Processes (CSP), for instance, whilst also guiding the government on renewable energy capacities to be auctioned via the GEAP. In addition, with the advent of the Green Energy Option (GEOP), larger end-users (>100 kW) now also have the option of contracting directly with renewables suppliers.²⁰² There is significant interplay between the various policy instruments driving renewable energy deployment and meeting the government's clean energy targets (Figure 5-3).

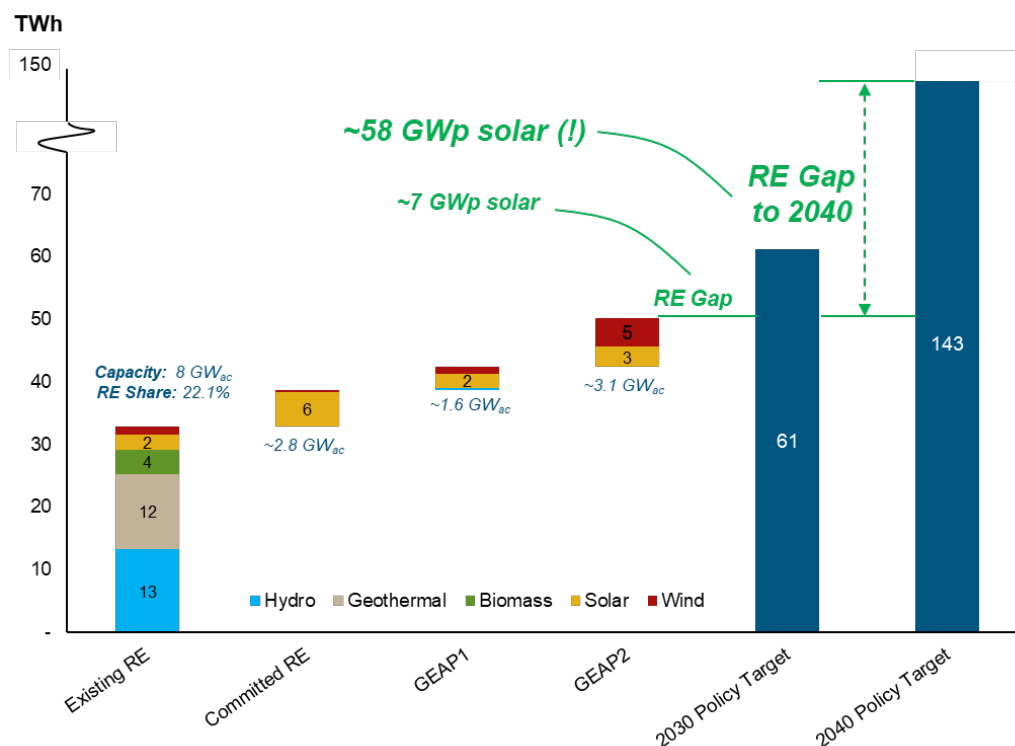
Figure 5-3: Interplay of Philippine Renewable Energy Policy Instruments



Renewables Gap Based on Draft PEP 2023-2050

Based on the government's current renewable energy targets (approximately 35% by 2030 and 50% by 2040), there remains a significant investment gap for renewables. This gap could reach 100 TWh by 2040 or the equivalent of around 58 GWp of solar.²⁰³ This gap signals the need for scaling growth of renewable developments in order to meet policy targets (see Figure 5-4). As with the existing mandate of the DOE, this gap will have to be met by either additional auction rounds under the GEAP or via other forms of renewable energy commercialisation.

Figure 5-4: Renewable Energy Generation Required for 35% and 50% Policy Targets per Draft PEP 2023-2050²⁰⁴



Note: Committed list here is based on TLG's understanding of existing planned plant capacities and their likelihood of being developed based on offtake status, construction status and financing status, and may differ from the DOE's committed plant list.

5.3.1. Renewable Portfolio Standards (RPS)

A key policy instrument posited under the RE Act, Renewable Portfolio Standards (RPS) were formally launched in 2020.²⁰⁵ RPS are a targeted policy measure whereby the government requires mandated participants to procure a minimum share of electricity from eligible renewables. Mandated participants are required to demonstrate their consumption's green attributes with Renewable Energy Certificates (RECs). RPS targets aim to create sufficient renewable energy demand to realize the government's renewable energy targets as per the PEP (Figure 5-3).

As of 2023, the annual increment for renewables procurement required by distribution utilities, electric cooperatives, and retailers, was increased from 1% to 2.52% per annum, further supporting demand for additional renewable power. Local Philippine RECs are used to demonstrate RPS compliance in the Philippines, with the RPS requirements will also create demand and price support for RECs in the future.

The GEAP policy complements the RPS mechanism. Originally the GEAP, as per the Department Circular No. DC 2021-11-0036, had been intended as an 'opt-in' bidding program to enable market participants to meet RPS requirements, however, the mechanism for this has not been made explicit to date.²⁰⁶

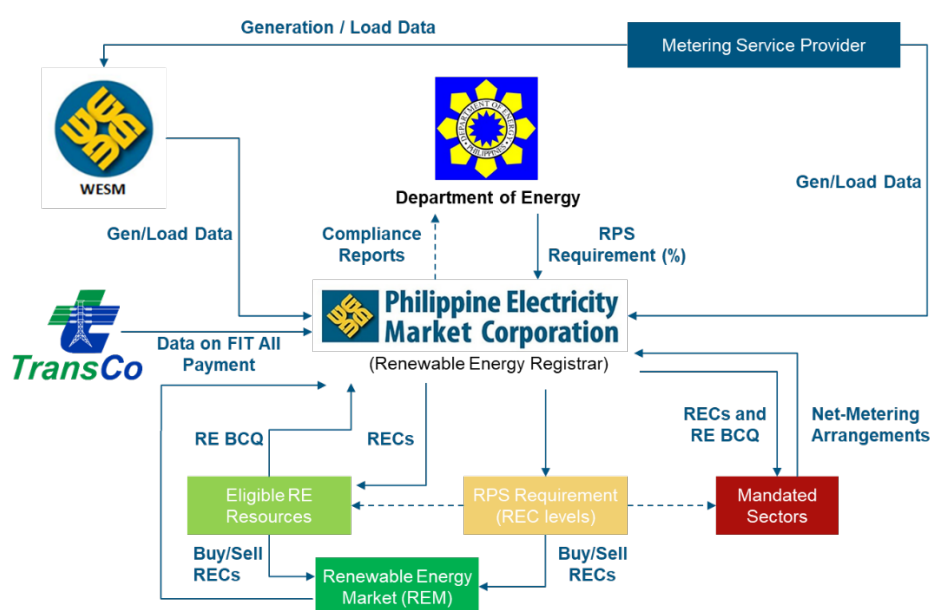
Although the International REC (I-REC) Standard was launched in the Philippines in 2017, I-REC issuance halted with the implementation of the local REC scheme in 2021.²⁰⁷ I-REC issuance was proactively curbed in order to avoid any risk of double counting with the local REC market. Additionally, all grid-connected projects were required to participate in the local REC scheme, effectively disqualifying the majority of renewables in the Philippines from being issued I-RECs.

5.3.2. Renewable Energy Market (REM)

The Renewable Energy Market (REM) is a market for the trading of RECs in accordance with Section 8 of the RE Act.²⁰⁸ Market rules for the REM were established by the DOE in 2019 with plans for the formal implementation of the market to follow soon after.²⁰⁹ The REM is currently in interim commercial operations as of September 2023, and will serve as the market for the trading of RECs under the oversight of IEMOP. RECs are issued for each megawatt-hour (MWh) of generation and, whilst potentially not bankable in the near to medium-term, provide an additional revenue option for renewables projects.

Aside from mandated RPS participants, there is also growing voluntary demand for RECs from corporates attached to international green labels such as the RE100 and the Carbon Disclosure Project (CDP), which could offer price support for RECs and renewable energy development in the long-run.

Figure 5-5: Renewable Energy Market Framework²¹⁰



Note: BCQ denotes bilaterally contracted quantities.

5.3.3. Green Energy Option Program (GEOP)

The Green Energy Option Program (GEOP) is an initiative under the Renewable Energy Act of 2008 to empower electricity end-users to procure renewable energy for their electricity requirements. IEMOP, as the CRB, have been operating the GEOP since December 2021.²¹¹ The GEOP is a voluntary policy mechanism that encourages contestable customers – whether currently served by an incumbent DU or EC, or retailer – to switch to purely renewable sources of energy. The eligibility threshold of 100 kW is lower than the retail market (currently at 500 kW for individual end-users) and the process of migrating suppliers follows retail market procedures.

Uptake under the GEOP has been relatively slow since inception in 2021, with 219 registrants in the 100-499 kW threshold band by Q1 2023, of the 219 registrants, 138 are commercial end-users and 93 are industrial end-users.²¹² This is understood to be because of requirements for GEOP suppliers to provide '24/7' renewable power, which is difficult for standalone intermittent renewables (e.g. solar and wind), effectively limiting GEOP supply to those suppliers with access to more firm renewables such as hydro and geothermal.²¹³

5.4. POLICY INCENTIVES FOR RENEWABLES

5.4.1. Feed-in-Tariff (FIT)

Offering the Philippines' first formal tendering scheme for large-scale renewables at a time when technologies were not at grid parity, the Feed-in-Tariff (FIT) program saw strong interest among renewables developers. The FIT program was launched in 2015 after NREB target quotas for installation were endorsed by the DOE in 2011, and 'first come first served' quotas for solar and onshore wind were quickly filled.²¹⁴ There were subsequent expansions rounds for solar and wind, which were also rapidly taken up by the market.

The technology-specific FIT tariffs have featured volumetric 'per kWh' rates over a 20-year contract term, with the FIT rules allowing for differentiated tariffs within each technology depending on the commercial operations date achieved. Targets for installation were determined by the DOE, with TransCo acting as the contracting counterpart. The full subscription to quotas for solar and wind, in particular, demonstrated the appetite among developers, such as CREC, for renewable energy investment at favourable tariff levels.

Table 5-3: Original Baseline FIT and Degression Rates²¹⁵

	Baseline FIT rate* (PhP/kWh)	ERC-Approved Degression Rates* (% pa.)	Target (MW)	Registered Capacity in 2022/2023	Effective Capacity* in 2022/2023
Wind (Bangui 1&2 only)	5.76	0.5% after year 2 from effectivity of FIT	33	426.90 MW (98.6%)	426.90 MW (107%)
Wind (FIT1)	8.53		200		
Wind (FIT2)	7.40		200		
Biomass (solid)	6.63 (new rate 6.596)	0.5% after year 2 from effectivity of FIT	250	286.35 MW (115%)	259.26 MW (104%)
Small Hydro	5.90 (new rate 5.8705)	0.5% after year 2 from effectivity of FIT	350	172.78 MW (49%)	172.78 MW (49%)
Solar (FIT1) (>0.5MW, ground mount)	9.68	6% after year 2 from effectivity of FIT	50	525.95 MW (105%)	525.95 MW (105%)
Solar (FIT2)	8.69		450		

*Note: *The baseline rate has not been escalated to date. In May 2020, ERC approved a new escalation rate, which saw a downward revision to FIT tariffs but with escalation now implemented. Depending on the year of commission of a project, the approved FIT rates are subject to degression in order to reflect the expected decrease in project costs as the technologies mature. Effective capacity includes operational FIT projects and those with Certificate of Endorsement and nomination but excludes potential projects in the DOE list.*

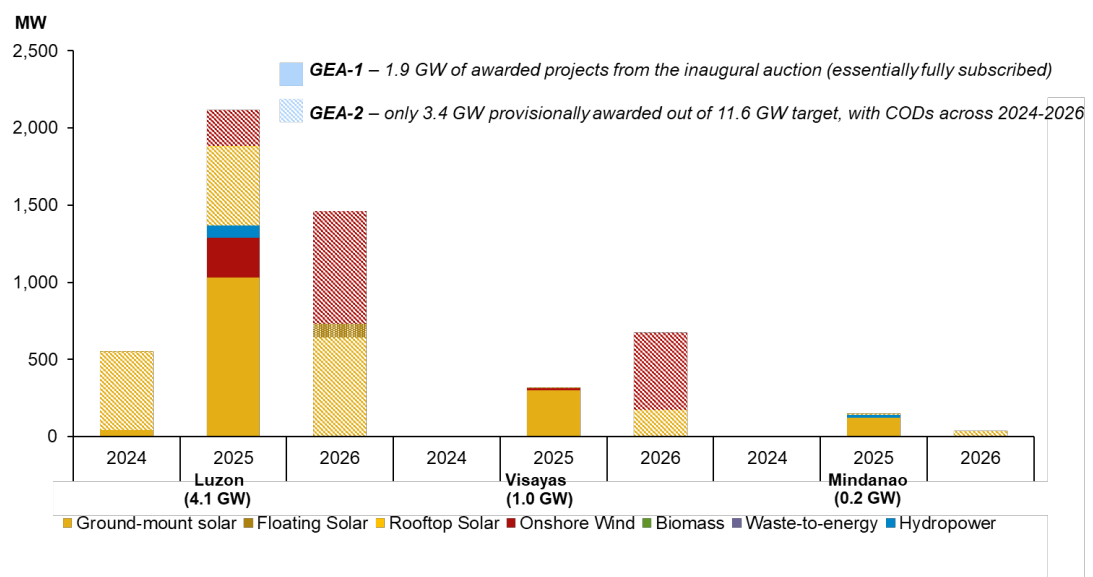
5.4.2. Green Energy Auction Program (GEAP)

Whereas the FIT program spurred the initial deployment of renewables technologies such as solar and wind with quotas met or exceeded (with the exception of small hydropower), the introduction of the Green Energy Auction Program (GEAP) in 2022 reflects a shift to competitive procurement of renewable energy at significantly greater scale.²¹⁶

Thus far the GEAP has been used to successfully award nearly 5.3 GW of renewable capacity in 2022 and 2023 across the GEAP1 and GEAP2 auction rounds (Figure 5-6). The first two rounds featured solar (ground-mount, rooftop and floating), onshore wind, biomass, small hydro, and waste-to-energy technologies, with most focus on solar and onshore wind. CREC has participated and been successful in these auctions, securing 555 MW of solar and 362 MW of onshore wind capacity.

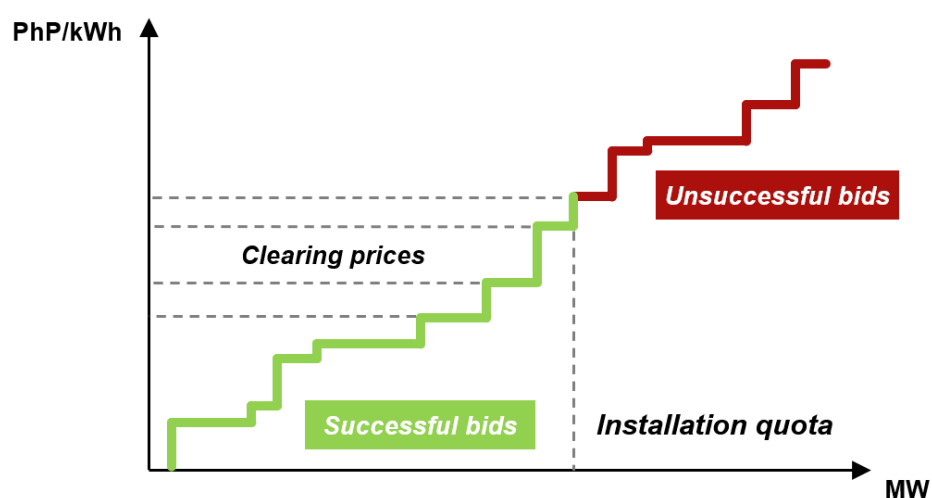
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Figure 5-6: GEAP Capacity Awards²¹⁷



The GEAP features a competitive ‘pay-as-bid’ auction mechanism, with bidders competing within a certain technology-specific capacity quota. Projects can be either existing or new build capacity, uncontracted, and are remunerated on an as-generated basis. Similar to the FIT, TransCo serves as the offtaker for projects in the GEAP with revenues collected and disbursed via the FIT-ALL funding mechanism.²¹⁸ The bulk of funding for the FIT-ALL is tied to WESM revenues from eligible projects, with end-users paying a monthly FIT-ALL universal charge which fluctuates depending on WESM revenues and the resulting over/under-recoveries.

Figure 5-7: Illustrative Supply-Price Curve under the GEAP



As part of the auction rounds, a Green Energy Auction Reserve (GEAR) price is set by the ERC, which acts as a ceiling price. The latest auction round, GEAP2, featured tariffs for ground-mount solar projects largely being awarded in the 4.0-4.4 PhP/kWh range, and onshore wind projects in the 5.0-5.8 PhP/kWh range.²¹⁹ The winning projects from GEAP2 are listed in Appendix A.

5.4.3. Preferential Dispatch for Renewables

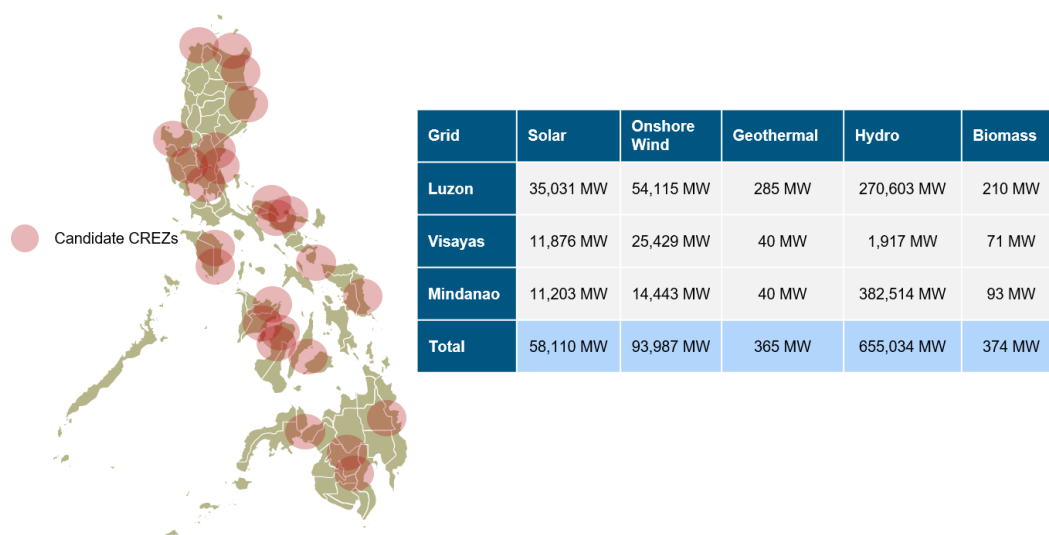
As legislated in the RE Act, renewable projects are granted preferential dispatch rights to provide more certainty of power injection into the grid as well as to assist NGCP with grid operations.²²⁰ Intermittent renewables, such as solar, wind, and run-of-river hydropower, are granted “must dispatch” status at present, whilst non-intermittent renewables, such as biomass and geothermal, are afforded “priority dispatch” status.

According to the Philippine dispatch schedule, generators awarded “must dispatch” status enjoy first preference in the merit order whenever their generation becomes available. In the merit order, “priority dispatch” generators are dispatched first after the generation in “must dispatch.”²²¹ Pursuant to the RE Act, preferential dispatch treatment for renewables has been implemented successfully and respected in the dispatch schedule to date.

5.4.4. Competitive Renewable Energy Zones (CREZs)

The DOE introduced a Competitive Renewable Energy Zone (CREZ) program to promote the development of renewable energy projects in high resource potential but remote areas. The program was initiated in a joint study by the DOE, United States Agency for International Development (USAID), and the NREL published in 2020.²²² The study identified 25 CREZs with the most economic renewable resource areas across onshore wind, solar, geothermal, biomass, and hydropower to inform transmission planning.

Table 5-4 maps out the 25 CREZs and shows the study’s data on their potential renewable capacity.²²³ Across these 25 CREZs alone, the study identified 58.1 GW of utility solar and 94.0 GW of onshore wind potential capacity.

Table 5-4: Map of Candidate CREZs (LHS) and Estimated CREZ Opportunity Capacity (RHS)²²⁴

The CREZ program is intended as a catalyst for concentrated renewable energy developments by encouraging a proactive transmission planning approach. The CREZ process offers opportunities for reducing costs and amplifying benefits by evaluating the transmission needs of the whole system, rather than upgrading the grid incrementally for the needs of specific projects. As such, the DOE has worked closely with the NGCP on the annually-updated TDP which now features CREZs as a focal point for grid upgrade and expansion.²²⁵

5.4.5. Fiscal Incentives

Alongside the non-fiscal incentives relating to preferential dispatch rights and grid development initiatives, the RE Act also afforded renewable energy developers several fiscal benefits with qualified projects given generous tax incentives such as the 7-Year income tax holiday and value-added-tax-free (VAT-free) importation of related renewables technologies.²²⁶ These tax incentives have been granted to further promote renewable energy development within the Philippines. Beyond the tax incentives, there are also multiple non-fiscal incentives provided under the RE Act such as the FIT for emerging technologies and exemption from the universal charge in the tariff (see Table 5-5). As of 2023, 100% foreign ownership is also now allowed for all renewable energy projects.²²⁷

Note that some of the incentives, such as duty-free importation, require firms to have a RESC issued by the DOE. However, as part of the RE Act, the government also has claim to 1% of the energy sales gross income of all existing and new renewable energy developers.

Table 5-5: Incentives Afforded to Renewable Energy Developers under the RE Act

Incentives	Renewable Energy Developers	Renewable Energy Commercialisation
Fiscal		
7-Year Income Tax Holiday (ITH)	✓	✓
Duty-Free Importation	✓	✓
VAT-free Importation	(Tax Credit)	✓
Special Realty Tax Rate ≤ 1.5%	✓	
Net Operating Loss Carryover	✓	✓
10% Corporate Tax Rate after ITF	✓	
Zero Percent VAT on Renewable Energy Sales & Purchases	✓	✓
Cash Incentive = 50% of Universal Charge (UC) for Missionary Electrification	✓	
Tax Exemption on Carbon Credits (not yet in effect)	✓	
Tax Credit on Domestic Capital Equipment & Services	✓	✓
Non-Fiscal		
Renewable Portfolio Standards (RPS)	✓	
Feed-in-Tariff (FIT) for Emerging Technologies	✓	
Waiver of Government Share on Renewable Energy Micro-Scale Projects (<100 kW)	✓	

Incentives	Renewable Energy Developers	Renewable Energy Commercialisation
Exemption from Universal Charge (UC)	✓	
Average kWh Rate for Transmission & Wheeling Charge	✓	
Tax Rebate for Renewable Energy Components	✓	
Financial Assistance Program	✓	

5.5. POLICY INCENTIVES FOR ENERGY STORAGE SYSTEMS (ESS)

With sizable targets for VRE penetration, the Philippines has acknowledged its need to proactively improve power system stability alongside the deployment in renewable energy. In 2019, the DOE formally recognised BESS as technology eligible for commercialisation in the ancillary services market (further discussed in Section 6.2), while providing several requirements for these developers:²²⁸

- NGCP is responsible for developing a **testing standard and accreditation process** for ESS approvals in order for these assets to provide ancillary services. NGCP has since implemented these processes.²²⁹ These rules have been formally incorporated into the WESM Rules as of 2022.²³⁰
- **Sites and size of potential ESS systems** should be published by NGCP in the annual TDP. NGCP has published recommended BESS sites and capacities since their 2021 iteration of the TDP.²³¹
- **ESS (including BESS) is defined as ‘generation’ capacity** which means that such assets are subject to 30% maximum grid ownership and 25% installed capacity limits inherent to EPIRA.²³²

The DOE published the backbone of the pending regulatory framework for ESS in 2023, which, among technical, operation, and administrative requirements, highlights the technology’s access to the RE Act’s preferential incentives.²³³ Importantly, these incentives for ESS technologies now include:

1. BESS attached to renewable energy plants are **eligible for the same tax benefits and preferential dispatch (must dispatch and priority dispatch)** afforded to renewable energy developers by the RE Act (previously discussed in Sections 5.4.2 and 5.4.5).
2. **Different metering and monitoring rules** will be applied to developers who have standalone ESS, an integrated renewables and ESS, an integrated non-renewable generation asset and ESS, or hybrid renewables and non-renewables coupled with ESS.
3. **Streamlined permitting procedures** for ESS from the ERC.²³⁴
4. **ESS integration has been extended to microgrid service providers.** However, system operators may only supply ancillary services from this if supply from other sources is deemed insufficient.²³⁵

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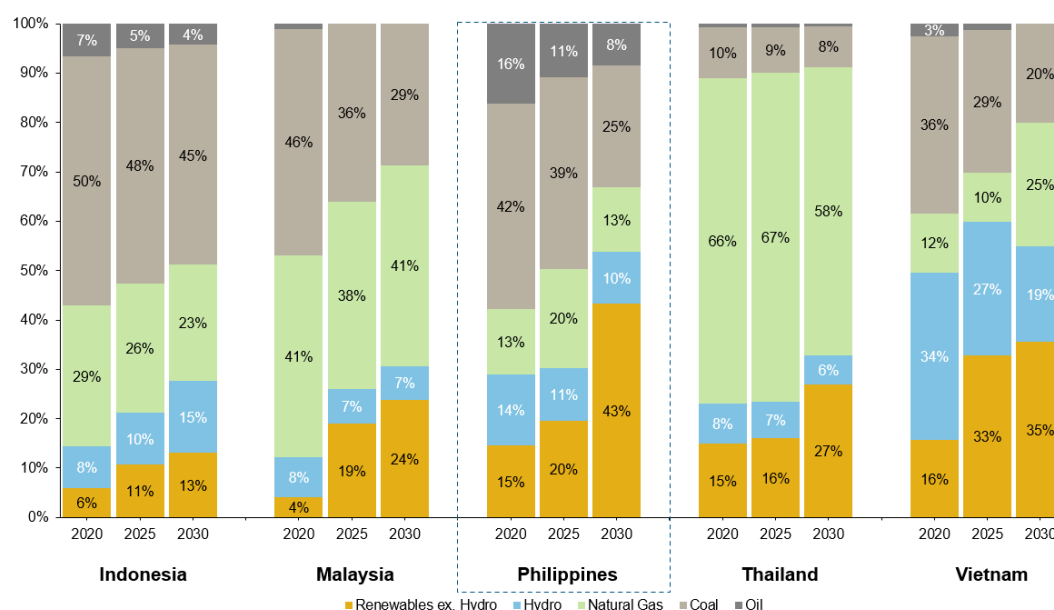
Although ancillary services provision has typically been conducted through NGCP's CSPs, eventual implementation of the Reserve Market is expected to provide WESM opportunities down the line.²³⁶

5.6. REGIONAL ENERGY TRANSITION COMPARISON

Compared to several of its regional peers within Southeast Asia, the Philippines' energy transition plans are progressive both in terms of supply planning as well as the incentive structures and regulatory supporting environment offered to renewable developers.

Figure 5-8 compares 2020 historical capacity mixes with government targeted capacities in 2025 and 2030 across Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. As the Philippines' Draft PEP 2023-2050 is still in draft form and does not provide finalised 2025 or 2030 targets for its Reference Case scenario, the PEP 2020-2040's CES has been used in lieu of finalised targets. Per the draft PEP 2023-2050, it is understood that the new Reference Case scenario will be broadly reflective of PEP 2020-2040's CES scenario.²³⁷

Figure 5-8: Regional Comparison of Historical (2020) and Targeted (2025, 2030) Installed Capacity with Philippines PEP 2020-2040 Clean Energy Scenario Outlook²³⁸



Among regional counterparts, the Philippines stands out in its aggressive outlook for non-hydropower renewables through until 2030.²³⁹ The PEP 2020-2040's CES case posed a 43% share for renewables in the capacity mix by 2030, far higher than Vietnam (35%) and Thailand (27%).²⁴⁰ In terms of renewable energy share growth from 2025 to 2030, the Philippine outlook is to roughly double as with Thailand²⁴¹. The PEP 2020-2040 CES outlook saw growth driven primarily by utility solar (36% of total by 2030), which is comparable to Malaysia's target for 23% solar capacity by 2030.²⁴²

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Table 5-6: Regional Comparison of Energy Transition Targets and Policies²⁴³

	Indonesia	Malaysia	Philippines	Thailand	Viet Nam
Net Zero²⁴⁴	2060	2050	-	2065	2050
NDC Initial Date of Submission	November 2016	November 2015	April 2021	September 2016	November 2016
Unconditional GHG Reduction (2030)	32%	45%	3%	20%	16%
Conditional GHG Reductions (2030)	43%	-	75%	25%	44%
Updated Submission	September 2022	July 2021	-	October 2020	November 2022
Long Terms Strategy for GHG Reduction²⁴⁵	Low-Carbon and Climate Resilience Scenario (LTS-LCCR 2050)	-	-	Long-term Low GHG Emission Development Strategy (LT-LEDS 2022)	Long Term Strategy on Environmental Protection
Coal Phase-Out	Under discussion.	No law, but in planning.	Moratorium on new additions.	No law, but in planning.	No law, but in planning.
Sector Planning Document²⁴⁶	Indonesia Electricity Business Plan (RUTPL) 2021-2030	National Energy Transition Roadmap (NETP)	PEP 2020-2040 (PEP 2023-2050 under finalisation)	PDP 2018 Rev. 1 (National Energy Plan [NEP] under finalisation)	PDP VIII
Renewable Capacity Goal	23% by 2025, 31% by 2050	70% by 2050	35% by 2030, 50% by 2040	30% by 2030	32% by 2030
Renewables Tendering Routes	Formal tenders or unsolicited proposals	FIT and Large-Scale-Solar Auction	FIT, GEAP, OCSP, and unsolicited proposals	FIT	Legacy FIT.
Renewable Portfolio Standards	None	In place	In place	None	None
REC Market	I-RECs and TIGRs only.	Local marketplace	Local market to launch	Centralised I-REC issuance	I-RECs only
End-User Contracting with Renewables	Only with direct connection to end-user	Green Tariff scheme and Corporate PPA	GEOP & retail contracts	None, upcoming government utility green tariff being developed	Planning to launch official direct PPA program by 2025 (timeline uncertain).

	Indonesia	Malaysia	Philippines	Thailand	Viet Nam
Net Metering	None	Available with quota	For small builds (< 100 kW), distributed energy resource contracts available up to 1 MW	For residential only	Only net-billing for legacy FIT projects

Note: GHG reduction targets are relative to the business as usual (BAU) scenarios.

The Philippines is behind its regional counterparts in having a consolidated long-term GHG reduction target and, ultimately, its lack of a formal net zero target (Table 5-6).²⁴⁷ However, the Philippines' renewable targets and supporting mechanisms appear ahead of its neighbours being, alongside Malaysia and Thailand, and is one of the few countries in Southeast Asia to institute competitive auctions for renewable energy procurement.²⁴⁸

With the GEAP, the Philippines offers highly attractive commercial opportunities for renewables compared to regional peers on the basis of auction transparency, frequency, scale, and range of technologies (Table 5-7).

Table 5-7: Regional Peers Auction & FIT Comparison²⁴⁹

	Indonesia	Malaysia	Philippines	Thailand	Vietnam
Type of Mechanism	Direct Award	Auction (and FIT) ²⁵⁰	Auction	FIT	FIT
Criteria	Bilateral Negotiations	Price (and First to Finish for FIT)	Price ²⁵¹	Multi-Criteria ²⁵²	First to Finish'
Eligible Technologies					
<i>Hydro</i>	✓	(FIT for small hydro)	✓		✓
<i>Geothermal</i>	✓		✓		
<i>Utility Solar</i>		✓	✓	✓	✓
<i>Floating Solar</i>			✓		✓
<i>RTS</i>			✓	✓	✓
<i>RE & BESS</i>			Under Discussion	✓	
<i>Onshore Wind</i>			✓	✓	✓
<i>Biomass</i>	✓	(FIT)	✓	✓	
<i>OSW</i>			Under Discussion		✓

	Indonesia	Malaysia	Philippines	Thailand	Vietnam
Auction Process Length	N/A	1 Year	2 Months	8 Months	N/A
Contract Certainty	With Negotiation	With Award	With Award	With Award	Upon Completion
Most Recent Round (Year Offered)	"Direct Selection" (Ongoing)	LSS 4 (2020)	GEAP2 (2023)	FIT (2022)	Wind FIT 1 (2018) & 2 (2021)
Quota	N/A	1.0 GW	11.6 GW	5.2 GW	Based on approvals
Awarded Capacity	N/A	0.8 GW	5.3 GW	4.9 GW	4.1 GW ²⁵³

6. CONTRACTING ENVIRONMENT

6.1. SUPPLY AND OFFTAKER LANDSCAPE

The downstream segment of the Philippines power sector consists of a diverse range of entities that serve demand across the captive (regulated) and contestable (retail) markets. In the Philippines, the classification of contestable end-users is defined by RCOA (previously discussed in Section 4.3.1), with end-users whose peak demand is greater than the RCOA threshold of 500 kW (over a twelve-month period) classed as contestable, as of September 2023.²⁵⁴ Entities that supply electricity to these end-users in the Philippines are as follows:

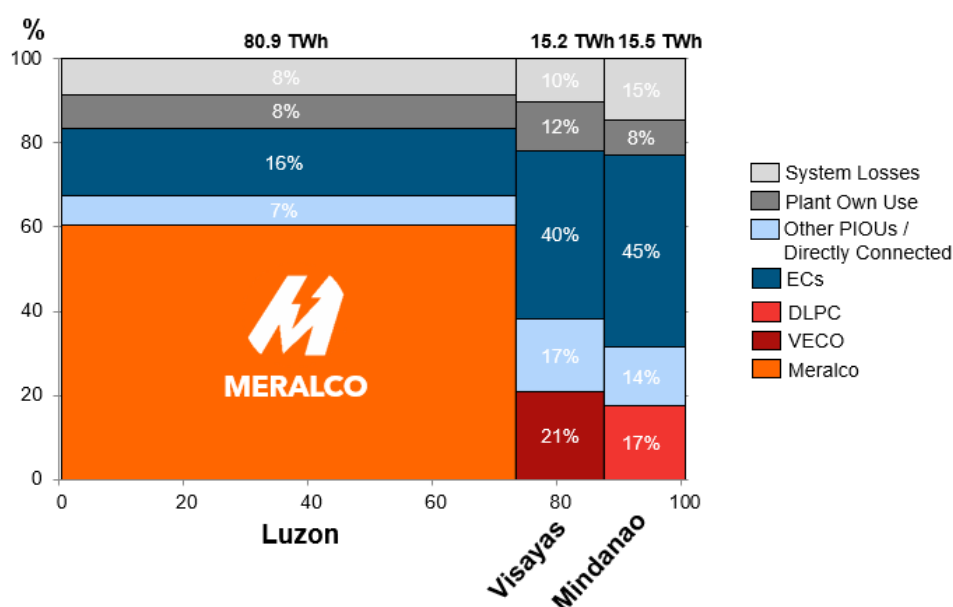
- **Private Investor-Owned Utilities (PIOUs)** which are for-profit DUs with franchise areas awarded by Congress for a defined term. PIOUs are responsible for the wheeling and distribution of power within their franchise areas, as well as procuring supply to captive customers and contestable customers that have not voluntarily switched to a retail electricity supplier.
- **Electric Cooperatives (ECs)** are non-profit member-owned DUs that are regulated by the NEA with franchises awarded by Congress. Many of these ECs serve rural areas with a higher weighting of residential load. Similar to PIOUs, ECs are responsible for the wheeling and distribution of power within their franchise areas, as well as procuring supply to captive customers and contestable customers that have not voluntarily switched to a retail electricity supplier.
- **Ecozone Utility Enterprises** are the DUs within Philippine economic zones ("Ecozones") that serve these business parks and their respective commercial and industrial (C&I) end-users. These enterprises are typically subject to licensing by the Philippine Economic Zone Authority (PEZA).
- **Retail Market for contestable customers:**

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- **Retail Electricity Suppliers (RES)** are entities authorized by the ERC to broker, aggregate, and market electricity sales to contestable end-users. This has been a particularly fast-growing market segment (9.4% CAGR since 2017 to date) due to the progressive lowering of contestability thresholds, down to the present level of 500 kW, over the past decade under RCOA.
- **Local RESs (LRES)** are the non-regulated retail businesses of existing PIOUs and ECs that cater to the contestable market within a specific franchise area. The ERC is understood to be trying to encourage these entities to apply for proper retail licenses.
- **Renewable Energy Suppliers** are eligible retailers that participate under the GEOP.

Meralco, VECO, and DLPC serve as the largest PIOUs in Luzon, Visayas, and Mindanao respectively (shown in Figure 6-1). In 2022, electricity sales wheeled within the franchise areas of these three PIOUs alone accounted for 49.1% of national consumption (including losses and own-use) and 60.0% of all sold electricity.²⁵⁵ Much of this share can be attributed to Meralco's sales, which accounted for 60.5% of all of Luzon's consumed electricity in 2022, with a 44% share nationally. VECO's share in Visayas was 20.9% in 2022, while in Mindanao DLPC's share stood at 17.5%.²⁵⁶ Accordingly, the power bilaterally procured by these three utilities serves a substantial number of end users, both in terms of captive customers and contestable customers that have not voluntarily switched to a retail supplier.

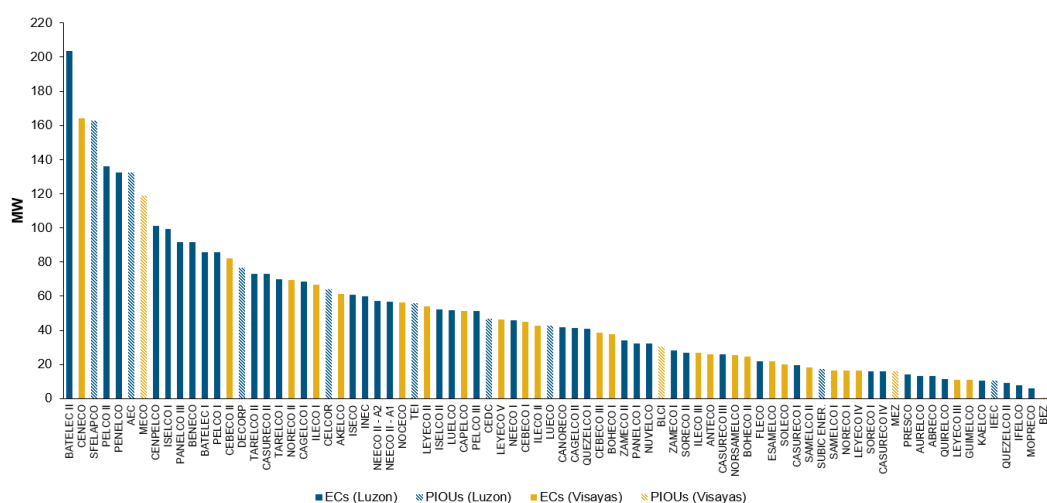
Figure 6-1: Electricity Sales by Distributor, 2022²⁵⁷



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ECs and smaller PIOUs (outside of Meralco, VECO, and DLPC) still play a significant role in the national supply mix, representing 26.2% and 10.4% of national consumption (including losses and own-use) respectively.²⁵⁸ As previously discussed in Section 4.2.4, 21 DUs and 131 ECs were in operation as of 2022 in Luzon and Visayas alone.²⁵⁹ The number of DUs and ECs in the Philippine offtake mix gives rise to a 'long tail' of demand (see Figure 6-2), often requiring larger power plants to secure contracts with multiple offtakers.

Figure 6-2: Peak Demand of WESM-Connected Distribution Utilities and Electric Cooperatives in Luzon and Visayas (excludes Meralco and VECO)²⁶⁰

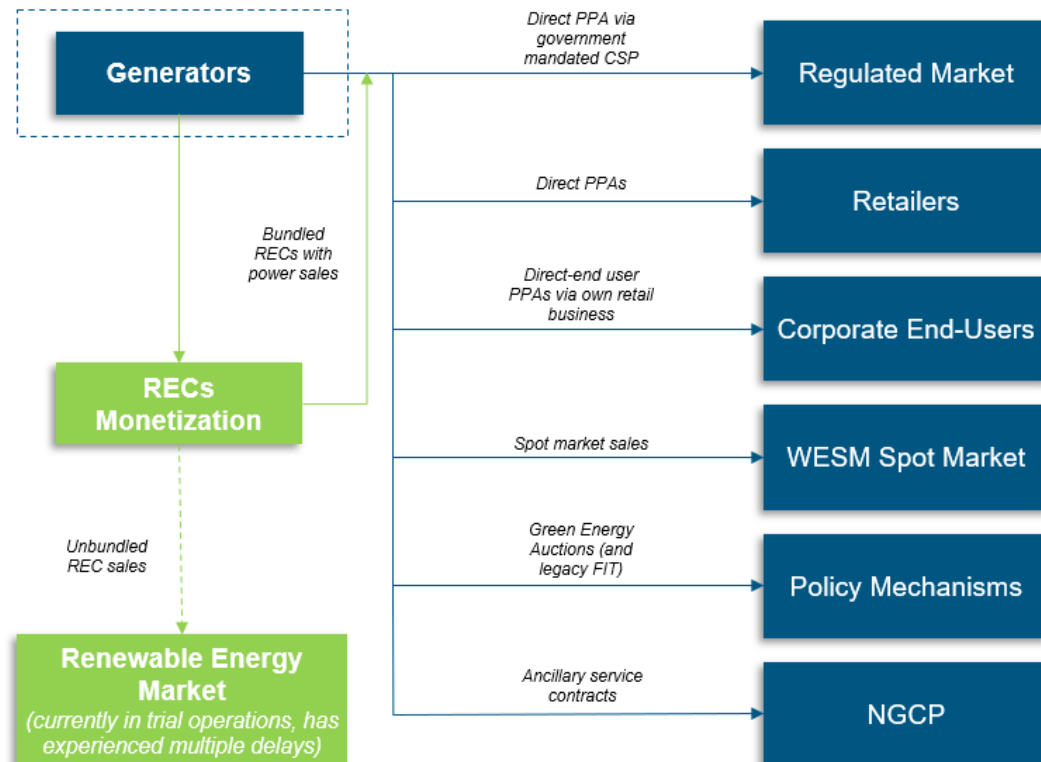


6.2. ROUTES-TO-MARKET OVERVIEW

The Philippine renewables segment has very strong tailwinds for renewables procurement and investment (discussed in Sections 3 and 4). Among the robust demand outlook, offtaker RPS obligations, policy support for low carbon generation, and cost competitiveness of key renewable technologies compared to conventional builds, renewable developers can harness this momentum in a diverse contracting landscape.

Compared to other power markets in Southeast Asia that feature a high level of centralised planned and/or a single buyer entity, the Philippines' power market is highly versatile from the perspective of a generator/developer. Multiple offtake channels or 'routes to market' are available to support project commercialisation, particularly for renewables. Mirroring aspects of the downstream market, offtake channels for projects span the regulated market, the retail market (including bilateral contracts with retailers and direct contracting with end-users), policy mechanisms (such as the FIT and GEAP), as well as sales into the WESM (see Figure 6-3).

Figure 6-3: Visualization of Potential Offtake Channels for Project Developers and Investors in the Philippines



RECs also offer renewable energy projects an additional form of revenue support, rather than being an offtake channel as such. Section 5.3.2 has already discussed avenues for REC monetization with the launch of the REM (currently in interim operations), however, the opportunity for RECs to be bundled through these offtake channels will be covered in the following sections. Table 6-1 summarizes the characteristics of each core route-to-market.

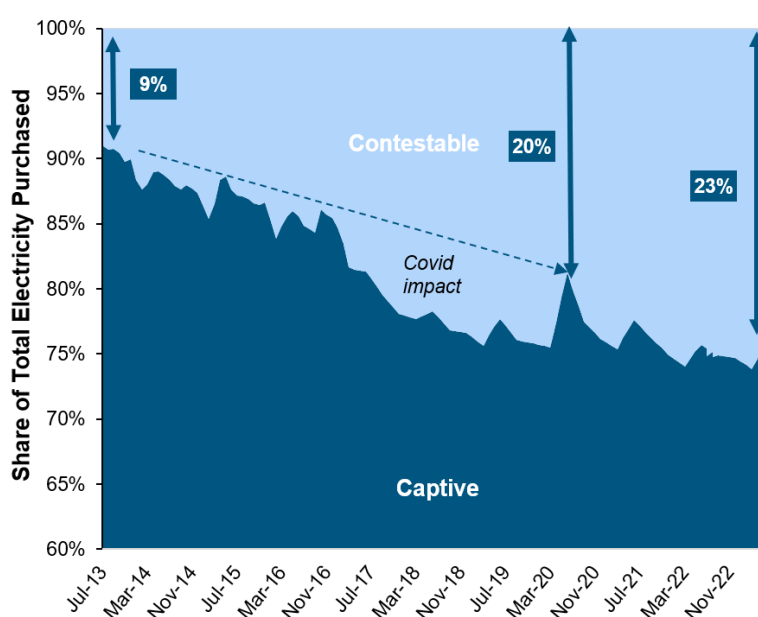
Table 6-1: Comparison of Key Characteristics for Offtake Channels²⁶¹

	Regulated Market (Section 6.3)	Retail Market (Section 6.4)	WESM (Section 6.5)	Green Auctions (Section 6.6)
Offtaker / Counterpart	Distribution Utilities and Electric Cooperatives	Retail Electricity Suppliers <i>or</i> Contestable Customers ²⁶²	Spot market	TransCo (per FIT-All)
Tenor	Long-term (15-20 year)	Variable but up to 10-20 years	5-minute intervals	20 years
Commercialization	CSP reliant	Bilateral negotiations	Open market	Reliant on auction timing
Volumes	Typically, larger volumes aligned with plant output. Represented 75% of downstream sales in Q4 2022. ²⁶³ Contracts seen for both 'as generated' and 'firm' supply.	RES-specific: depends on size of RES business. Retailers sold 25% of power supply in Q4 2022. ²⁶⁴ Contracts seen for both 'as generated' and 'firm' supply	As generated. Priority WESM dispatch. 13% of power sales were procured from the WESM in Q4 2022. ²⁶⁵	Auction scale implicitly linked to RPS. Inaugural GEAP1 auction ~1.9 GW; GEAP2 round featured ~11.6 GW as generated.
Bankability for greenfield renewable projects	Generally high with longer tenors and a shift towards renewables.	Improving with longer contract terms becoming available.	Challenging due to price volatility.	Highly bankable due to government entity acting as counterparty.
Pricing	Fixed tariff $\propto$ LCOE; options for fuel cost pass-through and escalation possible	Highly competitive Many large RES players also have affiliated generation	Locational marginal pricing Primary and secondary price caps	Pay-as-bid pricing with a reserve price ("GEAR") Flat nominal tariffs (no escalation)
Regulatory process	CSP required; contracts subject to ERC approval	Entirely commercial (limited ERC oversight)	n/a	ERC sets GEAR prices for each technology
Key Risks	Dependent on winning in a CSP	Large conglomerates with affiliated generation have an outsized presence	Price volatility, nodal price performance	Lack of clarity around future auction plans

6.3. REGULATED MARKET

Market Characteristics. The regulated market is generally characterised by longer term contracts of up to 15 to 20 years tenor, struck between generators and DUs / ECs. This market segment features established offtakers in the form of Meralco, VECO, DLPC, and a large number of PIOUs and ECs. The downstream segment of the regulated market helps to meet the supply needs of captive customers. As of Q1 2023, captive customers made up approximately 65% of consumption nationally (Figure 6-4).²⁶⁶

Figure 6-4: Share of Captive (Regulated) Contestable (Retail) Market, July 2013 to March 2023²⁶⁷



Note: Denoted RES demand values are as of the end of each respective period.

Procurement. Mandated by the ERC, procurement by PIOUs and ECs in the regulated market is conducted via CSPs, the process and timings of which are distributor-led with pre-defined offtake requirements – whilst these typically align with Power Supply Procurement Plans (PSPPs) prepared by each offtaker, CSPs can be held on an as-needed basis changes in supply requirements.²⁶⁸

Outside of traditional CSPs, there is some potential for project proponents to submit unsolicited proposals for supply featuring new technologies or novel commercial arrangements. This alternative procurement route in the regulated market is sometimes referred to as a 'price challenge'. Since following the initial unsolicited proposal, other suppliers are allowed to submit an improved tariff as long as the legal, technical, and financial requirements are met. If the DU fails to receive qualified submissions, there will be a second round of public invitations. However, if there is no qualified submission or if the invitation fails two rounds of price challenges, the contract will be bilaterally negotiated with the original supplier.

Procurement Dynamics. The majority of PIOUs and ECs have a scale of average demand which may require generators to aggregate contract volumes depending on project size (see Figure 6-2).

Pricing. With CSPs conducted on a technology-agnostic basis, players compete solely based on price. However, with the implementation of RPS (previously discussed in Section 5.3.1), requirements for bundled RECs in CSPs have been noteworthy and has accelerated a shift in contracting towards renewables.

Contracting Trends. Whilst contracting requirements are driven by offtakers and there is no set precedent for contracting renewables on an 'as produced' or 'firm' basis, the largest DU in the country, Meralco has oriented some of its renewable energy procurement focus on firm dispatchable supply – its CSPs held since 2021 have seen supply contracts awarded to proponents of solar-BESS hybrid projects such as Terra Solar and Solar Philippines.

6.4. RETAIL MARKET AND DIRECT CONTRACTING

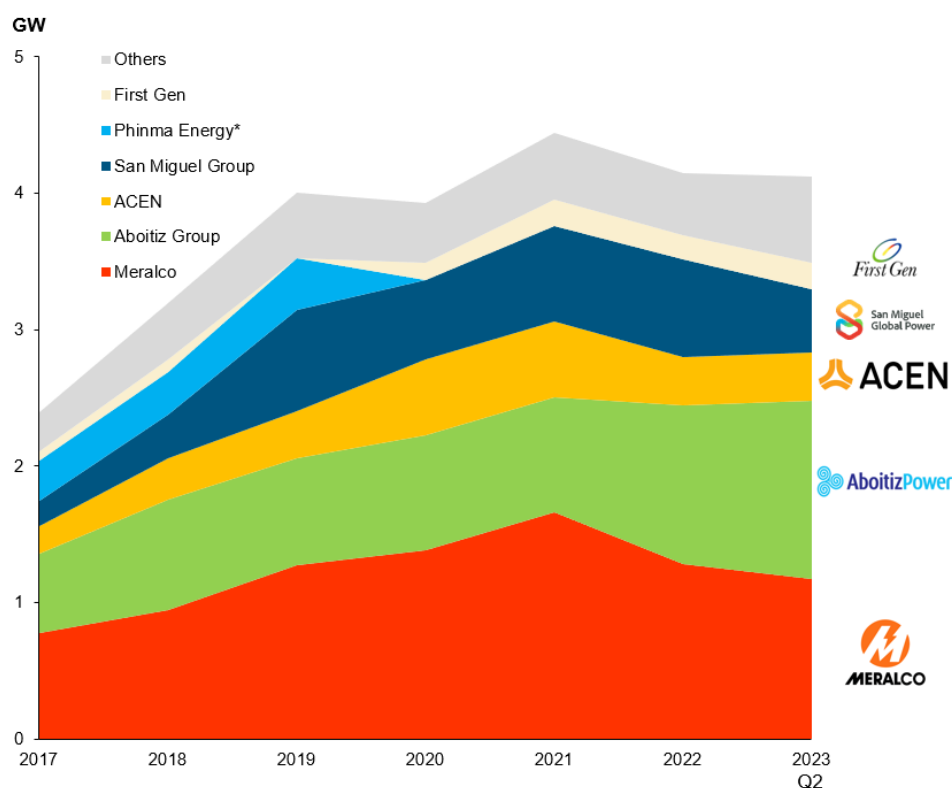
Green procurement is increasingly becoming an area of focus for both RPS-obligated entities and C&I end-users with voluntary obligations. Although the GEOP was launched at the end of 2021, uptake has been slow (previously discussed in Section 5.3.3) and the interest in clean energy procurement among corporates principally lies in the retail market.

Market Characteristics. The retail market is a substantially deregulated segment of the downstream market and has experienced strong expansion driven by macroeconomic drivers of growth as the progressive lowering of the contestability threshold for contestability under RCOA (see Figure 6-4).

As of March 2023, the retail market represented a 35% share of overall purchased electricity, up from 25% just two years earlier (previously shown in Figure 6-4).²⁶⁹ The RES market has grown by an AAGR of 12.4% across 2017 to 2022 to reach 4.1 GW in 2022.²⁷⁰ RES market size has increased as of Q1 2023 to reach 4.2 GW.

Procurement. Contracts both between generators and retailers, and between retailers and C&I customers, are exempt from regulatory approval by the ERC. For generators and developers, the retail segment therefore provides flexibility for contracts to be bilaterally negotiated and tailored around pricing, contracted quantity, dispatchability, and bundled RECs. Whilst obtaining a retail license is largely procedural and low cost, many generators and developers elect instead to contract with retailers to avoid establishing and sustaining their own retail platforms. There are challenges to developing a retail business in the market despite ease of acquiring a license. Establishing a successful retail business requires cultivating a scalable downstream demand base in a competitive market. Like numerous other retailers in the market, CREC maintains their own retail platform as in order to take advantage of such flexibility in their supply offerings. Retailers with renewables generation businesses include the likes of AC Energy (ACEN), AboitizPower, First Gen, Phinma Energy, and Solar Philippines, among others.

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Figure 6-5: Size of RES Market by Retailer, 2017-2023 Q2²⁷¹

Note: Denoted RES demand values are as of the end of each respective period, up to Q2 2023. Phinma Energy is part of AC Energy since June 2019.

Procurement Dynamics. The retail market is predominantly composed of the retail affiliates of large incumbent players, Meralco, Aboitiz, San Miguel, Ayala, and Energy Development Corporation (EDC), which accounted for a 90.2% market share at the end of 2022 but a 84.7% share in July 2023 (see Figure 6-5).²⁷² The contracted load of small retailers has quadrupled from 2017, reaching 459 MW in December 2022 and 631 MW in July 2023.²⁷³ Among these independent retailers, CREC's affiliated retail arm is well positioned with 46 MW of retail load as of July 2023 – lower only than Team Energy, Shell Energy, and Kratos among smaller retailers.²⁷⁴ Although the large retailers all have generation arms, contracting opportunities with greenfield renewables-backed third parties is increasingly common given growing green demand and RPS obligations.

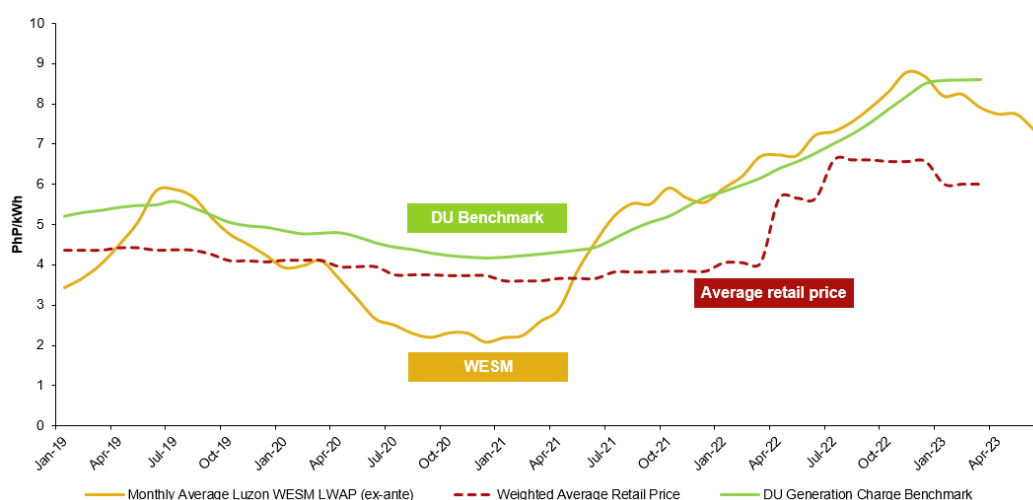
Contracting Trends. PSAs in the retail market have historically exhibited shorter tenors (typically of 5 years or less), as the market's competitiveness lends itself to price discovery over time. These shorter tenors constrain bankability for renewable projects. In recent years, however, retailers are showing increasing appetite to sign longer-term contracts that extend to tenors of 10 to 20 years.

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Pricing Trends. In Q4 2022, retail prices averaged 6.56 PhP/kWh which lagged behind Luzon WESM prices at 8.80 PhP/kWh.²⁷⁵ Looking at average customer supply prices across retailers, retail prices have historically shown more stability and lagged behind WESM price changes given the tenors of retail PSAs (see Figure 6-6). As of July 2023, prices in the retail market and WESM have largely realigned with the month's weighted average retail price at 5.80 PhP/kWh and Luzon and Visayas's load weighted average price (LWAP) at 5.67 PhP/kWh.²⁷⁶

As demand in the retail market expands with RCOA and RPS, solar has exhibited a competitive advantage in its ability to achieve a lower levelized cost of electricity (LCOE). Average retail prices have typically come in higher than long-term contract benchmarks for solar in the region. In Q1 2023, long-term contract benchmarks for solar ranged between 3.9 PhP/kWh to 4.2 PhP/kWh, whereas the average retail supply price stood at 6.0 PhP/kWh for the same quarter.²⁷⁷ Given the cost-competitiveness of the retail market, greenfield renewables are becoming increasingly attractive to retailers as a cost-effective avenue for gaining market share.

Figure 6-6: Comparing Luzon Load-Weighted Average Price (LWAP), MERALCO's Generation Charge, and Weighted Average Retail Prices, 2019-2023 Q2 (Trailing 6 Month Historic Average)²⁷⁸



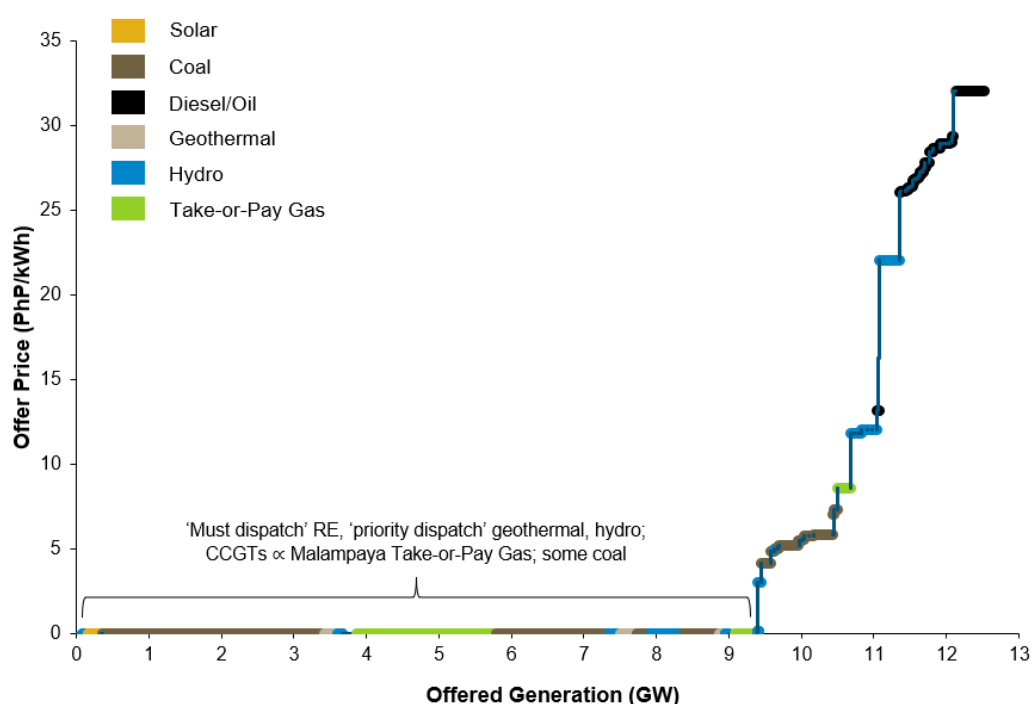
Note: The DU Benchmark is a composite of Meralco generation charge data up to June 2021 and DU average generation rates from July 2021 onwards via IEMOP. Average retail prices are from the quarterly reported weighted average retail price data published by ERC.

As with the RES, the bilateral contracting landscape with C&I end-users has increasingly trended towards renewable procurement. There is a growing pattern in the market of large C&I end-users sourcing PPAs with bundled RECs in order to fulfil corporate sustainability objectives. RECs have become an important selling point for bilateral PPAs as the REM has yet to delineate its access to end-users and the GEOP has shown slow uptake.

6.5. WHOLESALE ELECTRICITY SPOT MARKET (WESM)

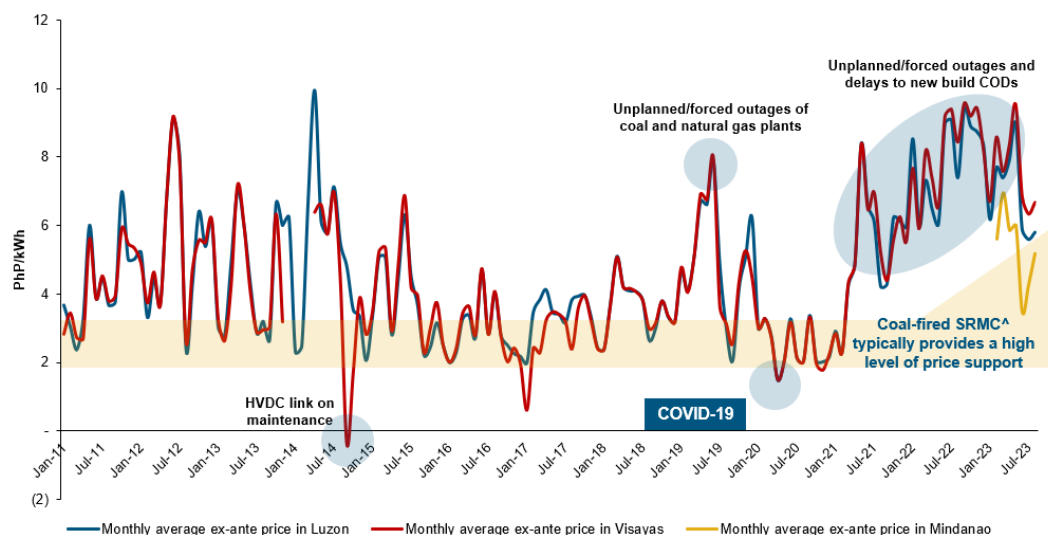
Market Characteristics. The Wholesale Electricity Spot Market (WESM) is an 'energy only' gross pool wherein all energy is dispatched (including that contracted via PPAs and PSAs). Somewhat similar in market design to New Zealand, Singapore, Eastern Australia, and Texas, the WESM is a nodal market featuring locational marginal pricing. The latter point refers to market prices being separately determined at each injection and offtake point in the transmission grid. In 2018, the role of market operator of the WESM was transferred to IEMOP (previously discussed in Section 4.2.3).

Figure 6-7: Illustrative Luzon Merit Order as of Peak Hour (2pm) During May 2022²⁷⁹



Note: Shown for 17th May 2022 (weekday) at 2pm which is representative of a non-holiday weekday in Luzon's peak demand month in 2022.

Dispatch into Market. The WESM is structured around five-minute trading intervals with IEMOP scheduling generators on a merit order basis – ranking projects in order of their pricing with operating constraints such as ramping also considered as well as preferential dispatch status for different renewable energy technologies.²⁸⁰ To that end, intermittent renewable generation is classified as 'must dispatch' and non-intermittent renewables as 'priority dispatch' in the WESM merit order (see illustrative example in Figure 6-7). Within the 'must dispatch' category, solar benefits from prioritisation over 'priority dispatch' category in the merit order (previously discussed in Section 5.4.3).

Figure 6-8: Monthly Average LWAP in Luzon, Visayas, and Mindanao, January 2011-August 2023²⁸¹

Note: SRMC denotes 'Short-Run Marginal Cost' which reflects variable generation costs (fuel and operations and maintenance [O&M] costs).

Prices. WESM spot prices have historically been highly volatile with sharp rebounds as demand recovers or grows. The WESM is also 'event driven' with numerous fundamental drivers having the potential to significantly impact spot market price outcomes. Factors include Malampaya gas production, transmission grid reliability unplanned/forced outages and the reliability of older coal plants, and available hydro production. Although WESM spot prices have historically had event-driven pricing, the significant share of coal-fired generation in the market provides a degree of price support (see Figure 6-8). The WESM also features primary and secondary price cap. The primary price cap is 32 PhP/kWh, and the secondary price cap is 6.245 PhP/kWh. The secondary price cap is implemented once WESM prices exceed 9 PhP/kWh on a rolling 72-hour basis.

6.6. TENDERING FOR RENEWABLES

The Feed-in-Tariff (FIT) and Green Energy Auction Program (GEAP) are the two key policy mechanisms that have been used to support the development and commercialisation of renewable energy capacity over the past decade in the Philippines (previously discussed in Sections 5.4.1 and 5.4.2).

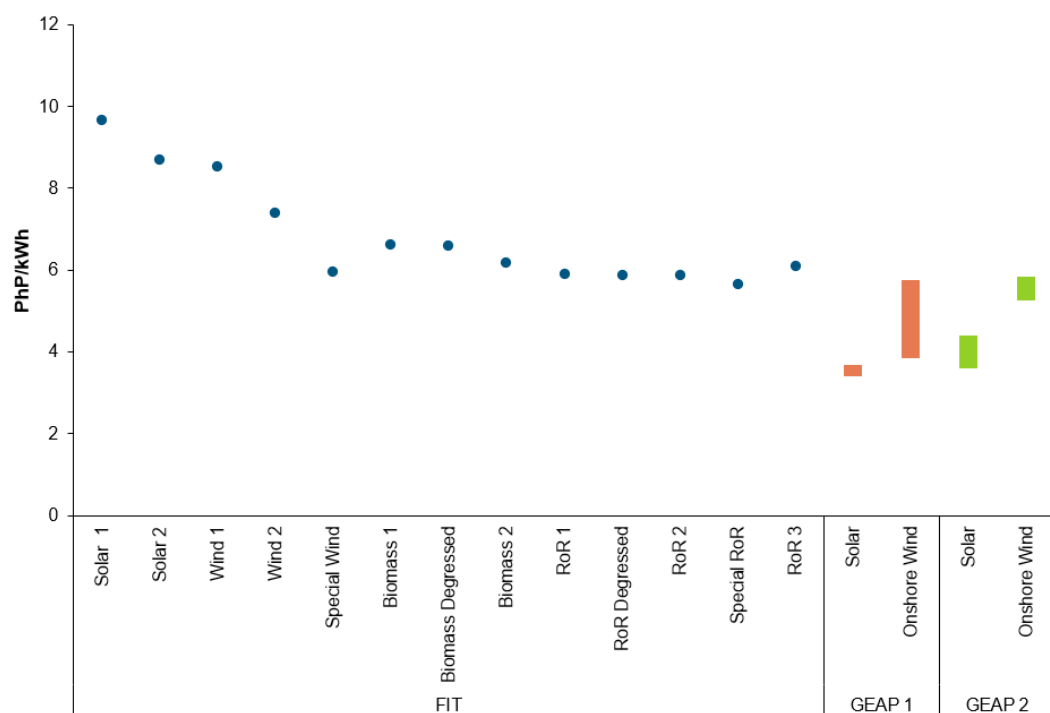
6.6.1. Feed-in-Tariff

Key Characteristics of the FIT. Whilst the nature of the FIT as an incentive has been previously described in Section 5.4.1, this section of the report will provide more detail on the program from the perspective of a generator or developer. These characteristics are as follows:

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- **Installation Targets.** Quotas set by NREB for each technology type and announced to the market by the DOE.
- **Competitive Criteria.** 'First come, first served with projects first required to achieve their commercial operation date (COD) in order to qualify.
- **Contract:** 20-year contract tenors with government-owned TransCo acting as contract counterpart.
- **Tariffs:** Prescribed volumetric tariffs set for each technology and subject to degression based on COD vintage.²⁸²
- **Offtake:** Guaranteed per stipulations of preferential dispatch.

Figure 6-9: Comparison of FIT Rates to GEAP1 and GEAP2²⁸³



- **FIT Rates.** As the FIT was an early policy mechanism to spur the development of renewables such as solar, onshore wind, biomass, and run-of-river (RoR) hydro, it provided generous tariffs to encourage development. The FIT rates on offer were much higher than those in the regulated and bilateral markets (see Figure 6-9). Given that these relatively high FIT rates are fixed for 20-years, project developers saw significant opportunity in participating and quotas for solar and wind, in particular, were quickly subscribed.

Table 6-2: FIT Program Rounds, Rates, and Subscription as of September 2023²⁸⁴

Technology	FIT (Year Offered)	Approved FIT (PhP/kWh)	Installation Target (MW)	Subscribed FIT Capacity (MW)	Subscribed Rate	No. Plants
Solar	FIT 1 (2012)	9.68	50	67.6	135.2%	6
	FIT 2 (2015)	8.69	450	476.0	105.8%	18
Wind	FIT 1 (2012)	8.53	200	249.9	125.0%	3
	FIT 2 (2015)	7.40	200	144.0	72.0%	3
	Special FIT (2011) ²⁸⁵	5.96	33	33.0	100%	1
Biomass	FIT 1 (2012)	6.63	250	120.7	94.6%	13
	Degressed ²⁸⁶	6.60		14.5		4
	FIT 2 (2018)	6.19		101.3		13
Run-of- River (RoR) Hydro	FIT 1 (2012)	5.90	350	34.6	64.2%	5
	Degressed	5.87		8.5		1
	FIT 2 (2014)	5.87		102.9		8
	Special FIT (2014)	5.67		74.8		1
	FIT 3 (2023)	6.11		3.8		2
Total			1,533	1,431.6		78

Deployment Success. Solar, wind, and biomass FITs are considered to already be fully subscribed with achieve achieving total subscription rates of close to 100%. RoR hydro's 250 MW installation target had still been undersubscribed by the end of its FIT 2 in 2017.²⁸⁷ In 2023, the ERC instituted a third round of FIT for RoR.²⁸⁸ As of September 2023, 1,431.6 MW of renewable installations had subscribed to the FIT, with 1,323.8 MW of these being new capacity additions developed under the program. Accordingly, over the course of 2009 to 2022, FIT-registered renewable capacity accounted for 48.9% of total renewable energy capacity additions.²⁸⁹ CREC was successful in developing and operationalising three utility-scale solar assets under the FIT program representing a cumulative 43.5 MW of installed capacity.²⁹⁰

Under the 'first come first serve' requirement of the FIT, all targets, or quotas, have been considered to be full with the exception of RoR hydro (see Table 6-2).²⁹¹ Although the FIT continues to exist in occasional rounds such as the RoR FIT 3, it has largely been superseded by the GEAP as the principal policy mechanism for driving forward renewable energy capacity additions at scale.

6.6.2. Green Energy Auction Program

Key Characteristics of the GEAP. The GEAP is a competitive auction that was introduced in 2021 as a government-administered program to support the attainment of key renewable energy policy targets (previously discussed in Section 5.4.2). Key characteristics of the GEAP include:

- **Installation Targets.** Whilst the GEAP offers technology-specific capacity targets similar to the FIT, targets under the GEAP are also categorised by region and, as of the second auction, according to COD vintage.²⁹²
- **Competitive Criteria.** The GEAP is a 'reverse-auction' wherein developers compete on the basis of the most competitive tariff until the auction quota is filled. Each technology bracket within the GEAP offers a unique GEAR price which acts as a price ceiling (see Table 6-3). GEAR prices are set by the ERC, published prior to the auction, and can be subject to consultation.
- **Tariffs.** Tariffs are awarded on a 'pay-as-bid' basis with tariffs specific to each project bid. Similar to the FIT, the GEAP provides guaranteed flat volumetric tariffs.
- **Contract.** 20-year long government-backed contracts with TransCo the contracting party as per the FIT.
- **Offtake.** Guaranteed per stipulations of preferential dispatch.

Deployment Success. As of September 2023, the GEAP has been conducted twice with its first round in June 2022 (GEAP1) and the second (GEAP2) in July 2023. The GEAP has provided a large target market for renewables, with 2.0 GW awarded in GEAP1 and 3.4 GW in GEAP2 (see Figure 5-6).²⁹³ Despite this, GEAP2 saw a subscription rate of 29.3% against the DOE's 11.6 GW target, with lower-than-expected participation in the GEAP2 attributed to concerns raised over the level of GEAR prices, project COD requirements across 2024-2026, transmission availability, and performance bond requirements. The DOE and ERC have committed to further GEAP rounds and have indicated that the unfulfilled quota from GEAP2 will be re-auctioned in the future.²⁹⁴

Table 6-3: Approved GEAR Prices per Renewable Technology (GEAP1 and GEAP2)²⁹⁵

Technology	GEAR Prices (Php/kWh)	
	GEAP1	GEAP2
Rooftop Solar	-	4.8738
Ground-Mount Solar	3.6779	4.4043
Floating Solar	-	5.3948
Onshore Wind	6.0584	5.8481
Run-of-River Hydropower	5.4913	-
Biomass	5.0797	5.4042
Waste-to-Energy	-	6.2683

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Pricing Trends. Given the inherent competitiveness of the GEAP's pricing dynamics, the GEAP2's low turnout also resulted in bids clearing closer to the GEAR price (see Figure 6-10 and Figure 6-11). As such, developers in the less competitive auctions have been able to secure higher tariffs. In GEAP2, ground-mount solar projects were primarily awarded in the 4.0-4.4 PhP/kWh range (with a GEAR of 4.4 PhP/kWh), and onshore wind projects in the 5.0-5.8 PhP/kWh range (GEAR of 5.8 PhP/kWh).²⁹⁶

Figure 6-10: GEAP Solar Capacity Awards and Prices²⁹⁷

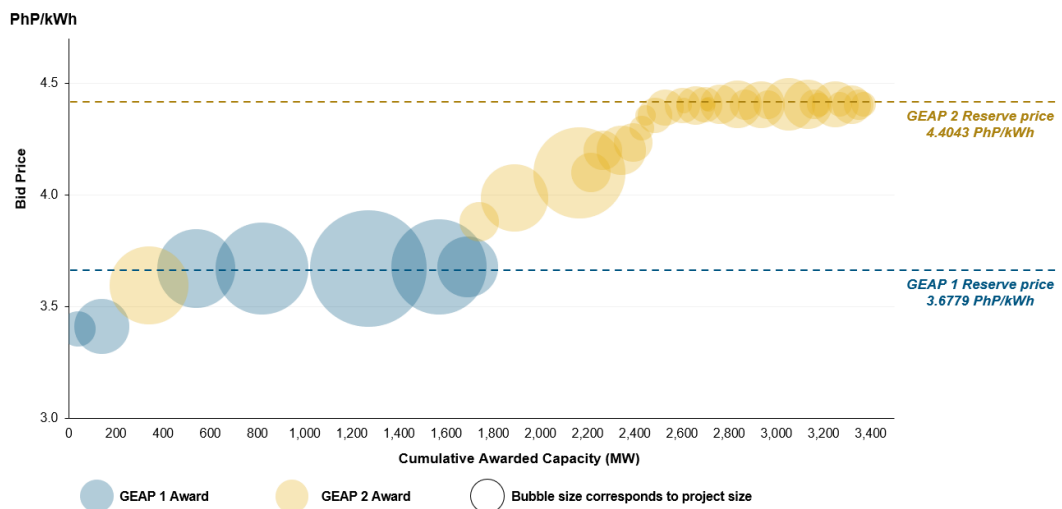
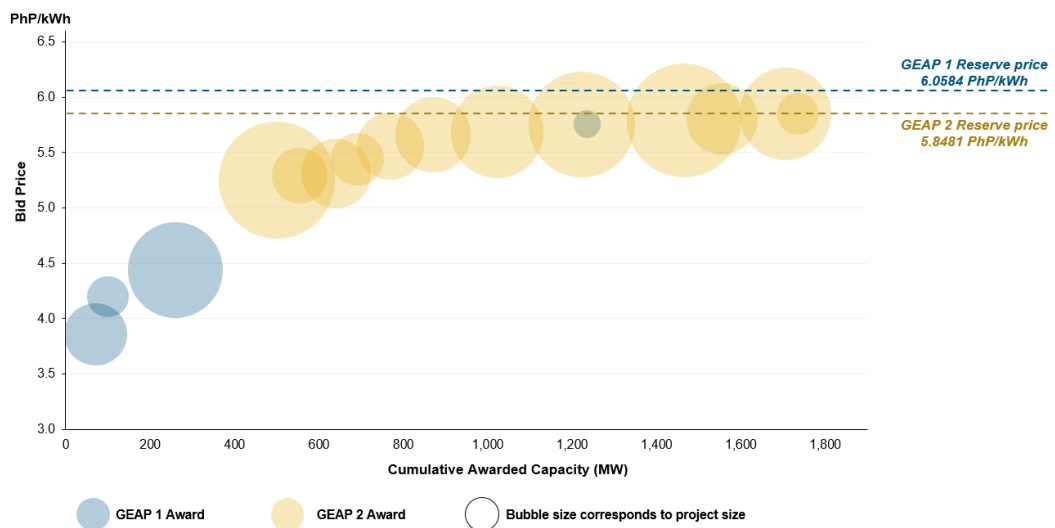


Figure 6-11: GEAP Onshore Wind Capacity Awards and Prices²⁹⁸



Since 2022, the GEAP has emerged as major offtake route for renewables players. CREC successfully secured a cumulative 792 MW (15 projects) of capacity awards in GEAP2, of which 311 MW is utility-scale solar due for 2024 delivery, 119 MW utility-scale solar by 2026, and 362 MW of onshore wind by 2026.²⁹⁹ CREC's awards achieved tariffs of around 4.4 PhP/kWh for its ground-mount solar awards, close to the GEAR price. Tariffs for CREC's onshore wind awards in GEAP2 fell in a range of 5.56 PhP/kWh to 5.85 PhP/kWh, relative to a GEAR price of 5.85 PhP/kWh. CREC emerged from GEAP2 having secured approximately 23% of all awarded renewable energy capacity.

Outlook for future rounds. In Q3 2023, DOE has discussed two further GEAP rounds in the near-term.³⁰⁰ Expected in Q4 2023, GEAP3 is expected to provide installation targets for geothermal, PSH, RoR, and impounding hydropower. Additionally, the DOE has indicated that it plans to re-offer the 8 GW of unsubscribed capacity from GEAP2 in a GEAP2.1 round.³⁰¹ Preliminary studies for a forthcoming GEAP are also looking to integrate renewable energy projects with ESS.

6.7. ANCILLARY SERVICES

Ancillary services, or reserves, are services provided by generators to support the balancing supply and demand, while maintaining voltage and frequency within safe limits and preventing overload of grid infrastructure. Various classes of ancillary services exist with each playing a specific role to maintain the power quality, reliability, and security of the grid. Technical requirements for ancillary services are determined by the ERC as part of the Philippines Grid Code.

Rapidly growing penetration of VRE is expected to drive demand for the provision of ancillary services over the long-term to support grid stability and security. Ancillary services have traditionally been contracted by NGCP through ancillary service procurement agreements (ASPAs) with technically capable and accredited generators, often hydropower and oil/diesel fired generators with distinct characteristics for flexibility and responsiveness. Battery storage similarly has the flexibility to provide ancillary services which are seen as a key prospective revenue stream for projects.

Contracting of ancillary services and the inaugural AS-CSP. As of Q3 2023, all ancillary services in the Philippines have been procured by NGCP via bilateral ASPA contracts. Whilst up until 2023, NGCP had entered into ASPAs with generators for the provision of both firm and non-firm reserves, the inaugural ancillary services competitive selection process (AS-CSP) held in March 2023 saw a transition to firm ASPA contracts wherein a capacity payment is paid to generators regardless of whether reserves are scheduled. Importantly, the AS-CSP also brought about competitive bidding with the aim of creating a more level playing field among ancillary service -providers. This AS-CSP awarded firm ASPAs with five-year tenors (without extension) and covered all main reserve classes, including regulating reserves, contingency reserves, and dispatchable reserves.³⁰² Representing over 450 MW of capacity, 15 BESS projects – the majority of which are greenfield – were among the 36 awardees in the AS-CSP in March 2023 (Table 6-4).

Table 6-4: Inaugural AS-CSP Awards to BESS Projects (March, and April 2023)³⁰³

Region	Project	Owner	Reserve Type	Contract Capacity (MW)	Capacity Payment (PhP/kWh)
Luzon	Alaminos Energy Storage ³⁰⁴	AC Energy (Ayala)	Regulating Reserve	40	1.27
				20	6.48
	Masinloc BESS Phase 1 ³⁰⁵		Contingency Reserve	8	2.00
	Limay (Bataan) BESS ³⁰⁶		Regulating Reserve	40	2.15
	Lamao BESS ³⁰⁷			50	2.15
	Concepcion BESS ³⁰⁸		Contingency Reserve	50	2.40
				50	2.40
	San Manuel BESS ³⁰⁹	San Miguel Corporation (SMC)	Regulating Reserve	50	2.50
Visayas				50	2.40
	Toledo BESS ³¹⁰		Contingency Reserve	20	1.25
	Ubay BESS ³¹¹			20	1.25
	Ormoc BESS ³¹²			40	1.25
	Malita BESS ³¹³		Regulating Reserve	20	2.08
Mindanao				20	2.08
	Maco BESS ³¹⁴			20	1.65
	Jasaan BESS ³¹⁵		Contingency Reserve	20	1.65
	Therma Marine Inc. Mobile – 1 ³¹⁶	Aboitiz Power		48	1.60
			Reactive Power	48	4.00
			Black Start	48	n/a

Reserve Market. Operating alongside the ASPA regime, the Reserve Market will be a market-oriented mechanism wherein a proportion of the regulating reserves, contingency reserves, and dispatchable reserves will be procured from generators. Previously discussed in Section 4.3.1, trial operations of the Reserve Market commenced trial operations in June 2023 with full launch expected in late 2023 or in 2024.³¹⁷ The DOE issued a public consultation for a Circular on the operationalisation of the Reserve Market in September 2023 which will ensure that the market dispatch optimization model for the WESM, which is set to co-optimize reserve schedules and energy dispatch along with their associated prices, is legally binding.³¹⁸ Generators will submit energy and reserve offers into the WESM, with these offers co-optimized and dispatched via the WESM, subject to the same spot price formations and settlement mechanisms already in place.

The expected transition to the Reserve Market will offer a new alternative pathway with which to commercialize BESS.

7. POWER MARKET OUTLOOK

7.1. MARKET OUTLOOK

As discussed in Section 5.2, the Philippine's latest draft PEP 2023-2050 has provided a blueprint for the energy sector and government's long-term vision for the energy sector. The latest PEP is increasingly ambitious in terms of its renewable energy goals and broadly aligns with the CES in the previous PEP 2020-2040, with the exception of gas-fired capacity. The latest PEP's Reference Case targets a 35% share of renewables in the generation mix by 2030, and 50% by 2040.³¹⁹ Two additional CES scenarios are included in the draft PEP 2023-2050, which highlight the potential for OSW and nuclear.³²⁰ Based on the PEP projections, there remains an RE generation gap equivalent to around 58 GWp of solar to meet the RE targets by 2040 (Figure 5-4).

To achieve its RE targets, the Philippine government has put in place a range of support programs and incentives. These include, among others:

- Renewable Portfolio Standards
- Provisions for 100% foreign ownership of renewables
- Renewable Energy Market
- Green Energy Auction Program
- Preferential dispatch rights
- Competitive Renewable Energy Zones for transmission planning
- Various other fiscal and non-fiscal incentives

These initiatives, and the versatility of the Philippine's energy market have led to a healthy pipeline of renewable energy projects. As of August 2023, the DOE has awarded around 26 GWp of solar renewable energy service contracts and 79 GW of wind RESCs (including approximately 60 GW of OSW).³²¹ While ultimately not all of these projects may be developed and reach commerciality, it nevertheless demonstrates the highly active nature of renewable energy development and investment in the Philippines.

7.2. FORECAST SUPPLY MIX (2024-2040)

TLG's power market modelling platform has been used to provide a view on the future outlook of the Philippine energy market in terms of supply/demand fundamentals and price paths. This model has been used for many years across numerous engagements in a range of markets, including the Philippines, Singapore, Australia (NEM), Australia (WEM), Korea and regulated / single buyer systems (Malaysia, Indonesia, Thailand, Taiwan, Bangladesh, Pakistan, and Vietnam).

The model is an optimisation model which derives capacity builds and dispatch to arrive at the lowest overall system cost. The modelled scenarios presented in this section of the report are intended to illustrate possible future market dynamics based on a range of assumptions, including those set out below.³²²

7.2.1. Key Assumptions

Modelling outcomes are reliant on input parameters and assumptions, particularly commodity prices, capex assumptions, and demand growth. Key modelling assumptions have been captured below:

Table 7-1: Summary of Key Modelling Assumptions

Variable	Assumption
Demand Growth	Based on historical GDP-demand elasticities by sub-grid, with GDP projections by economic institutions. Average annual growth rate of 5.4% over 2024-2035. Baseline assumption per grid - Luzon – 6.8% to 4.1% by 2040, consumer peak demand grows from 12.4 GW in 2024 to 25.4 GW by 2040.³²³ - Visayas – 8.8% to 5.2% by 2040, consumer peak demand grows from 2.6 to 6.4 GW by 2040.³²⁴ - Mindanao – 7.8% to 4.6% by 2040, consumer peak demand grows from 2.1 GW in 2024 to 4.7 GW by 2040.
Fuel Prices (all prices in real 2023 terms)³²⁵	Market reflective prices tracking forward curves for 2023, converging towards the IEA World Energy Outlook 2023's projections under the Stated Policies. ³²⁶ Scenario (STEPS) for crude oil, coal, and LNG in Asia. ³²⁷ IEA projections have been inflated to real 2023 terms based on IMF's World Economic Outlook October 2023 forecast of 6.9% for global inflation. ³²⁸
Committed Projects	Based on TLG assessment of major committed supply projects (> 30 MW) that have reached financial close or are under construction, and GEAP1 and GEAP2 awarded capacities. Includes approximately 5.8 GW_{ac} of solar, 1.7GW of onshore wind, 1 GW of BESS, 300 MW of coal, 1.3 GW of CCGTs, and 100 MW of biomass and hydro power coming online over 2023-2027.³²⁹ Offshore wind is assumed to enter the system based on an estimated rollout of the implied mid-case outlined in the WB / BVG 2022 Offshore Wind Roadmap prepared for the DOE (via a GEAP / FIT-Auction model).³³⁰
Domestic Gas Supply	Assumes gradual depletion of Malampaya gas and transition to LNG by the end of the decade. The DOE has indicated Malampaya could support approximately 1 GW of CCGTs by end-2024 without further investments/drilling. ³³¹

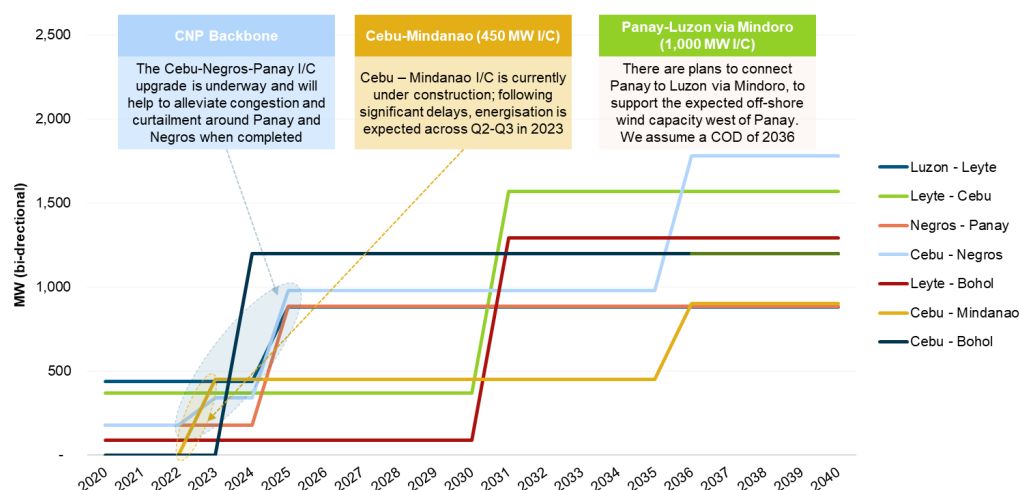
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Variable	Assumption
Renewable Cost capex (all prices in real 2023 terms)	Based on cost levels in the market today, and an assumed renewable technology learning curve from different organisations/institutions such as NREL. Solar – 890 USD/kWp in 2024, trending to 524 USD/kWp by 2040. Onshore wind – 1,675 USD/kWh in 2024, trending to 1,244 USD/kW by 2040. BESS – 332 USD/kWh in 2024, trending to 194 USD/kWh by 2040.
Transmission	Expansion upgrades reflect NGCP's Transmission Development Plan with I/C specific delays, and incorporating Cebu-Negros-Panay upgrades and Cebu-Mindanao I/C. Long-term outlook per NGCP draft TDP 2023-2040. ³³² Adjustments to specific energization of specific I/C based on market intelligence
FX	Flat assumption of 56 PhP/USD
Inflation	Our core projections are undertaken in real terms and can generally be converted to nominal terms by applying an appropriate inflation rate. TLG has applied an inflation assumption of 3.2% to 3% over the forecast horizon to provide an illustrative nominal view based on projections from the IMF. ³³³

Table 7-2: Summary of Fuel Price Assumptions (Real 2023 terms)

	2023	2030	2050
Brent	85.0 USD/bbl	90.9 USD/bbl	88.7 USD/bbl
Newcastle Coal	178.7 USD/MT	103.7 USD/MT	83.9 USD/MT
LNG	14 USD/mmbtu	9.5 USD/mmbtu	8.3 USD/mmbtu

Note: Details are provided in Table 7-1.

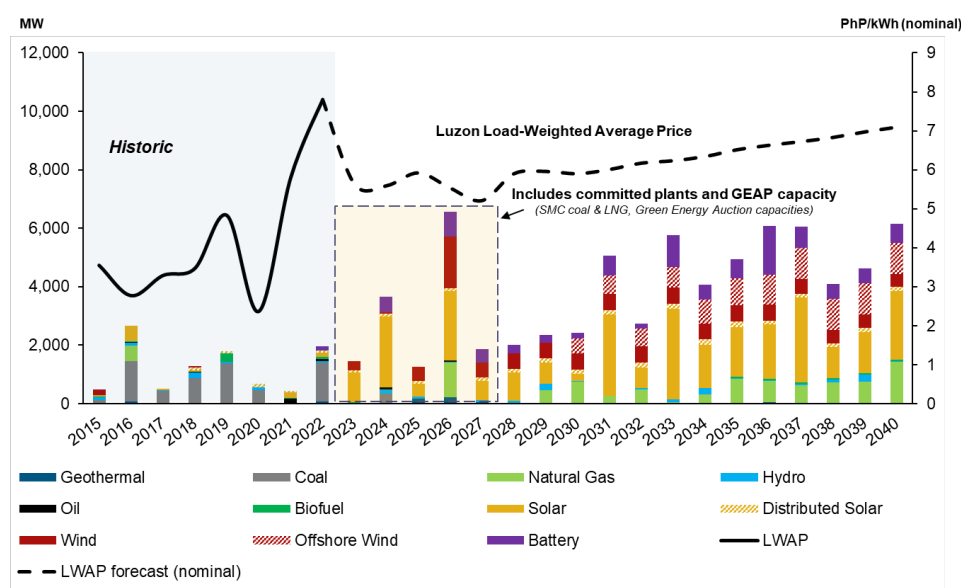
Figure 7-1: Interconnection Transmission Assumptions

7.2.2. Outlook and Discussion

Key outcomes of the market modelling are highlighted below:

- **Market prices are currently elevated and expected to soften as** fuel prices moderate globally. Within the Philippines, the addition of new committed projects (including GEAP capacities) will also help to reduce tight supply conditions in the market. Over the longer-term, Luzon LWAP prices are expected to settle in the 6-7 PHP/kWh (nominal) range.
- **Coal moratorium remains in place**, supporting new renewables and gas capacity investments and capacity additions. LNG imports have started in 2023 and are forecasted to continue across the forecast horizon.
- **Solar is expected to lead capacity growth** over the forecast horizon. The Philippines is expected to build around 35 GW of new capacity over 2024-2035, of which around 18 GW_{ac} is forecast to be utility-scale solar. Solar's penetration in the generation mix is forecast to reach around 17% in Luzon by 2035.
- **BESS capacity grows as more balancing power is required**, with almost 6 GW of additions forecasted by 2035. Growth in intermittent renewable energy is expected to create opportunities for flexible sources of supply, providing additional balancing power and ancillary services.
- **Renewables generation is expected to exceed PEP targets of 50% renewables by 2040** due to the competitive advantage of technologies such as solar and onshore wind. TLG sees the share of RE in the generation mix potentially reaching close to 60% by 2040.

Figure 7-2: Philippines Historic and TLG Forecast Capacity Additions and Luzon WESM Prices (LWAP) (TLG Forecast)



Note: Solar capacity in alternating current (AC) terms.

Table 7-3: Luzon Load-Weighted Average Price (nominal) (TLG Forecast)

	Luzon LWAP (PhP/kWh Nominal) ³³⁴
2024	5.6
2025	5.9
2026	5.5
2027	5.2
2028	5.9
2029	6.0
2030	5.9
2031	6.0
2032	6.2
2033	6.2
2034	6.3
2035	6.5
2036	6.6
2037	6.7
2038	6.8
2039	7.0
2040	7.1

Table 7-4: Philippine Capacity Additions (MW) (TLG Forecast)

	Coal	Gas	Oil	Solar	Distributed Solar	Onshore Wind	Offshore Wind	BESS	Hydro	Geothermal	Biofuel	Total
2024	300	-	58	2,438	86	43	-	541	157	38	-	3,661
2025	-	-	-	430	98	482	-	0	67	170	3	1,250
2026	-	1,200	38	2,378	106	1,755	-	858	20	210	-	6,565
2027	-	-	-	660	111	529	-	463	66	50	-	1,879
2028	-	-	-	964	126	528	-	298	96	-	-	2,012
2029	-	453	-	728	131	528	-	267	235	-	-	2,342
2030	-	755	-	228	146	550	516	198	32	-	-	2,425
2031	-	259	-	2,778	151	550	616	684	20	-	-	5,058
2032	-	476	-	698	166	550	616	170	66	-	-	2,742
2033	-	62	-	3,085	171	550	716	1,080	96	-	-	5,760
2034	-	310	-	1,466	186	550	816	506	235	-	-	4,069
2035	-	851	-	1,687	191	550	916	671	32	-	50	4,948
2036	-	738	-	1,874	122	550	1,016	1,678	20	50	40	6,088
2037	-	593	-	2,886	128	507	1,066	718	66	30	50	6,044
2038	-	729	-	1,073	134	450	1,066	502	96	-	40	4,090
2039	-	760	-	1,411	139	450	1,066	516	235	-	50	4,627
2040	-	1,429	-	2,342	145	450	1,066	644	32	-	40	6,148

Table 7-5: Philippine Capacity Projections (MW) (TLG Forecast)

	Coal	Gas	Oil	Solar ³³⁵	Onshore Wind	Offshore Wind	BESS	Hydro	Geothermal	Biofuel	Total
2024	11,625	3,286	2,932	5,275	782	-	679	3,664	1,728	556	30,527
2025	11,616	3,286	2,424	5,799	1,264	-	661	3,731	1,898	560	31,239
2026	11,606	4,486	2,461	8,279	3,019	-	1,486	3,751	2,108	560	37,756
2027	11,596	4,486	2,461	9,046	3,548	-	1,902	3,817	2,158	560	39,574
2028	11,585	4,486	2,264	10,128	4,076	-	2,146	3,914	2,158	560	41,317
2029	11,574	4,939	2,207	10,975	4,604	-	2,354	4,149	2,158	560	43,520
2030	11,563	5,694	2,207	11,337	5,154	516	2,489	4,181	2,158	560	45,859
2031	11,548	5,953	2,099	14,242	5,671	1,132	3,098	4,201	2,158	560	50,662
2032	11,533	6,429	2,099	15,076	6,221	1,748	3,185	4,267	2,158	560	53,276
2033	11,514	6,491	2,099	18,291	6,771	2,465	4,167	4,363	2,158	560	58,879
2034	11,493	6,801	2,099	19,892	7,321	3,281	4,558	4,598	2,158	560	62,761
2035	11,010	7,652	2,099	21,713	7,817	4,197	5,101	4,630	2,158	610	66,987
2036	10,940	8,390	96	23,644	8,367	5,213	6,625	4,650	2,208	650	70,783
2037	10,715	8,983	96	26,581	8,875	6,279	7,162	4,716	2,238	700	76,345
2038	10,682	9,711	96	27,702	9,325	7,345	7,472	4,813	2,238	740	80,124
2039	10,639	10,471	96	29,160	9,694	8,411	7,788	5,047	2,238	790	84,334
2040	10,497	11,378	96	31,546	10,125	9,477	8,222	5,079	2,238	830	89,488

Figure 7-3: Generation Mix Evolution (Philippines) (TLG Forecast)

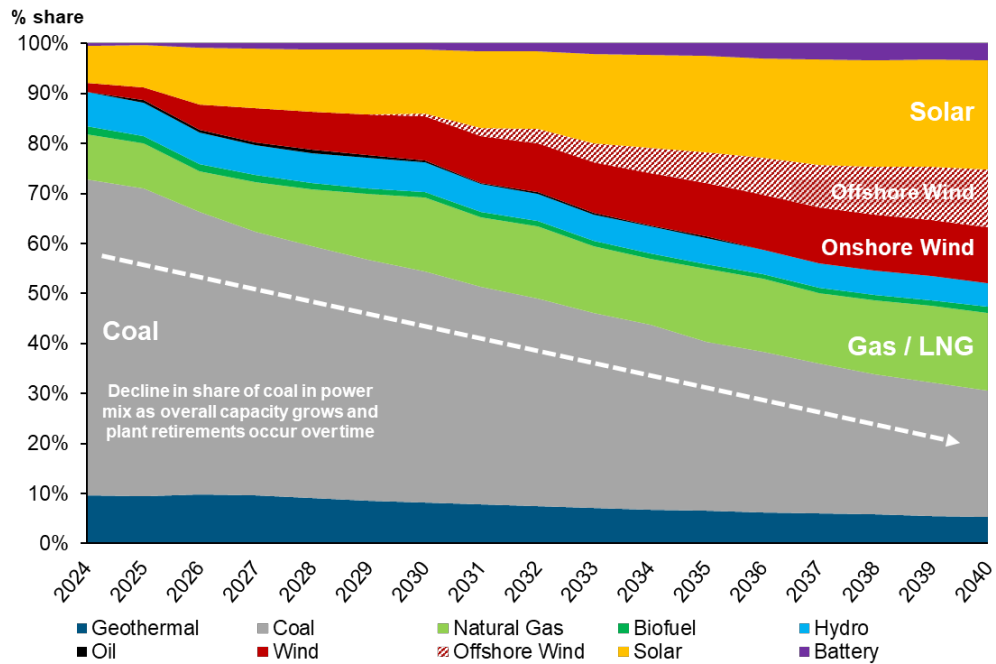
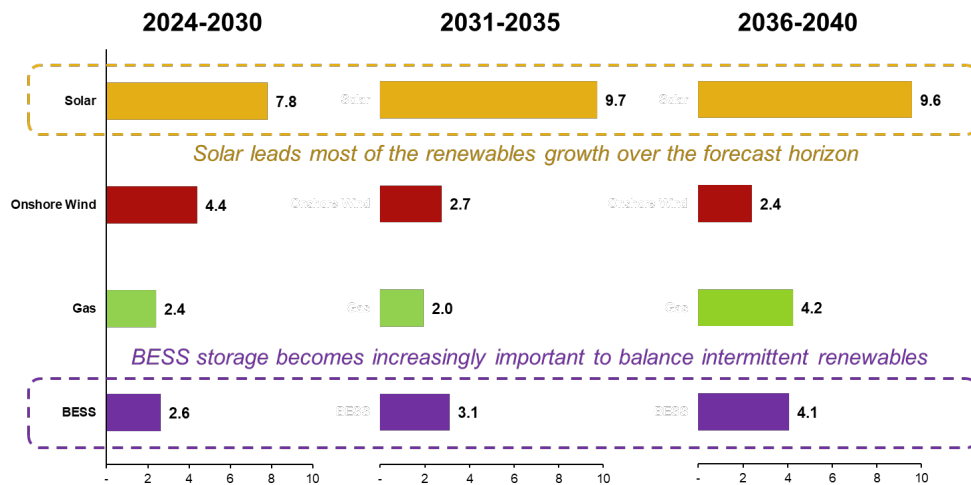
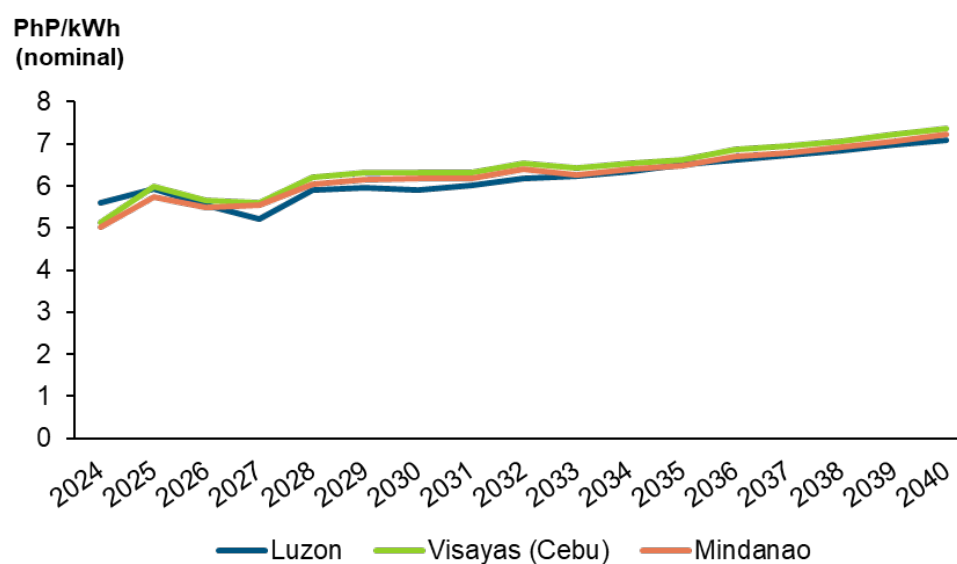


Figure 7-4: Forecast Capacity Build Requirements (All Philippines) (TLG Forecast)³³⁶



Note: Solar capacity in AC terms. Based on power market modelling.

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*Regional Price Paths***Figure 7-5: Forecast LWAP by Grid-Connected Region (TLG Forecast)³³⁷****Table 7-6: Forecast LWAP by Grid-Connected Region (TLG Forecast)³³⁸**

	Luzon (PhP/kWh)		Visayas (Cebu) (PhP/kWh)		Mindanao (PhP/kWh)	
	Real 2023	Nominal	Real 2023	Nominal	Real 2023	Nominal
2024	5.42	5.60	4.99	5.15	4.87	5.03
2025	5.58	5.93	5.63	5.99	5.41	5.75
2026	5.06	5.54	5.17	5.66	5.02	5.49
2027	4.63	5.22	4.98	5.61	4.93	5.55
2028	5.09	5.91	5.33	6.20	5.21	6.05
2029	4.99	5.96	5.28	6.32	5.15	6.16
2030	4.79	5.91	5.13	6.32	5.01	6.18
2031	4.74	6.01	4.97	6.31	4.87	6.18
2032	4.72	6.18	5.01	6.55	4.90	6.40
2033	4.63	6.24	4.77	6.42	4.65	6.26
2034	4.58	6.35	4.71	6.53	4.62	6.40
2035	4.56	6.52	4.63	6.61	4.55	6.50
2036	4.51	6.63	4.67	6.87	4.55	6.69

	Luzon (PhP/kWh)		Visayas (Cebu) (PhP/kWh)		Mindanao (PhP/kWh)	
	Real 2023	Nominal	Real 2023	Nominal	Real 2023	Nominal
2037	4.44	6.73	4.59	6.96	4.48	6.79
2038	4.38	6.83	4.52	7.06	4.43	6.91
2039	4.34	6.97	4.49	7.23	4.40	7.07
2040	4.28	7.09	4.45	7.36	4.36	7.21

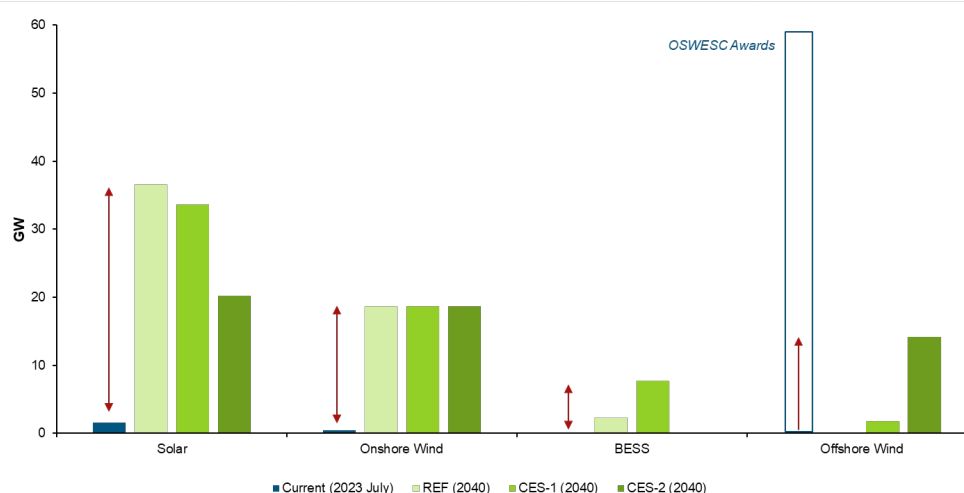
LWAP pricing across different grids is forecast to moderate lower by 2026-2027 driven in part by an expected softening of fuel prices, particularly when compared to the elevated levels in the past few years. At the same time, additional capacity from committed projects (including GEAP1 and GEAP2 auctions) is also expected to weigh on prices in 2026-2027, seeing LWAP prices move towards the 5-5.5 PhP/kWh (nominal) range on an annual average basis in that period. In the longer-term, prices are expected to settle in the 6-7 PhP/kWh (nominal) range on an annual average basis as demand growth catches up with supply. Prices across grids are expected to slightly differ due to each grid's unique generation dynamics, but the interconnection capacity is expected to help mitigate any large systematic disconnects on average.

8. COMPETITIVE LANDSCAPE

As set out in the Draft PEP 2023-2050, the DOE has made clear their ambitions for substantial growth in renewable energy (previously discussed in Section 5.2). Targets for the sector highlight the investment gap for key technologies – solar, onshore wind, BESS, and OSW – and opportunities for renewable IPPs such as Citicore Renewable Energy Corporation (CREC). Government targets are delineated for key technologies across the Draft PEP's three scenarios: Reference Case, CES-1, and CES-2 (shown in Figure 8-1 with scenarios previously discussed at length in Section 5.2.2). The Reference Case positions gas as playing a significant role in the generation mix alongside solar and onshore wind, in particular. CES-1 and CES-2 see the additional technologies of OSW and nuclear squeezing growth in gas with a greater degree of solar buildout in CES-1 and OSW in CES-2. Each of these scenarios meet and surpass the aspirational policy targets for renewables set by NREP.

Figure 8-1: Market Gaps (Top) and Levels (Bottom) Comparing Historic 2023 (July) Installed Capacity with Draft PEP 2023-2050 Scenarios in 2040³³⁹

	Solar	Onshore Wind	BESS	Offshore Wind
REF	35.1 GWp	18.3 GW	2.1 GW	-
CES-1	32.1 GWp		7.5 GW	1.8 GW
CES-2	18.7 GWp		-	14.1 GW



Note: Chart only refers to grid connected capacity at historical levels. Draft PEP 2023-2050 does not explicitly delineate OSW but indicates OSW is included in the CES scenario, TLG has assumed all wind capacity in the CES-1/2 above the reference scenario is OSW.

8.1. RENEWABLE ENERGY DEVELOPERS IN THE PHILIPPINES

Existing capacity for solar, onshore wind, and BESS projects, which amounts to approximately 2.1 GW, is held by a diverse but relatively limited number of players in the market. IPPs compete in a dynamic, active, and rapidly growing renewables segment with a strong appetite for growth with successful players able to navigate the various routes-to-market to optimise contracting and revenues. Players can broadly be categorised into three distinct segments in the market (shown in Figure 8-2).

- **Large incumbents** are categorized as companies that hold a sizable share of power generation capacity, traditionally having focused on conventional power but increasingly pushing forward with renewables development. Several players have interests in distribution as well as retail supply.
- **'Pureplay' renewables players** that are predominantly or exclusively focused on renewables, with operating assets and advanced development pipelines. CREC fall within this bracket and sit alongside a mix of local and foreign developers and investors.

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- **Companies with solely a renewable pipeline** or interest at present, with service contract awards and projects under development, but without any operating renewables in the Philippines. These players may have non-renewable assets in the Philippines, but their categorization in this report is based on whether they have existing or advanced renewable assets in the Philippines. Several of these players are solely focused on offshore wind.

Figure 8-2: Stylised Segmentation of Players in the Renewables Market (Non-Exhaustive)

Note: This visualization excludes PSALM because it is a government-owned corporation rather than an IPP. List is illustrative and not meant to capture the entire market.

Across this segmentation of the renewable IPP competitive landscape, there is a diverse mix of players each with a track-record and/or focus on specific technologies, varying degrees of vertical integration, technical capabilities, and long-term growth strategies. IPP traits are summarized in Table 8-1, Table 8-2, and Table 8-3, with the key characteristics of each segment discussed in subsequent sections.

Table 8-1: Comparison of Select Large Incumbents and Main Traits (Non-Exhaustive)

	Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ³⁴⁰		OSW Position	Retail License
						Solar	Wind		
Large Incumbents		ACEN	✓		✓	356	332	✓	✓
		Aboitiz Power ³⁴¹	✓	✓	✓	59	-	✓	✓
		Meralco/MGEN	✓	✓	✓	48	-		✓

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	Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ³⁴⁰		OSW Position	Retail License
						Solar	Wind		
		First Gen / EDC	✓	✓	✓	7	150	✓	✓
		San Miguel	✓	✓	✓	-	-		✓

Note: Aboitiz Power has initiated a feasibility study for up to 3 GW of OSW projects, however, it is unknown whether they are in possession of any service contracts for OSW. All sources have been accessed and used for the purposes of this report in October 2023.

Table 8-2: Comparison of Select Pureplay Renewables Players and Main Traits (Non-Exhaustive)

	Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ³⁴²		OSW Position	Retail License
						Solar	Wind		
Pureplay' Renewables Players		CREC³⁴³	✓		✓	227	-	✓	✓
		Vena Energy			✓	194	51	✓	
		Solar Philippines	✓		✓	184	-		
		Prime Infra³⁴⁴	✓		✓	145	-		
		Emerging Power Inc. (EPI)	✓		✓	97	-		
		PetroGreen	✓		✓	70	20	✓	✓
		Sindicatum			✓	60*	-		
		Alternergy	✓		✓	13	11	✓	
		Blueleaf Energy³⁴⁵			✓	-	-		

Note: All sources have been accessed and used for the purposes of this report in October 2023.

**Indicates project-level rather than attributable capacity due to lack of data availability.*

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Table 8-3: Comparison of Select Pipeline Renewables Players and Main Traits (Non-Exhaustive)

	Logo	Player Name	Local	Thermal IPP	RE IPP	Existing Equity Capacity (MW) ³⁴⁶		OSW Position	Retail License
						Solar	Wind		
Solely Renewable Pipeline		Nexif Ratch			✓	-	-	✓	
		Windkraft Group	✓		✓	-	-	✓	
		Copenhagen Infrastructure Partners			✓	-	-	✓	
		BlueFloat			✓	-	-	✓	
		Cleantech			✓	-	-	✓	
		San Lorenzo Ruiz Builders	✓		✓	-	-		
		Corio Generation			✓	-	-	✓	
		Wpd			✓	-	-	✓	
		Sun Asia	✓		✓	-	-		
		Pan Pacific Renewables Power	✓		✓	-	-		
		Belisama Hydro Corp.	✓		✓	-	-		
		Sapang Balen Solar Sustainable Energy Corp.	✓		✓	-	-		

Note: All sources have been accessed and used for the purposes of this report in October 2023.

8.1.1. Large Incumbents

Following the privatization of the power sector that came with EPIRA's legislation in 2001, IPPs have come to play a significant role in the market. In the early wave of privatization, several major incumbent IPPs established a sizable presence in the Philippine energy sector through investments in generation and associated PPA and IPP Administration (IPPA) agreement. These players include longstanding, established players such as Aboitiz Power, First Gen, San Miguel Global Power, Meralco, and the Ayala Group (ACEN). Several of these players form part of diversified conglomerates with business interests in land, real estate, and banking, among others.

Whilst these larger players' generation platforms have traditionally been anchored around conventional thermal generation (coal and natural gas), most have started diversifying towards renewable energy albeit with varying degrees of pace. Alongside San Miguel, Aboitiz Power continues to have a predominantly coal-centric generation portfolio, together with interests in oil/diesel-fired generation, hydropower and geothermal, among others. First Gen, despite owning and operating most of Luzon's combined cycle gas turbine (CCGT) generation capacity, has a large geothermal business with a smaller portfolio of hydropower, solar, onshore wind through its subsidiary EDC. Ayala Group's renewable-oriented subsidiary ACEN has become a noteworthy player in renewables, on account of its accelerated divestment of thermal assets and track-record of a growing domestic and international renewables portfolio. ACEN's partners include Citicore Solar Energy Corporation having co-developed the 116 MW Arayat-Mexico solar farm in Pampanga which commenced operations in August 2022.³⁴⁷

Some of these large IPPs have affiliated large distribution businesses (most notably Meralco and Aboitiz Power), land and retail estate (e.g., Ayala Group), and all of them have significant retail positions (previously discussed in Section 6.4). These large incumbents have managed to position as early and significant investors in Philippine renewables due to their size, vertical integration, and high degrees of activity in the market historically. This ability to act early has become clear in the nascent OSW frontier as Aboitiz has run an early 3 GW feasibility study, ACEN has managed to secure 6.8 GW of OSW service contracts (OSWESCs), and EDC has at least three OSWESCs with a total potential capacity of 2.3 GW.³⁴⁸

8.1.2. Pureplay Renewables Players

Following the RE Act's promulgation in 2008, several forms of renewables technology (solar and onshore wind, among others) began gaining traction among investors around the time of the design of the FIT program in the mid-2010s. Since then, through a combination of policy support and activity across several routes-to-market, several 'pureplay' renewable IPPs have emerged with CREC standing as one of the leading players with a diverse portfolio covering solar, onshore wind, and hydropower.

There are a growing number renewable-focused IPPs active in the market today (shown in Figure 8-2). Some players, including Citicore, Solar Philippines, and Alternergy, were early market entrants in the era of the FIT when growth in solar, onshore wind, and biomass, among others, started to accelerate. These first-movers have captured significant market share over the past decade, whether focusing on a specific technology (Solar Philippines) or opportunistically building out a diversified platform of new renewables technologies (CREC and Alternergy).

With growing renewable aspirations in the Philippines, many renewable-focused players have entered the market over the past half-decade. Regional platforms such as Vena Energy, Sindicatum, and Nexif Ratch have leveraged development capabilities and international experience to enter the market. However, there are also local businesses that have expanded into renewables in recent years. Such players include Emerging Power Inc. (EPI), a subsidiary of Nickel Asia, and PetroGreen, a subsidiary of Alfonso Yuchengco's construction, real estate, and banking conglomerate.

For the most part, these pureplay renewables players have focused on a single renewable energy source in the Philippines thus far. EPI, Sindicatum, and Solar Philippines have largely focused on utility-scale solar to date, whereas Alternergy has made a foray into onshore wind. CREC, Vena Energy and PetroGreen, by contrast, have demonstrated capabilities across multiple renewable energy technologies. Several of these renewable developers, including CREC, are also seeking to build a presence in the OSW sector having secured service contracts.

8.1.3. Pipeline Entrants

Although there is a diverse mix of IPPs with operating assets and portfolios in the renewable market, several companies are at an earlier stage of market entry with pipeline projects at a pre-development stage. Within this bracket, local entrants include domestic companies such as San Lorenzo Ruiz Builders (SLRB), Belisama Hydro, Sapang Balen Solar Sustainable Energy, Windkraft, and Pan Pacific Renewables. SLRB is an existing engineering, procurement, and construction (EPC) contractor for large infrastructure that has begun diversifying into PSH.³⁴⁹ On the other hand, players such as Belisama, Pan Pacific, Sapang Balen, and Windkraft are local newcomers focusing on their pipelines in hydropower (Belisama and Pan-Pacific), solar (Sapang Balen), and offshore wind (Windkraft), among others. Another local player, Prime Infra, is developing a portfolio of solar, BESS, and PSH assets, while also having interests in water and waste management, domestic gas, and LNG.³⁵⁰

Several foreign players have also begun to make strides with the removal of ownership limitations, both in partnership with existing players and by outright development. Spanish utility Acciona Energia, through its 50% stake in The Blue Circle (Singapore), established a partnership with Cleantech for an onshore wind pipeline and exploration of OSW opportunities.³⁵¹ Given the development of the OSW market, several foreign entrants, including BlueFloat, CIP, Corio, and Wpd, have attempted to capture OSWESCs for entry into Philippine renewables space.³⁵²

8.1.4. International Player Positioning

Amidst growing demand, various policy support measures, and ambitious government targets, a large prospective runway exists for investment and development of new renewable energy capacity in the Philippines which has attracted increasing interest from international players. Previously the 40% cap on foreign ownership in renewables limited international participation in the market, however, the removal of foreign ownership limitations on renewables in 2022 has been another market enabler in this regard.

Although large international IPPs have the financial capabilities to enter into the Philippines, partnering with local players has been a noteworthy feature. With local players typically providing capabilities expertise on the development aspects such as land acquisition and contracting, several international entrants have sought to expand their portfolios in the Philippines by providing technical and financial resources. Partnership activity between local and foreign firms has accelerated over the past decade (examples shown in Table 8-4).

Table 8-4: Key International Partnerships with Existing Renewable Pipeline Players

Local Player	International Player	Highlights
 ACEN	 UPC Renewables	2013: Partnership for an 81 MW wind farm project in Philippines as well as to develop 1 GW in the medium-term across the Asia Pacific. ³⁵³ Mar 2022: Ayala completes acquisition of UPC Philippines' stake in several PH renewable assets. ³⁵⁴
Mabalacat Solar Philippines	 TotalEnergies Syndicatum renewable energy	Nov 2021: Collectively developed two utility-scale solar projects (135 MW) in Luzon within one year. ³⁵⁵
 AboitizPower	 Jera	Feb 2021: Jera's purchase of 27% stake in Aboitiz Power. ³⁵⁶ Feb 2023: Sign Memorandum of Understanding (MOU) joint feasibility study on ammonia co-firing power plants. ³⁵⁷
 WINDKRAFT GROUP	 IBERDROLA	Jan 2022: Partnership with Triconti Windkraft Group to develop 3.5 GW pipeline of offshore wind projects. ³⁵⁸
 CleanTech GLOBAL RENEWABLES	 acciona The Blue Circle	Sept 2022: Acciona bought a 50% stake in Southeast Asian platform The Blue Circle which has existing links with Cleantech – including a joint 1.2 GW OSW asset in pipeline. ³⁵⁹
 PETROGREEN ENERGY CORPORATION	 COPENHAGEN ENERGY	Nov 2022: Development of 3 Special Purpose Vehicles (SPVs) for offshore windfarms with overall capacity of close to 4 GW. ³⁶⁰
 alternergy Renewable power players	 Shell	Nov 2022: Shell acquired 40% share in the Mindoro offshore wind venture which has a potential for up to 5 GW. Initial feasibilities are being conducted 1 GW of generation capacity. ³⁶¹

Local Player	International Player	Highlights
 EMERGING POWER INC.		July 2022: EPI and Shell entered into joint venture to develop, own, operate and maintain onshore renewable energy projects in the Philippines, target of 1 GW by 2028. ³⁶²

The international stage has showed a persistent and strong interest in the Philippines renewables segment. Up until 2022, foreign ownership limits had encouraged interested international players to couple with local firms to develop businesses in the power sector (Table 8-4). Nonetheless, foreign players are likely to have continued interest in collaborating with domestic IPPs owing to their capabilities key local issues such as land aggregation and procurement, permitting and procedures, as well as commercial advantage in terms of accessing offtake channels and project pipelines, among others. At the same time, international investors and developers can bring to bear significant technical and financial capabilities to support growth in local platforms.

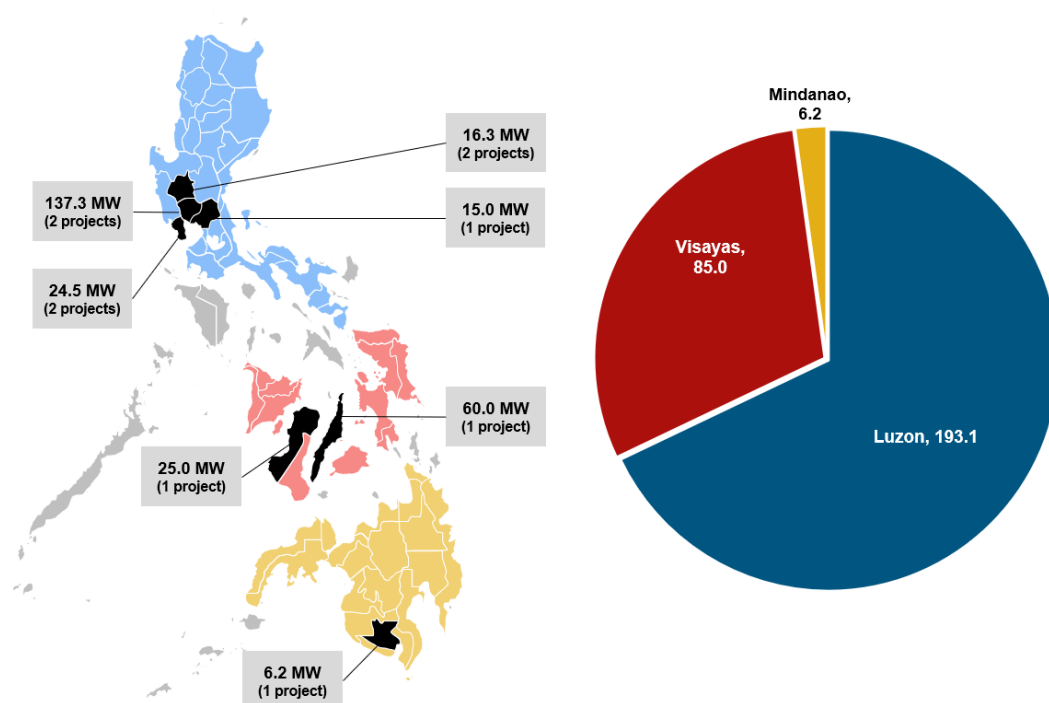
8.2. POSITIONING OF CITICORE RENEWABLE ENERGY CORPORATION

Among the leading pureplay renewable IPPs involved in the Philippines energy transition, **CREC has a sizeable platform currently comprising 285 MW of operating assets at the project level.** Of CREC's project capacity, 227 MW is directly attributable to CREC via equity.³⁶³ CREC's current operating portfolio is entirely composed of utility-scale solar assets, of which there are ten to date spanning a total of 2,478 square kilometres in the Philippines.

CREC has the second largest solar portfolio in the Philippines at present. With a 285 MW of utility-scale solar portfolio (227 MW in equity terms), CREC stands out among pure renewables IPPs. In terms of project MW, CREC's operational solar portfolio is larger than those of Vena Energy (194 MW in equity terms), Solar Philippines (184 MW), Prime Infra (145 MW), EPI (97 MW), and PetroGreen (70 MW).³⁶⁴ CREC's operating utility-scale solar capacity is second largest in the Philippines after that of ACEN (356 MW).³⁶⁵

Among its competitors, **CREC also operates across a larger geographic footprint in terms of its existing portfolio, with operational solar assets located across the three major regions of Luzon, Visayas, Mindanao** (see Figure 8-3). Given the challenges that land procurement can pose, in land aggregation needs and high competition for attractive plots, CREC's mix of project locations demonstrates strong capabilities in pre-development.

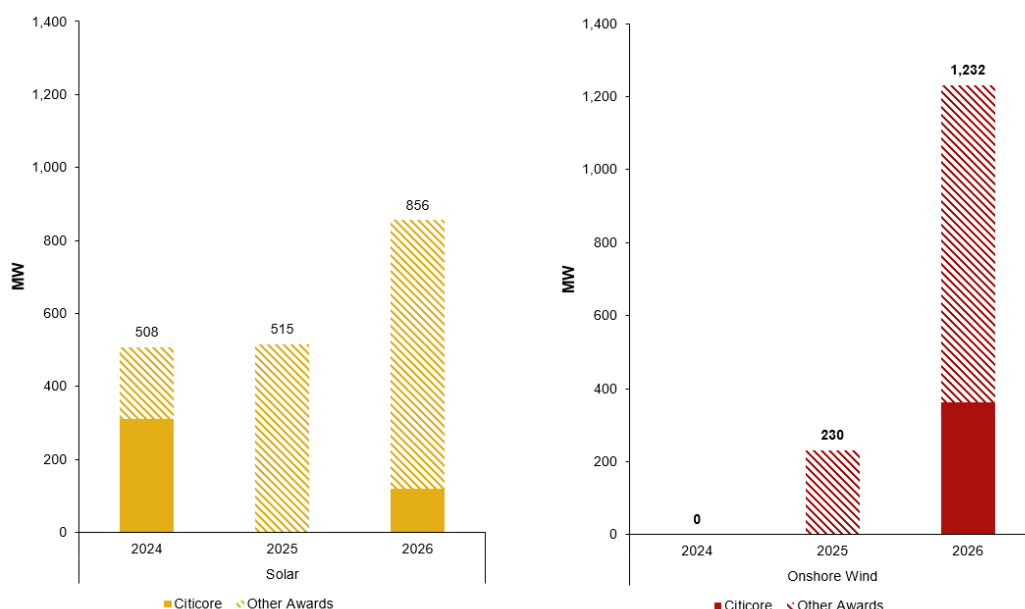
Figure 8-3: CREC's Project-Level Capacity by Province (LHS) and Regional Shares in MW (RHS)



Note: This graphic does not include equity considerations for Arayat-Mexico (116 MW) in Pampanga. Project capacity and location per operational project have been provided by CREC for use in this report.

CREC's recent awards for ground-mount solar and onshore wind in GEAP2 are noteworthy when compared to other players competing in the auction (Figure 8-4). CREC secured 23% of overall awarded capacity for ground-mount solar, and 25% for onshore wind.³⁶⁶ Highlighting its development capabilities and maturity of its pipeline, CREC secured 61% of the quota for ground-mount solar for the 2024 vintage. CREC also demonstrated strong commercial acumen in terms of the tariffs achieved in GEAP2; its projects for both ground-mount solar and onshore wind achieved tariffs close to, and in some instances at, the GEAR price.

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Figure 8-4: CREC GEAP2 Awards Compared to Total Awards for Solar (LHS) and Onshore Wind (RHS)³⁶⁷

Alongside its existing portfolio and recent GEAP wins, CREC has strong targets for solar build-out. On the back of its demonstrated capabilities in developing solar in the Philippines, CREC is targeting 1 GW of ready-to-build utility-scale solar additions each year over the course of 2023 to 2027.³⁶⁸ CREC's strong targets for solar are underpinned by a large pipeline of projects across various stages of development. Compared to draft PEP 2023-2050 targeted range of between 34 to 37 GW of solar by 2040 and TLG's forecast for capacity of solar nationally to reach 30 GW by 2030, CREC's targeted supply additions represent a share of the overall market runway for solar growth going forward.³⁶⁹

CREC is also pursuing opportunities in other emerging technologies important to the energy transition, principally BESS. CREC is pursuing BESS as a medium-term priority.³⁷⁰ The draft PEP 2023-2050 shows a large range of 0.5-7.8 GW of BESS capacity coming online by 2040.³⁷¹ As of July 2023, there are only five grid-connected BESS projects in operation in the Philippines – four of these projects are standalone BESS assets while one is a hybrid diesel and BESS facility.³⁷² With the reserve market expected to launch later in 2023 or 2024 (previously discussed in Sections 4.3.1 and 5.5) and opportunities emerging for dispatchable renewable power in the contracting market, the development of both standalone and hybrid BESS projects is likely to become increasingly mainstream.³⁷³ In 2023, International Finance Corporation (IFC) disclosed that it had signed a collaboration agreement with CREC to develop a 172 MW utility-scale solar plant with 165 MWh of BESS in Batangas.³⁷⁴ Should this project be developed to commerciality, CREC would become one of the first companies in the Philippines – alongside ACEN, Solar Philippines, and Prime Infra – to develop a large-scale renewables project hybridised with BESS.³⁷⁵

In addition to its onshore wind pipeline of approximately 800 MW (including projects with GEAP2 awards), CREC is looking to develop OSW as a long-term growth prospect.³⁷⁶ Although there are no operational OSW assets nor formal OSW regulatory framework in the Philippines as of 2023, numerous players in the market have been quick to sign OSWESCs at scale. As a result, around 60 GW of potential OSW capacity has been signed onto by developers in 77 OSWESCs as of September 2023.³⁷⁷ More than ten developers are pursuing opportunities in this potentially very large market.³⁷⁸ CREC itself holds seven OSWESCs worth a cumulative 3.1 GW.³⁷⁹ Although ACEN and Bluefloat are the largest OSW awardees to date, with 6.8 GW and 7.6 GW of potential capacity respectively, the OSW regulatory pathway has yet to be revealed in full.³⁸⁰ Moving pieces, particularly as planning activities across ports, the marine spatial environment, and transmission, will inherently play a role in determining which projects will be eligible as first-movers.³⁸¹ Through its track record in the Philippine renewables space, CREC's demonstrable local and technical competencies show that they can adapt quickly in a dynamic regulatory environment.

Whereas onshore wind projects typically have an operating life of 25-35 years, the lifetime for OSW projects typically ranges between 20-25 years. By comparison utility solar projects can have an expected operating life of around 25-30 years, while for hydropower, another technology of interest for CREC, operating lifetimes of 35-40 years are expected although several projects in the Philippines have been in operation for longer than this.

APPENDIX A: LIST OF WINNING BIDDERS FOR SECOND GREEN ENERGY AUCTION

The lists of awarded projects and developers for the GEAP are published by the DOE upon notice of auction award. The results of GEAP2 are listed in the following appendices with CREC's awards highlighted in yellow.³⁸²

A.1 AWARDS WITH 2024 INSTALLATION TARGETS

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
Ground Mount Solar					
1	Luzon	Nuevasol Energy Corp.	Bongabon Solar Power Project	30.93	4.3999
2	Luzon	Megasol Energy I Inc.	Gamu Solar Power Project	41.24	4.3999
3	Luzon	Citicore Solar Tarlac 2, Inc.	Dalayap Solar Power Project	5.88	4.4043
4	Luzon	Citicore Solar Tarlac 1, Inc.	Armenia Solar Power Project	7.10	4.4043
5	Luzon	Greencore Power Solution 2, Inc.	Tuy 4 Batangas Solar Power Project	50.00	4.4043
6	Luzon	Greencore Power Solution 2, Inc.	Bolbok 2 Solar Power Project	75.00	4.4043
7	Luzon	Citicore Solar Pampanga 1, Inc.	Arayat 3A Solar Power Project	30.00	4.4043
8	Luzon	Citicore Solar Quezon, Inc.	Pagbilao 1 Solar Power Project	70.50	4.4043
9	Luzon	Citicore Solar Quezon, Inc.	Pagbilao 2 Solar Power Project	27.00	4.4043
10	Luzon	Citicore Solar Pangasinan, Inc.	Sta. Barbara 1 Solar Power Project	90.00	4.4043
11	Luzon	Citicore Solar Pangasinan 2, Inc.	San Manuel 1 Solar Power Project	80.10	4.4043
Rooftop Solar					

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
1	Luzon	Phinma Solar Energy Corporation	Warehouse No. B4 Geomax Compound Solar PV System	0.18	4.8738
2	Luzon	Phinma Solar Energy Corporation	Warehouse #3 C TEKNIK Compound Solar PV System	0.13	4.8738
3	Luzon	Phinma Solar Energy Corporation	Warehouse #5 C Teknik Compound Solar PV System	0.13	4.8738
4	Luzon	Phinma Solar Energy Corporation	Warehouse #4 C Teknik Compound Solar PV System	0.13	4.8738
5	Luzon	Phinma Solar Energy Corporation	Warehouse #6 C Teknik Compound Solar PV System	0.13	4.8738
6	Luzon	Phinma Solar Energy Corporation	Warehouse #1 C Teknik Compound Solar PV System	0.06	4.8738
7	Luzon	Phinma Solar Energy Corporation	Warehouse #18 C Teknik Compound Solar PV System	0.15	4.8738
8	Luzon	Phinma Solar Energy Corporation	Warehouse #19 C Teknik Compound Solar PV System	0.15	4.8738
9	Luzon	Phinma Solar Energy Corporation	Warehouse #2 C Teknik Compound Solar PV System	0.09	4.8738
Total				508.91	

A.2 AWARDS WITH 2025 INSTALLATION TARGETS

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
Ground Mount Solar					
1	Luzon	Labrador Green Energy Corp.	Labrador Solar Power Plant Project	200.00	3.595
2	Luzon	Liberty Solar Energy Corporation	Apulid Solar Project	49.90	3.8788

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
3	Luzon	Wyn Power Corporation	Development of 50MW Ground Mounted Solar Power Plant	50.00	4.1
4	Luzon	Solar Valley Energy Solutions Inc	San Pablo Solar Power Project Phase 1	49.40	4.1998
5	Luzon	Greenergy For Global, Inc. Doing Business Under G4G	Cordon Solar Power Project	49.00	4.2346
6	Luzon	Greentech Solar Energy Inc.	Bongabon Solar Power Project	18.75	4.238
7	Luzon	San Pablo Renewable Energy Corporation	San Pablo Solar 1	43.75	4.3898
8	Luzon	BKS Green Energy Corp.	Limbauan Solar Power Project	28.00	4.4043
9	Luzon	PetroGreen Energy Corporation	Bugallon Solar Power Project	18.56	4.4043
10	Mindanao	Enfinity Philippine Renewable Resources Third Inc.	Butuan City 1 Solar Power Project	8.00	4.4
Rooftop Solar					
1	Luzon	Phinma Solar Energy Corporation	Pampanga Rollforming Plant Solar PV System	0.18	4.8738
2	Luzon	Phinma Solar Energy Corporation	Warehouse #20 C Teknik Compound Solar PV System	0.13	4.8738
3	Luzon	Phinma Solar Energy Corporation	OMG Rice Mill #2 Solar PV System	0.15	4.8738
4	Luzon	Phinma Solar Energy Corporation	Warehouse No. C6 Geomax Compound Solar PV System	0.20	4.8738
5	Luzon	Phinma Solar Energy Corporation	Warehouse No. F2 Geomax Compound Solar PV System	0.14	4.8738
6	Luzon	Phinma Solar Energy Corporation	Calamba Rollforming Plant Solar PV System	0.45	4.8738
7	Luzon	Phinma Solar Energy Corporation	Warehouse No. C4 Geomax Compound Solar PV System	0.09	4.8738

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
8	Luzon	Phinma Solar Energy Corporation	VCCR Global Enterprises Solar PV System	0.90	4.8738
9	Luzon	Phinma Solar Energy Corporation	Warehouse No. F3 Geomax Compound Solar PV System	0.15	4.8738
10	Luzon	Phinma Solar Energy Corporation	3 Angels And 2 Princess Rice Mill Solar PV System	0.28	4.8738
11	Luzon	Phinma Solar Energy Corporation	Warehouse No. C7 Geomax Compound Solar PV System	0.20	4.8738
12	Luzon	Phinma Solar Energy Corporation	Batangas Rollforming Plant Solar PV System	0.09	4.8738
13	Luzon	Phinma Solar Energy Corporation	Warehouse No. C2 Geomax Compound Solar PV System	0.18	4.8738
14	Luzon	Phinma Solar Energy Corporation	RKR Rice Mill #1 Solar PV System	0.09	4.8738
15	Luzon	Phinma Solar Energy Corporation	Warehouse No. F4 Geomax Compound Solar PV System	0.13	4.8738
16	Luzon	Phinma Solar Energy Corporation	Warehouse No. C8 Geomax Compound Solar PV System	0.18	4.8738
17	Luzon	Phinma Solar Energy Corporation	RKR Rice Mill #2 Solar PV System	0.09	4.8738
18	Luzon	Phinma Solar Energy Corporation	RKR Rice Mill #3 Solar PV System	0.10	4.8738
19	Luzon	Phinma Solar Energy Corporation	Warehouse No. C3 Geomax Compound Solar PV System	0.10	4.8738
20	Luzon	Phinma Solar Energy Corporation	Sunmade Agri 1 Solar PV System	0.28	4.8738
21	Luzon	Phinma Solar Energy Corporation	Warehouse No. E2 Geomax Compound Solar PV System	0.23	4.8738

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
22	Luzon	Phinma Solar Energy Corporation	Warehouse No. CS Geomax Compound Solar PV System	0.20	4.8738
23	Luzon	Phinma Solar Energy Corporation	OMG Rice Mill #3 Solar PV System	0.14	4.8738
24	Luzon	Phinma Solar Energy Corporation	Warehouse No. 2 Geomax Compound Solar PV System	0.18	4.8738
25	Luzon	Phinma Solar Energy Corporation	OMG Rice Mill #1 Solar PV System	0.06	4.8738
26	Luzon	Phinma Solar Energy Corporation	Warehouse No. E3 Geomax Compound Solar PV System	0.20	4.8738
27	Luzon	Phinma Solar Energy Corporation	La Union Rollforming Plant Solar PV System	0.20	4.8738
28	Luzon	Phinma Solar Energy Corporation	Warehouse No. E4 Geomax Compound Solar PV System	0.23	4.8738
29	Luzon	Phinma Solar Energy Corporation	Sunmade Agri 5 Solar PV System	0.15	4.8738
30	Luzon	Phinma Solar Energy Corporation	Warehouse No. 3 Geomax Compound Solar PV System	0.18	4.8738
31	Luzon	Phinma Solar Energy Corporation	Warehouse No. E5 Geomax Compound Solar PV System	0.24	4.8738
32	Luzon	Phinma Solar Energy Corporation	Sunmade Agri 4 Solar PV System	0.08	4.8738
33	Luzon	Phinma Solar Energy Corporation	Warehouse No. F1 Geomax Compound Solar PV System	0.13	4.8738
34	Luzon	Phinma Solar Energy Corporation	Sunmade Agri 2 Solar PV System	0.17	4.8738
35	Luzon	Phinma Solar Energy Corporation	Sunmade Agri 3 Solar PV System	0.04	4.8738
36	Luzon	Phinma Solar Energy Corporation	Warehouse No. 4 Geomax Compound Solar PV System	0.10	4.8738

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
37	Luzon	Phinma Solar Energy Corporation	Warehouse No. 87 Geomax Compound Solar PV System	0.10	4.8738
38	Luzon	Phinma Solar Energy Corporation	Warehouse No. 1 Geomax Compound Solar PV System	0.14	4.8738
39	Luzon	Phinma Solar Energy Corporation	Warehouse No. 88 Geomax Compound Solar PV System	0.05	4.8738
40	Luzon	Phinma Solar Energy Corporation	Warehouse #23 C Teknik Compound Solar PV System	0.13	4.8738
41	Luzon	Phinma Solar Energy Corporation	Warehouse #22 C Teknik Compound Solar PV System	0.12	4.8738
42	Luzon	Phinma Solar Energy Corporation	Warehouse #27 C Teknik Compound Solar PV System	0.23	4.8738
43	Luzon	Phinma Solar Energy Corporation	Warehouse #26 C Teknik Compound Solar PV System	0.14	4.8738
44	Luzon	Phinma Solar Energy Corporation	Warehouse #25 C Teknik Compound Solar PV System	0.12	4.8738
45	Luzon	Phinma Solar Energy Corporation	Warehouse #24 C Teknik Compound Solar PV System	0.14	4.8738
46	Visayas	Phinma Solar Energy Corporation	Bacolod Rollforming Plant Solar PV System	0.12	4.8738
47	Visayas	Phinma Solar Energy Corporation	Cebu Rollforming Plant Solar PV System	0.13	4.8738
48	Mindanao	Phinma Solar Energy Corporation	Cagayan De Oro Rollforming Plant Solar PV System	0.11	4.8738
49	Mindanao	Phinma Solar Energy Corporation	Butuan Rollforming Plant Solar PV System	0.07	4.8738
Onshore Wind					
1	Luzon	Alternergy Tanay Wind Corporation	Alabat Wind Power Project	54.60	5.2888
2	Luzon	Alternergy Tanay Wind Corporation	Tanay Wind Power Project	85.80	5.3088

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
3	Luzon	Rizal Wind Energy Corp.	Rizal Wind Power Project	90.00	5.8051
Total				754.00	

A.3 AWARDS WITH 2026 INSTALLATION TARGETS

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
Ground Mount Solar					
1	Luzon	Opus Solar Energy Corp.	Opus Solar Power Project	149.95	3.9853
2	Luzon	Ixus Solar Energy Corp	Ixus Bugallon Solar Power Project	274.74	4.0985
3	Luzon	Solar Valley Energy Solutions Inc	San Pablo Solar Power Project Phase 2	79.04	4.1998
4	Luzon	Solar Philippines Commercial Rooftop Projects, Inc.	Santa Rosa Nueva Ecija 3 Solar Power Project	20.00	4.2999
5	Luzon	Energy Logics Philippines Inc.	Pasuquin-Burgos 100MW Solar Power Plant	49.00	4.4
6	Luzon	Xyris Energy Corporation	Linglingay Solar Power Project	70.14	4.4043
7	Visayas	Joy-Nostalg Solaris Incorporated	Ajuy 1 Solar Power Plant Project	14.00	4.3543
8	Visayas	Apolaki Eight Inc.	Luca Solar Power Project	40.00	4.3553
9	Visayas	Citicore Solar Negros Occidental 2, Inc.	Silay 2b Solar Power Project	20.00	4.4043
10	Visayas	Citicore Solar Cebu, Inc.	Toledo Solar Power Project	49.00	4.4043
11	Visayas	Citicore Solar Negros Occidental 2, Inc.	Silay 2a Solar Power Project	30.00	4.4043

Project	Region	Developer	Facility Name	Capacity Offered	Price Offered
12	Visayas	Citicore Solar Negros Occidental, Inc.	Silay Solar Power Project	20.00	4.4043
13	Mindanao	Apolaki Seven Inc.	Tantangan Solar Power Project	40.00	4.4033
Floating Solar					
1	Luzon	NKS Solar One Inc.	NKS One Floating Solar Power Project	90.00	5.0988
Onshore Wind					
1	Luzon	Quezon Wind Energy Corp.	Quezon Wind Power Project	239.99	5.2513
2	Luzon	Cornerstone Energy Development, Inc.	Camarines Sur Wind Power Project	50.00	5.4388
3	Luzon	Citicore Wind Energy Corporation	Pangasinan CW 2 Wind Power Project	80.00	5.5588
4	Luzon	Citicore Wind Energy Corporation	Bataan-Zambales CW Wind Power Project	100.00	5.6588
5	Luzon	Giga Ace 6, Inc.	Isla Wind Power Project	230.00	5.7886
6	Luzon	Citicore Wind Energy Corporation	Camarines Sur CW Wind Power Project	30.00	5.8481
7	Visayas	Citicore Wind Energy Corporation	Iloilo CW 1 Wind Power Project	152.00	5.6888
8	Visayas	Gemini Wind Energy Corp.	Gemini Wind Power Project	200.00	5.7531
9	Visayas	FirstMaxpower International Corporation	Bago City Wind Power Project	150.00	5.848
Total				2,177.85	

APPENDIX B: LISTS OF OPERATIONAL RENEWABLE ASSETS

Taken from the DOE's list of existing power plants as of July 31st, 2023, the following sections list out renewable energy projects in the Philippines.³⁸³ Citicore's assets are highlighted in yellow.

B.1 UTILITY SOLAR PROJECTS

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD
Luzon						
Calagatan Solar	Grid	63.3	50.6	4-A	Solar Philippines Calatagan Corporation	Mar-2016
Clark Solar	Grid	22.3	17.9	3	Citicore Renewable Energy Corporation (formerly: Enfinity Philippines Renewable Resources Inc.)	Mar-2016
Concepcion 1 Solar	Grid	20.7	16.6	3	Solar Philippines Tarlac Corporation	Sep-2019
Concepcion 2 Solar	Grid	70.9	56.7	3	Solar Philippines Tarlac Corporation	Feb-2020
Currimao Solar	Grid	20.1	16.1	1	Mirae Asia Energy Corporation	Feb-2016
Mariveles Solar	Grid	18.0	14.4	3	Citicore Solar Bataan, Inc. (Formerly: Next Generation Power Technology Corporation)	Feb-2017
Petrosolar	Grid	50.1	40.1	3	PetroSolar Corporation	Feb-2016
Petrosolar 2	Grid	20.0	16.5	3	PetroSolar Corporation	Dec-2021
Sta. Rita Solar (Phase I, II and 3A)	Grid	62.4	59.3	3	Jobin-Sqm Inc. (JOBIN)	08 Apr 16 08 Mar 17 13 Aug 21
Sta. Rita Solar (Phase 3B)	Grid	34.4	27.5	3	Jobin-Sqm Inc. (JOBIN)	Nov-2022

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD
YH Green	Grid	14.5	11.6	3	YH Green Energy Incorporated	Feb-2016
PFBSI	Grid	80.9	64.7	3	PowerSource First Bulacan Solar, Inc.	May-2021
Tagalag Solar	Grid	16.0	12.8	NCR	Ecopark Energy of Valenzuela Corporation	Jan-2020
Gigasol3 Solar	Grid	63.0	50.4	3	AC Energy Corp	Jul-2021
Alaminos Solar	Grid	120.3	96.3	4-A	AC Energy Corp	Sep-2021
Sta Rosa Solar	Grid	60.1	48.1	3	Terasu Energy Inc.	Sep-2021
Bataan Solar Energy Project	Grid	4.4	3.7	3	Bataan Solar Energy, Inc. (BSEI)	Jun-2022
Arayat-Mexico Solar Power Plant	Grid	72.0	51.0	3	Greencore Power Solutions 3, Inc.	Jul-2022
Armenia Solar	Embedded	8.8	7.1	3	Citicore Solar Tarlac 1, Inc. [Formerly: nv vogt Philippines Solar Energy Three, Inc. (nv vogt 3)]	Dec-2016
Bulacan III Solar	Embedded	15.0	12.0	3	Citicore Solar Bulacan, Inc. (CSBul) [Formerly: Bulacan Solar Energy Corporation]	Mar-2016
Burgos Solar 1	Embedded	4.2	3.3	1	Energy Development Corporation (EDC)	Mar-2015
Burgos Solar 2	Embedded	2.7	2.1	1	Energy Development Corporation (EDC)	Jan-2016
Cabanatuan Solar	Embedded	10.3	8.2	3	First Cabanatuan Renewable Ventures, Inc.	Mar-2016
Dalayap Solar	Embedded	7.5	6.0	3	Citicore Solar Tarlac 2, Inc. [Formerly: nv vogt Philippines Solar Energy Four, Inc. (nv vogt 4)]	Dec-2016
Ecopark Isla Solar	Embedded	5.9	4.7	NCR	Ecopark Energy of Valenzuela Corp.	Jan-2020

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD
Lian Solar	Embedded	2.0	1.6	4-A	Absolut Distillers Inc.	Mar-2016
Morong Solar	Embedded	5.0	4.0	3	SPARC Solar Powered Agri-Rural Communities Corporation (SPARCC)	2017
Palauig Solar	Embedded	5.0	4.0	3	SPARC Solar Powered Agri-Rural Communities Corporation (SPARCC)	Mar-2016
Raslag Solar PH 1	Embedded	10.0	8.0	3	RASLAG Corporation	Feb-2015
Raslag Solar PH 2	Embedded	13.1	10.5	3	RASLAG Corporation	Dec-2015
San Rafael Solar	Embedded	3.8	3.1	3	SPARC Solar Powered Agri-Rural Communities Corporation (SPARCC)	2017
Sarrat Solar	Embedded	0.9	0.7	1	Bosung Solartec, Inc.	2017
Valenzuela Solar	Embedded	8.5	6.8	NCR	Valenzuela Solar Energy Inc.	Mar-2016
Visayas						
Cosmo Solar	Grid	5.7	0.0	6	Cosmo Solar Energy, Inc.	Sep-2016
First Toledo Solar	Grid	60.0	48.0	7	Citicore Solar Cebu, Inc.	Jun-2017
Helios	Grid	132.5	108.0	6	Helios Solar Energy Corporation (HSEC)	Mar-2016
Islasol II	Grid	32.0	24.7	6	Negros Island Solar Power Inc. (ISLASOL)	Mar-2016
Islasol III	Grid	48.0	33.9	6	Negros Island Solar Power Inc. (ISLASOL)	Mar-2016
Montesol	Grid	18.0	13.2	7	Monte Solar Energy Inc. (MONTESOL)	Mar-2016
Sacasol I - A	Grid	13.0	9.3	6	San Carlos Solar Energy Inc. (SACASOL)	May-2014

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD
Sacasol I - B	Grid	9.0	4.4	6	San Carlos Solar Energy Inc. (SACASOL)	Aug-2014
Sacasol - C & D	Grid	23.0	17.1	6	San Carlos Solar Energy Inc. (SACASOL)	Sep-2015
Sacasun	Grid	46.8	13.7	6	San Carlos Sun Power Inc. (SACASUN)	Mar-2016
Sepalco	Grid	50.0	10.1	8	Sulu Electric Power and Light (Phils.), Inc. (SEPALCO)	Oct-2016
Silay Solar	Grid	25.0	20.0	6	Citicore Solar Negros Occidental, Inc. (formerly: Silay Solar Power, Inc.)	Apr-2016
Soleq	Grid	24.5	24.5	8	First Solar Energy Corp (formerly: First Soleq Energy Corporation)	Apr-2015
Mindanao						
Digos	Grid	28.6	23.8	11	Alterpower Digos Solar, Inc.	Mar-2016
Kibawe	Grid	10.5	8.2	10	Asian Greenergy Corporation	Mar-2016
Centralla	Embedded	6.2	2.6	12	Citicore Solar South Cotabato, Inc. (formerly: nv vogt Philippines Solar Energy One, Inc.)	Dec-2015
Cepalco	Embedded	1.0	0.2	10	Cagayan Electric Power and Light Company (CEPALCO)	Sep-2004
Kirahon	Embedded	12.5	10.0	10	Kirahon Solar Energy Corporation (KSEC)	Oct-2015
ADGI	Embedded	25.0	7.4	12	Astronergy Development Gensan, Inc. (ADGI)	Dec-2019
Total		1487.4	1115.5			

B.2 ONSHORE WIND PROJECTS

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD
Luzon						
Bangui Wind Power Ph1 and Ph2	Grid	33.0	33.0	1	North Wind Power Development Corporation (NWPDC)	Jun-2005
Bangui Wind Power Ph3	Grid	18.9	18.9	1	North Wind Power Development Corporation (NWPDC)	Oct-2014
Burgos WIND	Grid	150.0	150.0	1	EDC Burgos Wind Power Corporation (EBWPC)	Nov-2014
Caparispisan Wind	Grid	81.0	81.0	1	North Luzon Renewable Energy Corporation (NLREC)	Nov-2014
Pililia Wind	Embedded	54.0	54.0	4-A	Alternergy Wind One Corporation	Jun-2015
Visayas						
Nabas Wind Ph1	Grid	36.0	21.0	6	PetroWind Energy Inc. (PWEI)	Jun-2015
Tarec	Grid	54.0	54.0	6	Guimaras Wind Power Corporation	Dec-2014
Total		426.9	411.9			

B.3 HYDROPOWER PROJECTS

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Luzon							
Ambuklao	Grid	105.0	105.0	CAR	SN Aboitiz Power (SNAP)- Benguet, Inc.	Dec-1956	Dam-type HEPP

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Angat Main	Grid	200.0	200.0	3	Angat Hydro Power Corporation (AHPC)	Oct-1967	Dam-type HEPP
Angat Aux	Grid	18.0	18.0	3		Jun-1986	Dam-type HEPP
Bakun AC	Grid	74.8	59.4	1	Luzon Hydro Corporation	Unit 1 - Nov-2000 Unit 2 - Feb-2001	Run-of-River type HEPP
Binga	Grid	140.0	138.0	CAR	SN Aboitiz Power (SNAP) - Benguet, Inc.	Jan-1960	Dam-type HEPP
Caliraya	Grid	39.1	35.0	4-A	Caliraya-Botocan-Kalayaan Power Company Ltd.	Oct-2002	Dam-type HEPP
Casecnan (NIA)	Grid	168.0	150.0	3	Fresh River Lakes Corporation	Apr-2002	Run-of-River type HEPP
Kalayaan PSPP	Grid	736.0	720.0	4-A	Caliraya-Botocan-Kalayaan Power Company Ltd.	U1&2 - Aug-1982 U3&4 - May-2004	Dam-type HEPP
Magat	Grid	360.0	345.6	2	SN Aboitiz Power (SNAP) - Magat, Inc.	U1&2 - Aug-1983 U3&4 - Oct-1983	Dam-type HEPP
Pantapangan	Grid	120.8	120.0	3	First Gen Hydro Power Corporation (FG Hydro)	U1 - Dec 2009 U2 - Dec 2010	Dam-type HEPP
Masiway	Grid	12.0	12.0		First Gen Hydro Power Corporation (FG Hydro)	Jan-1981	Run-of-River type HEPP
San Roque	Grid	435.0	404.0	1	San Roque Power Corporation (SRPC)	May-2003	Dam-type HEPP
Ampohaw	Grid	8.0	7.5	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Aug-1991	Run-of-River type HEPP
FLS	Grid	6.4	6.0	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Aug-1992	Run-of-River type HEPP

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
La Trinidad	Grid	20.4	8.5	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Jul-2019	Run-of-River type HEPP
Maris Main Canal 1	Grid	8.5	8.0	2	SN Aboitiz Power (SNAP) - Magat, Inc.	Nov-2017	Run-of-River type HEPP
NIA-Baligatan	Grid	6.0	6.0	2	National Irrigation Administration (NIA)	Mar-1987	Run-of-River type HEPP
Sabangan	Grid	15.0	15.0	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Jun-2015	Run-of-River type HEPP
Botocan	Embedded	22.8	22.0	4-A	Caliraya-Botocan-Kalayaan Power Company Ltd.	Unit 1 - 1930 Unit 2&3 - 1947	Run-of-River type HEPP
Bineng 3	Grid	5.6	3.6	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Sep-1992	Run-of-River type HEPP
Irisan 1	Grid	3.8	3.3	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Nov-2011	Run-of-River type HEPP
Irisan 3	Grid	1.2	1.1	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Jun-1991	Run-of-River type HEPP
Lon-oy	Grid	3.6	3.3	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Jul-1993	Run-of-River type HEPP
Lower Labay	Grid	2.4	2.3	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Jun-1992	Run-of-River type HEPP
Majayjay	Grid	2.3	1.0	4-A	Majayjay Hydropower Company, Inc.	May-2019	Run-of-River type HEPP
Sal-angan	Grid	2.4	1.8	CAR	Hydro Electric Development Corporation (HEDCOR), Inc.	Oct-1991	Run-of-River type HEPP

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Labayat (Upper Cascade)	Grid	3.5	3.5	4-A	Labayat 1 Hydropower Corporation	Sep-2021	Run-of-River type HEPP
Agua-Grande	Embedded	2.0	2.0	1	Ilocos Norte Electric Cooperative, Inc. (INEC)	1983	Run-of-River type HEPP
Balugbog	Embedded	1.1	0.5	4-A	Philippine Power and Development Company (PHILPODECO)	Jul-2018	Run-of-River type HEPP
Barit 1	Embedded	1.8	1.8	5	People's Energy Services, Inc. (PESI)	Sep-1957	Run-of-River type HEPP
Bulanao	Embedded	1.0	1.0	CAR	DPJ Engineers and Consultants	Mar-2016	Run-of-River type HEPP
Communal-Uddiawan	Embedded	1.8	1.8	2	Smith-Bell Mini-Hydro Corporation (SBMHC)	Dec-2010	Run-of-River type HEPP
Magat A&B	Embedded	2.5	0.6	2	Magat A: Isabela I Electric Cooperative, Inc. Magat B: (awaiting confirmation from DOE-REMB)	1984 / 1985	Run-of-River type HEPP
Palakpakin	Embedded	1.5	0.3	4-A	Philippine Power and Development Company (PHILPODECO)	Oct-2018	Run-of-River type HEPP
PRISMC	Embedded	1.0	1.0	3	PNOC - Renewables Corporation	Jul-2016	Run-of-River type HEPP
Butao Irrigation Drop	Embedded	1.4	1.2	1	Mindoro Grid Corporation	Feb-2022	Run-of-River type HEPP
Man-Asok	Embedded	3.24	3.24	CAR	Benguet Electric Cooperative, Inc.	Jul-2022	Run-of-River type HEPP

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Ambangal	Embedded	0.2	0.0	CAR	Provincial Government of Ifugao	Jan-2010	Run-of-River type HEPP
Calibato	Embedded	0.30	0.06	4-A	Philippine Power and Development Company (PHILPODECO)	Jan-2020	Run-of-River type HEPP
Upper Cawayan (Cawayan 1	Embedded	0.6	0.4	5	Sunwest Water and Electric Company, Inc. - Sorsogon Electric Cooperative II (SUWECO-SORECO II)	Jun-2002	Run-of-River type HEPP
Inarihan	Embedded	1.6	1.6	5	Bicol Hydropower Corp.	Apr-2022	Run-of-River type HEPP
Likud	Embedded	0.8	0.0	CAR	Provincial Government of Ifugao	Jul-2015	Run-of-River type HEPP
San Luis	Embedded	0.8	0.6	3	EPower Technologies Corp.	Jan-2017	Run-of-River type HEPP
Visayas							
Janopol HEPP	Grid	5.0	0.0	7	Bohol I Electric Cooperative Inc. (BOHECO I)	May-1992	Run-of-River type HEPP
Villasiga HEPP	Grid	8.1	6.3	6	Sunwest Water and Electric Company Inc. (SUWECO)	Apr-2016	Run-of-River type HEPP
Tubig HEPP	Grid	15.9	15.9	8	Taft Hydroenergy Corporation	Oct-2022	Run-of-River type HEPP
Loboc HEPP	Grid	1.2	1.2	7	Sta. Clara Power Corporation	Apr-1968	Run-of-River type HEPP
Loboc HEPP 2	Grid	1.2	0.0	7	Sta. Clara Power Corporation	Dec-2019	Run-of-River type HEPP

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Sevilla HEPP	Grid	2.5	0.0	7	Bohol I Electric Cooperative Inc. (BOHECO I)	Nov-2008	Run-of-River type HEPP
Amlan HEPP	Grid	0.8	0.8	7	ICS Renewables Inc.	May-1961	Run-of-River type HEPP
Basak	Embedded	0.5	0.5	7	Cebu I Electric Cooperative, Inc. (CEBECO I)	Sep-1986	Run-of-River type HEPP
Mantayupan	Embedded	0.5	0.5	7	Cebu I Electric Cooperative, Inc. (CEBECO I)	Aug-1985	Run-of-River type HEPP
Matutinao	Embedded	0.7	0.0	7	Cebu I Electric Cooperative, Inc. (CEBECO I)	May-1990	Run-of-River type HEPP
Mindanao							
Agus 1	Grid	80.5	70.0	ARMM	National Power Corporation-Mindanao Generation (NPC-MinGen)	Jun-1992	Dam-type HEPP
Agus 2	Grid	180.0	120.0	ARMM	National Power Corporation-Mindanao Generation (NPC-MinGen)	Jun-1979 / Nov-1979	Dam-type HEPP
Agus 4	Grid	158.1	150.0	10	National Power Corporation-Mindanao Generation (NPC-MinGen)	Mar-1985 / Apr-1985	Dam-type HEPP
Agus 5	Grid	55.0	52.0	10	National Power Corporation-Mindanao Generation (NPC-MinGen)	Feb-1985 / Mar-1985	Dam-type HEPP
Agus 6	Grid	219.0	175.0	10	National Power Corporation-Mindanao Generation (NPC-MinGen)	Jul-1953 / Apr-1971	Dam-type HEPP
Agus 7	Grid	54.0	52.0	10	National Power Corporation-Mindanao Generation (NPC-MinGen)	Mar-1983 / Dec-1983	Dam-type HEPP

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Pulangi 4	Grid	255.0	225.0	10	National Power Corporation-Mindanao Generation (NPC-MinGen)	Dec-1985 / Jun-1986	Run-of-River type HEPP
Manolo Fortich U1	Grid	45.9	43.4	10	Hydro Electric Development Corporation (HEDCOR) Bukidnon, Inc.	Jul-2018	Run-of-River type HEPP
Manolo Fortich U2	Grid	27.4	25.4	10	Hydro Electric Development Corporation (HEDCOR) Bukidnon, Inc.	Nov-2018	Run-of-River type HEPP
Sibulan A	Embedded	16.3	16.3	11	Hydro Electric Development Corporation (HEDCOR) Sibulan Inc.	Mar-2010	Run-of-River type HEPP
Sibulan B	Embedded	26.3	26.3	11	Hydro Electric Development Corporation (HEDCOR) Sibulan Inc.	Mar-2010	Run-of-River type HEPP
Tudaya 2	Grid	8.1	8.0	11	Hydro Electric Development Corporation (HEDCOR) Tudaya Inc.	May-2014	Run-of-River type HEPP
Bubunawan	Embedded	6.6	6.5	10	Bubunawan Power Company, Inc. (BPC)	Sep-2001	Run-of-River type HEPP
Cabulig HEP	Embedded	9.2	8.3	10	Mindanao Energy Systems (MINERGY)	Sep-2012	Run-of-River type HEPP
Tudaya 1	Embedded	6.6	6.6	11	Hydro Electric Development Corporation (HEDCOR) Tudaya Inc.	May-2014	Run-of-River type HEPP
Asiga	Embedded	8.0	7.9	13	Asiga Green Energy Corporation (AGEC)	May-2019	Run-of-River type HEPP
Lake Mainit	Embedded	24.9	24.9	13	Agusan Power Corporation	Mar- 2023	Run-of-River type HEPP
Agusan	Embedded	1.6	1.6	10	First Gen Bukidnon Power Corporation (FGBPC)	Dec-1957	Run-of-River type HEPP

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Talomo 1	Embedded	1.0	1.0	11	Hydro Electric Development Corporation (HEDCOR) Inc.	Oct-1998	Run-of-River type HEPP
Talomo 2	Embedded	0.6	0.6	11	Hydro Electric Development Corporation (HEDCOR) Inc.	Oct-1998	Run-of-River type HEPP
Talomo 2A	Embedded	0.7	0.7	11	Hydro Electric Development Corporation (HEDCOR) Inc.	Oct-1998	Run-of-River type HEPP
Talomo 2B	Embedded	0.3	0.3	11	Hydro Electric Development Corporation (HEDCOR) Inc.	Oct-1998	Run-of-River type HEPP
Talomo 3	Embedded	1.9	1.9	11	Hydro Electric Development Corporation (HEDCOR) Inc.	Oct-1998	Run-of-River type HEPP
Panoon	Embedded	0.2	0.2	10	Gerphil Renewable Energy, Inc.	Sep-2009	Run-of-River type HEPP
New Bataan HEPP	Embedded	3.2	3.0	11	Euro Hydro Power (Asia) Holdings, Inc.	Mar-2018	Run-of-River type HEPP
Marbel 1 HPP	Embedded	0.8	0.8	11	Euro Hydro Power (Asia) Holdings, Inc.	Jun-2022	Run-of-River type HEPP
Total		4,887.3	4,424.3				

B.4 BIOMASS PROJECTS

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
Luzon							
ACNC	Grid	3.0	1.7	3	Asian Carbon Neutral Power Corporation (ACNPC)	Jul-2017	Biogas
Bataan 2020	Grid	12.5	11.0	3	Bataan 2020 Power Ventures Inc.	Jul-2015	Rice Husk-fired Cogeneration Plant
BBEC	Grid	5.0	4.4	5	Bicol Biomass Energy Corporation (BBEC)	Oct-2016	Rice Husk-fired Cogeneration Plant
CBEC	Grid	15.0	13.5	2	Cagayan Biomass Energy Corporation (CBEC)	Oct-2019	Rice Husk-fired Power Plant
G2REC	Grid	12.0	10.8	3	Grass Gold Renewable Energy Corporation (G2REC)	Dec-2019	Napier Grass-fired Biomass Power Plant
GIFT	Grid	12.0	10.8	3	Green Innovations for Tomorrow Corporation (GIFTC)	Feb-2016	Bagasse-fired Cogeneration Plant
GIFT II	Grid	6.0	5.4	3	Green Innovations for Tomorrow Corporation (GIFTC)	Dec-2019	Rice Husk-fired Biomass Power Plant
Green Future	Grid	19.8	8.0	2	Green Future Innovation Inc. (GFII)	Nov-2012	Bagasse-fired Cogeneration Plant
IBEC	Grid	20.0	18.0	2	Isabela Biomass Energy Corporation (IBEC)	Oct-2015	Rice Husk-fired Cogeneration Plant
SJC I Power Phase I	Grid	12.0	10.8	3	San Jose City I Power Corporation	Nov-2014	Rice Husk-fired Cogeneration Plant

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
SJC I Power Phase II	Grid	12.0	10.8	3	San Jose City I Power Corporation	Sep-2017	Rice Husk-fired Cogeneration Plant
VSGPC	Grid	6.0	5.4	3	V. S. Grial Power Corporation (VSGPC)	Dec-2019	Rice Husk-fired Cogeneration Plant
CEC	Grid	12.0	7.7	3	Cleangreen Energy Corporation (CEC)	Dec-2019	Napier Grass-fired Biomass Power Plant
HGEC	Grid	12.0	10.0	3	HyperGreen Energy Corporation (HGEC)	Apr-2022	Rice Husk-fired Cogeneration Plant
Lasuerte	Embedded	5.0	5.0	2	Isabela La Suerte Rice Mill Corporation	Apr-2018	Rice Husk-fired Power Plant
Montalban LFG	Embedded	6.4	2.2	4-A	Montalban Methane Power Corp.	Jun-2009	Landfill Gas Recovery System
Pangea	Embedded	1.5	1.2	NCR	Pangea Green Energy Phil., Inc.	Mar-2013	Landfill Gas Recovery System
FEAC	Embedded	2.4	2.4	3	Far East Alcohol Corporation	Jan-2019	Biogas Power Plant
Visayas							
CAB	Grid	25.0	12.0	7	Central Azucarera de Bais (CAB)	Nov-2019	Bagasse-fired Cogeneration Plant
CASA	Grid	15.0	12.0	6	Central Azucarera De San Antonio Inc. (CASA)	Nov-2010	Bagasse-fired Cogeneration Plant
First Farmers	Grid	21.8	11.4	6	First Farmers Holding Corporation (FFHC)	Feb-2009	Bagasse-fired Cogeneration Plant

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
HPCo	Grid	28.0	17.7	6	Hawaiian Philippines Company (HPCo)	Feb-2015	Bagasse-fired Cogeneration Plant
San Carlos Bioenergy (SCBI)	Grid	8.3	4.4	6	San Carlos Bioenergy, Inc. (SCBI)	Feb-2009	Rice Husk-fired Cogeneration Plant
San Carlos Biopower (SCBP)	Grid	20.0	18.0	6	San Carlos Biopower, Inc.	Jun-2022	Multi-feedstock Power Plant
South Negros Biopower	Grid	25.0	22.4	6	South Negros Biopower, Inc.	Jun-2022	Multi-feedstock Power Plant
North Negros Biopower	Grid	25.0	22.4	6	North Negros Biopower, Inc.	Jun-2022	Multi-feedstock Power Plant
URC	Grid	46.0	20.0	6	Universal Robina Corporation (URC)	Jan-2015	Bagasse-fired Cogeneration Plant
VMC	Grid	23.0	20.0	6	Victorias Milling Company Inc. (VMCI)	Nov-2015	Bagasse-fired Cogeneration Plant
VMC Expansion	Grid	40.0	40.0	6	Victorias Milling Company Inc. (VMCI)	Feb-2019	Bagasse-fired Cogeneration Plant
Biscom	Grid	48.5	12.3	6	BISCOM, Inc.	Nov-2019	Bagasse-fired Cogeneration Plant
Mindanao							
Lamsan Power Corporation	Grid	15.0	13.5	ARMM	Lamsan Power Corporation (LPC)	May-2018	Bagasse-fired Cogeneration Plant
GEEC	Embedded	3.3	0.00	ARMM	Green Earth Enersource Corporation (GEEC)	May-2017	Biomass Cogeneration Plant

Facility Name	Connection Type	Installed (MW)	Dependable (MW)	Region	Operator	COD	Technology
BFI (Biomass)	Embedded	6.0	3.5	12	Biotech Farms, Inc. (BFI)	May-2018	Biomass Cogeneration Power Plant
BFI (Biogas)	Embedded	12.4	6.4	12	Biotech Farms, Inc. (BFI)	Dec-2018	Biogas Power Plant
CSCI	Embedded	35.9	0.0	10	Crystal Sugar Company, Inc.	Jun-2010	Bagasse-fired Cogeneration Plant
SPGI	Embedded	6.2	5.3	12	Surallah Power Generation Inc.	Jan-2020	Rice Husk-Fired Biomass Power Plant
Total		579.0	380.4				

B.5 BATTERY ENERGY STORAGE SYSTEMS

Facility Name	Connection Type	Installed MW	Dependable MW	Region	Operator	COD	Technology
Luzon							
Alaminos BESS	-	60.0	60.0	4-A	Giga Ace 4, Inc. (GA4I)	Mar-2022	Battery ESS
Masinloc BESS	-	12.4	12.4	3	Masinloc Power Partners Co. Ltd. (MPPCL)	Jun-2018	Battery ESS
Visayas							
Kabankalan BESS	-	22.5	22.5	6	SMCGP Philippines Energy Storage Co. Ltd.	Jan-2022	Lithium-Ion Battery Energy Storage System

Facility Name	Connection Type	Installed MW	Dependable MW	Region	Operator	COD	Technology
Kabankalan Ph 2 BESS	-	12.2	12.2	6	SMCGP Philippines Energy Storage Co. Ltd.	PAO Issuance: July 2022	Lithium-Ion Battery Energy Storage System
Mindanao							
TMI Hybrid Diesel-Battery System	-	49.0	49.0	11	Therma Marine Inc.	Nov-2022	Hybrid (Diesel-Battery System)
Total		156.1	156.1				

APPENDIX C: LIST OF PERMITS FOR RENEWABLE ENERGY PROJECTS

Permits, licenses, and clearances necessary for renewable energy projects in the Philippines are listed below, including additional permits for ESS.³⁸⁴ Permits for OSW have not been included as the regulatory framework is still under draft as of September 2023. This list is non-exhaustive.

Responsible Entity	Permit, Certificate, or Clearance
Department of Energy (DOE)	Renewable Energy Service Contract (RESC)
	Conversion of RESC from Pre-Development to Development Stage
	Certificate of Endorsement to NGCP for Grid Impact Study
	Certificate of Endorsement for BOI Incentives
	Certificate of Endorsement to ERC for Certificate of Commerciality
	Certificate of Confirmation of Commerciality
	Certificate of Registration
	Certificate of Import Clearance
Energy Regulatory Commission (ERC)	Certificate of Compliance
	Certificate of Compliance – Energy Storage Systems
	Provisional Authority and Final Authority for PSAs (<i>CSP context</i>)
	Registration of Retail Electricity Suppliers
Department of Environment & Natural Resources (DENR)	Environmental Impact Study
	Environmental Clearance Certificate

Responsible Entity	Permit, Certificate, or Clearance
	Certificate of Non-Coverage
	Foreshore Lease
	Special Land Use Permit
	Forest Land Use Agreement
National Transmission Corporation (TransCo)	Renewable Energy Payment Agreement for GEAP
National Grid Corporation of the Philippines (NGCP)	Grid / System Impact Study
	Connection Agreement
	Transmission Service Agreement
	Metering Service Agreement
	Final Certificate of Approval to Connect
	Ancillary Service Procurement Agreement
Independent Electricity Market Operator of the Philippines (IEMOP)	WESM Registration of Generators
	Registering Renewable Energy Suppliers
Board of Investments (BOI)	Certificate of Registration (to avail of incentives)
	Certificate to Import Authority (<i>with the Department of Trade and Industry as well</i>)
Bureau of Customs (BOC)	Importation Clearances
Bureau of Internal Revenue (BIR)	Importers Clearance Certificate

Responsible Entity	Permit, Certificate, or Clearance
Department of Labour and Employment	Permit to Operate
National Commission on Indigenous Peoples	Free and Prior Informed Consent
	Certificate of Pre-Condition
	Certification of Non-Overlap
	Regional Officer Certificate of Endorsement
Local Government Units (LGUs)	Local Permits and Clearances including those related to ER 1-94 where applicable.
	LGU Endorsement

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A.5 RENEWABLE ENERGY POLICY

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targets. Any retiring gas capacity implicitly assumed in the NREP would reduce this value.
- 190 See Endnote 33.
- 191 Ibid.
- 192 Ibid.
- 193 See Endnotes 33, 176, and 184; DOE. (2019). *Philippine Energy Plan 2018-2040*. Taguig
City; and DOE. (2017). *Philippine Energy Plan 2017-2040*. Taguig City.
- 194 See Endnote 33.
- 195 Calculated as difference between wind capacity in the reference case and CES as the
Draft PEP does not explicitly break down wind into onshore wind and offshore wind. The
reference case is assumed to be only onshore wind capacity, with the additional wind
capacity in CES1 and CES2 from OSW.
- 196 See Endnote 33.
- 197 The REM is to become a platform for Renewable Energy Certificates (RECs).
- 198 With interim commercial operations, RECs are being formally issued, but trading on the
REM has not yet commenced.
- 199 As a percentage of total energy sales.
- 200 These figures are based on 2020 simulations for Philippine energy demand growth but
may change or vary according to net electricity sales of mandated participants and RPS
compliance levels.
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City; and DOE. (2022). *Prescribing the Adjusted Annual Percentage Increment to Be
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market deregulation. The GEOP provides an avenue for smaller end-users ineligible for
retail power procurement to procure power directly from GEOP providers.
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See Endnote 33.

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- 204 See Endnotes 4, 33, 87, and 184; and DOE, (2022). *List of Winning Bidders for GEA-1*. Taguig City. <https://www.doe.gov.ph/geap/notice-award-list-winning-bidders-gea-1>.
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- 219 See Endnote 4.
- 220 See Endnote 156.
- 221 DOE. (2015). *Promulgating the Framework for the Implementation of Must Dispatch and Priority Dispatch of Renewable Energy Resources in the Wholesale Electricity Spot Market, DC 2015-03-0001*. Taguig City.
- 222 See Endnote 100.
- 223 Ibid.
- 224 Ibid.
- 225 NGCP. (2023). *Transmission Development Plan 2023-2040 Consultation Report*. Manila.

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- See Endnote 156.
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- 228 See Endnote 157.
- 229 ERC. (2021). *In the Matter of the Application for Approval of the Ancillary Services Procurement Agreement between the National Grid Corporation of the Philippines and SMCGP Philippines Energy Storage Co. Ltd. (for Regulating Reserve), with Prayer for the Issuance of Provisional Authority*. Pasig City.
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- See Endnote 33.
- 238 See Endnote 2, 5, 47, 69, and 184; Perusahaan Listrik Negara. (2021). *2021-2030 Electricity Supply Business Plan*. Jakarta; Government of Malaysia, Ministry of Economy. (2023). *National Energy Transition Roadmap*. Kuala Lumpur; Kingdom of Thailand, Ministry of Energy, Energy Policy and Planning Office. (2020). *Power Development Plan 2018 Rev. 1*. Bangkok; and Government of Vietnam, Ministry of Industry and Trade. (2023). *Power Development Plan VIII*. Hanoi.
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- 241 The Thai government is drafting a new PDP with more focus on renewable energy, but latest plans have not been published as of October 2023.
- 242 See Endnote 184; and Government of Malaysia, Ministry of Economy. (2023). *National Energy Transition Roadmap*. Kuala Lumpur.
- 243 See Endnote 33, 171, 184, 244, and 245.

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- 246 See Endnote 238.
- 247 Power Philippines News. (2023). *DOE: No Net Zero Target Yet Under New Energy Plan*. Manila. <https://powerphilippines.com/doe-no-net-zero-target-yet-under-new-energy-plan/>
- 248 See Endnote 216.
- 249 Indonesia's FIT has been used primarily for small- and medium-scale renewable projects up to 10 MW but has not achieved significant renewable buildout to date outside of geothermal, hydropower, and biomass. As of 2021 with the RUTPL 2021-2030, Indonesia is switching from small provincial FIT programs to direct approvals under a FIT quota. Details and outcomes of this program are still unclear.
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- 251 Technical criteria to place bids need to be met to register for the GEAP but are not the driving determinant
- 252 A comprehensive review of the project's development status and readiness, but no bidding on price with all projects receiving the headline FIT.
- 253 Counting both nearshore and onshore wind types.
- Embassy of Finland, Hanoi. (2023). *Vietnam National Power Development Plan 2021–2030 toward 2050 | \$14 Billion Annual Investment for the Clean and Sustainable Energy Transition*. Hanoi.

A.6 CONTRACTING ENVIRONMENT

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- 255 See Endnote 2; NEA. (2023). *EC Financial Profiles (2022)*. Quezon City; The Manila Electric Company. (2023). *2022 Annual Report for MERALCO*. Pasig City; Aboitiz Power. (2023). *AP SEC Form 17-A (2022 Annual Report)*. Taguig City; and DOE. (2023). *Distribution Utility Profile*. Taguig City.

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- 257 Ibid.
- 258 Ibid.
- 259 Ibid.
- 260 Ibid.
- 261 The Lantau Group. (2023).
- 262 As has been referenced in Figure 6-3, producers can and do offer their own retail businesses.
- 263 See Endnote 212.
- 264 Ibid.
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- 268 DOE. (2018). *Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market, DC 2018-02-0003*. Taguig City. <https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2018-02-0003.pdf>
- 269 ERC. 2023. *Competitive Retail Electricity Market (CREM), Monthly Statistical Data*. Pasig City.
- 270 See Endnote 269.
- 271 Ibid.
- 272 Ibid.
- 273 Ibid.
- 274 Ibid.
- 275 These prices are based on the entire portfolio of retail contracts active at the time, rather than just the signed contracts during that period.
- See Endnotes 265 and 269.
- 276 Ibid.
- 277 Ibid; The Manila Electric Company. (2023). *2022 Annual Report for MERALCO*. Pasig City; and Aboitiz Power. (2023). *AP SEC Form 17-A (2022 Annual Report)*. Taguig City.
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- 279 IEMOP. (2023). *Market Data*. Pasig City. <https://www.iemop.ph/the-market/market-data/>
- 280 Trading periods have recently shifted from hourly to five-minute trading intervals which took effect in June 2021. Each scheduled generator submits offers for both price and quantity for all energy for central scheduling and dispatch by IEMOP, but VRE generators are not scheduled – rather they submit their estimated hourly generation output.
- 281 See Endnote 265.

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- 282 In two instances for run-of-river (RoR) and biomass, the FIT's flat volumetric tariffs were
subject to degression to reflect the expected decreases in project costs as technologies
matured.
- 283 See Endnote 217; and ERC. (2023). *Energy Investment Forum, Updates on the Energy
Regulatory Framework*, 28 September 2023. Taguig City.
- 284 Ibid; Business World Online. (2021). *ERC Sets Modified Feed in Tariff Rates for RoR
Hydro and Biomass*. Manila; and DOE. (2020). *Advisory on Extension of the Feed-in-Tariff
System for Run-of-River (RoR) Hydropower to All Hydropower Developers and Energy
Stakeholders*. Taguig City.
- 285 The Special FIT is a round instituted specifically for a given project or circumstance. For
the Special Wind FIT, this round was tailored to Bangui 1 & 2 which was the first wind farm
in Northern Luzon
- 286 The ERC originally approved degression rates for all technologies but only the 0.5% after
second year following effectivity of the FIT degression for biomass and RoR were
exercised.
- 287 DOE. (2020). *Advisory on Extension of the Feed-in-Tariff System for Run-of-River (RoR)
Hydropower to All Hydropower Developers and Energy Stakeholders*. Taguig City.
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- 289 ERC. (2023). *Energy Investment Forum, Updates on the Energy Regulatory Framework*,
28 September 2023. Taguig City.
- 290 See Endnote 87.
- 291 Philippine Daily Inquirer. (2023). *ERC Raises Rates for River Hydropower*. Manila.
<https://business.inquirer.net/422500/erc-raises-rates-for-river-hydropower>
- 292 This was introduced in the second GEAP round in 2023, as the first round had no COD
distinction.
- 293 See Endnote 217.
- 294 See Endnote 289.
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Taguig City; and ERC. (2023). *A Resolution Adopting the Green Energy Auction Reserve
(GEAR) Prices for the Second Round of Auction, Resolution No. 06, Series of 2023*.
Taguig City.
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- 297 See Endnote 217.
- 298 Ibid.
- 299 See Endnote 219.
- 300 See Endnote 289.
- 301 Power Philippines News. (2023). *ERC Conducting Studies for Next GEAP round*. Manila.
- 302 NGCP. (2023). *Notice of Invitation to Bid for the Procurement of Ancillary Services to the
Grid, AS-CSP-2023-01*. Quezon City.
- 303 NGCP. (2023). *Third Party Bids and Awards Committee: Notice of Award to the Winning
Bidders for the Procurement of Ancillary Services to the Grid*. Quezon City.
- 304 ERC. (2023). *In the Matter of the Application for Approval of Ancillary Services
Procurement Agreement Between the NGCP and Giga Ace 4 Inc., with Prayer for the
Issuance of Provisional Authority*, ERC Case No. 2023-063 RC. Pasig City.

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319 **A.7 POWER MARKET OUTLOOK**

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See Endnote 33.

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323 Excludes system losses and power plant own-use.

324 Non-coincident peak demand across sub-grids for Visayas.

325 The Lantau Group's market modelling is in USD and real 2023 terms.

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333 IMF projections start in 3.2% in 2024, then remain at 3% out to 2028. Inflation post 2028 are assumed to remain constant at 3%.

See Endnote 328.

334 TLG models in real USD terms, for more details on conversion please refer to Table 7-1.

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336

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339 **A.8 COMPETITIVE LANDSCAPE**

See Endnotes 33 and 87.

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- 342 All sources have been accessed and used for the purposes of this report in October 2023. See Endnote 340.
- 343 Existing CREC portfolio of 285 MW (227 MW attributable by equity) have been provided by CREC for use throughout this report. CREC's existing 285 MW portfolio includes Arayat-Mexico solar farm (116 MW) owned via JV with ACEN.
- 344 Enrique Razon's Prima Infra is an infrastructure conglomerate with a portfolio in water supply, waste management, and energy including an operating stake in Malampaya and acquisition of the 500 MW Wawa PSH project under development. Prime Infra's subsidiary, Solar Tanauan Corporation is understood to be developing 140 MW of solar in Tanauan, Batangas, and Maragondon. These projects were reported to have broken ground in April 2023.
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- 364 See Endnote 340.
- 365 ACEN portfolio includes the Arayat-Mexico solar farm (116 MW) which is owned via JV with CREC as well as another JV for Islasol (80 MW).
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See Endnote 2; and Citicore Renewable Energy Corporation. (2023).
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- 371 See Endnote 33.
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