COVER SHEET

C	S	2	0	1	0	1	0	7	8	0

S.E.C. Registration Number

CITICORE ENERGY REIT CORP.

(Company's Full Name)

11F ROCKWELL SANTOLAN TOWN
PLAZA, 276 COL. BONNY SERRANO
AVENUE SAN JUAN

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

JAIME DEL ROSARIO
Contact Person

(02) 8826-5698
Company's Telephone Number

31 December
Month Day of Fiscal Year

26 May
Month Day of Annual Meeting

SEC FORM 17-Q

Secondary License Type, If Applicable

S	E	C

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

CITICORE ENERGY REIT CORP.
Company's Full Name

11th Floor Rockwell
Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City
Company's Address

8826-5698
Telephone Number

December 31
Fiscal Year Ending
(Month & Day)

SEC FORM 17-Q
Form Type

March 31, 2022
Period Ended Date

_

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1.	For the Quarterly Period Ended	**March 31, 2022**
2.	SEC Identification Number	**CS20101780**
3.	BIR Tax Identification No.	**007-813-849-0000**
4.	Exact Name of Issuer as Specified in its Charter	**Citicore Energy REIT Corp.**
5.	Province, Country or other Jurisdiction of Incorporation or Organization	**Philippines**
6.	Industry Classification Code (SEC use only)	
7.	Address of Principal Office	**11th Floor Rockwell Santolan Town Plaza 276 Col. Bonny Serrano Avenue, San Juan City**
	Postal Code	**1500**
8.	Issuer's Telephone Number, including Area Code	**(02) 8826-5698**
9.	Former Name, Former Address and Fiscal Year, if Changed since Last Report	**Not Applicable**

10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares Issued and Outstanding	Amount of Debt Outstanding (Php)
Common	6,545,454,004	0

11. Are any or all these securities listed on a stock exchange?

Yes [✓] No [ ]

If yes, state the name of such stock exchange and classes of securities listed therein:

The Philippine Stock Exchange, Inc.	**- CREIT**

12. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes [✓] No [ ]

has been subject to such filing requirements for the past 90 days.

Yes [✓] No [ ]

PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

The interim Financial Statements of Citicore Energy REIT Corp. ("CREIT" or the "Company") as of March 31, 2022 with comparative figures as of December 31, 2021 and March 31, 2021, Cash Flows and Schedule of Aging Accounts Receivable is incorporated by reference as Exhibit 1.

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

A. <u>RESULTS OF OPERATIONS</u>

Review of results for the three (3) months ended March 31, 2022 as compared with the results for the three (3) months ended March 31, 2021

Results of Operations

Revenues increased by 470% or P273.57 million
Revenues for the period amounted to P331.79 million, 470% or P273.57 million higher from the same period last year. The Company's revenue in 2022 mainly consists of lease revenue from its freehold properties amounting to P87.42 million, leasehold properties amounting to P174.88 million and solar plant amounting to P70.49 million which lease agreement mostly commenced beginning January 1, 2022. In 2021, revenue consists mainly of sale of electricity from the Company's clark solar plant which was assigned to its Parent Company beginning January 1, 2022 as approved by the Department of Energy.

Direct Costs increased by 9% or P1.58 million
Direct costs amounted to P19.68 million and were higher by 9% or P1.58 million. The increase is related to the amortization of right of use asset which were recognized on November 1, 2021 amounting to P53.94 million in 2022 amounting to P128.36 million as the lease contracts were

assigned to the Company on the said effective dates. The Company also recognized in 2022 the related property and fund management fee which were based on the fixed based rental revenue. The said increase was offset by the transfer of operations and maintenance activities and related cost to its Parent Company upon assignment of the solar contract to the latter.

Gross Profit increased by 678% or P271.99 million
Gross profit amounted to P312.11 million for the first three months of 2022, translating to a gross profit margin of 94%. The increase is related to the Company's expansion of leasing activities beginning 2022 arising from various acquisition and transfers of freehold and leasehold assets.

Other Operating Expenses increased by 663% or P7.02 million
Net Other Operating Expenses for the three-month period amounted to P8.08 million. The increase is mainly related to expenses incurred from the Company's initial public offering attributable to secondary offer and hence are not deductible against the Company's additional paid-up capital.

Finance cost decreased by 72% or P11.26 million
The decrease in finance cost is mainly related to the decrease in finance cost charged by a local bank from the Company's loans. In May 2021, the loan was assumed by the Parent Company via debt-to-equity conversion, hence, by the end of 2021, the Company is unlevered. Finance cost for the period ending 2022 is mainly related to finance cost on long term lease contract which are accounted for under PFRS 16, Leases.

Other Income (Charges) increased by 652% or P0.59 million
Other charges - net, which consists of finance income, unrealized foreign currency gains and losses and other income (expenses) amounted to P0.68 billion, 652% higher from year-ago levels. The increase is mainly related to the increase in interest income, mainly related to the proceeds it received from its IPO.

Tax Expense increased by P30 thousand
The Company's tax expense in 2022 mainly relates to final taxes on interest income earned. The Company has zero current taxes in 2022 as the dividends declared in March 2022 were considered as deduction from its taxable income. Meanwhile, the Company is under an income tax holiday in 2021 from its BOI registered activity of sale of electricity as granted under the Renewable Energy Act of 2008.

Net Income increased by 1,177% or P276.78 million
Net income amounted to P300 million compared to year ago level of P23.52 million. The increase is mainly related to commencement of the Company's lease contracts on its freehold properties in Armenia, Tarlac City and San Ildefonso, Bulacan City, its leasehold properties in Brgy. Talavera, Toledo City, Cebu, Silay City, Negros Occidental and Brgy. Dalayap, Tarlac City and its solar farm in Clark Freeport Zone, Pampanga.

B. FINANCIAL CONDITION

Review of financial conditions as of March 31, 2022 as compared with financial conditions as of December 31, 2021

ASSETS

Current Assets increased by 655% or by P951 million

The following discussion provides a detailed analysis of the increase in current assets:

Cash and Cash Equivalents increased by 2,066% or P1.01 billion
The increase in cash and cash equivalents is related to proceeds it received from its sale of primary shares in 2022 in which majority of funds was earmarked for the acquisition of Cotabato property and cash generated from its operations.

Trade and Other Receivables decreased by 93% or by P38.82 million
The decrease in trade and other receivables is mainly related to the collection of receivables from Transco from the sale of electricity during the fourth quarter of 2021. The balance of trade receivables mainly relates to actual recovery of the arrears FIT rate adjustment from the output it generated from January 2016 to December 2020 which payment schedule is expected to be collected within one year.

Prepayments and Other Current Assets decreased by 42% or by P22.59 million
Prepayments and other current assets decreased by P22.59 million due to reclassification to additional paid-up capital (APIC) of the deferred transactions as of December 31, 2021 amounting to P35.66 million. Upon listing and issuance of the primary shares in 2022, said cost were deducted against the APIC. The decrease was offset by the prepaid rentals for the Toledo and Negros Occidental properties which are paid at the beginning of the year as stipulated in the lease contracts.

Non-Current Assets increased by P1.89 billion or 107%

The following discussion provides a detailed analysis of the increase in non-current assets:

Trade and other receivables – noncurrent increased by P30.74 million or 36%
The increase in noncurrent portion of trade and other receivables is mainly related to straight line adjustment of the Company's lease revenue in accordance PFRS 16, Leases. The related receivable is to be recovered upon billing to lessee based on the contractual lease schedule.

Property, Plant and Equipment decreased by 1% or by P14.78 million
The movement in the Company's property, plant and equipment is mainly related to the depreciation charges for the period.

Investment Properties increased by 653% or by P1.88 billion
Investment properties increased due to the acquisition of Bulacan property amounting to P1.75 billion in 2022 and the recognition of leasehold asset and related lease liability on long term lease contract in Toledo, Cebu and Silay City, Negros Occidental totaling to P128.35 million. Meanwhile, amortization of leasehold asset amounted to P1.06 million during the period.

Right of Use Assets decreased P0.53 million or 1%
The movement in the right of use asset account which pertains to leasehold right on the land where its Clark solar plant is located pertains to amortization charges for the period.

Deferred tax assets amounted to P8.20 million
There is no movement in the Company's deferred tax asset for the period.

Other Non-Current Assets decreased by 7% or P0.91 million
The decrease in Other Non-Current Assets is mainly due to assignment of restricted funds to its Parent Company as the related loan which requires the set-up of the restricted fund was also transferred or assigned to the Parent Company in 2021.

LIABILITIES AND EQUITY

Current Liabilities increased by 74% or by P80.50 million

The following discussion provides a detailed analysis of the increase in current liabilities:

Trade and Other Payables decreased by 1% or by P0.58 million
The decrease is mainly due to payments made to supplier from the operations and maintenance and IPO related activities that it availed during the last quarter of 2021.

Due to related parties increased by 143% or P80.17 million
The increase is mainly related to proceeds from secondary offering which were not yet transmitted to the Parent Company.

Lease liabilities – current portion increased by 72% or by P0.91 million
The increase is due to the recognition of right of use asset and related lease liabilities from lease contracts which commenced in 2021 amounting to P128.36 million. As a result, current portion of lease liabilities increased as well.

Non-Current Liabilities increased by 74% or P127.22 million

The following discussion provides a detailed analysis of the increase in non-current liabilities:

Lease liabilities – noncurrent portion increased by 123% or by P127.22 million
The increase is due to the recognition of right of use asset and related lease liabilities from lease contracts which commenced in 2021 amounting to P128.36 million. The amount was reduced by payments during the period and reclassifications to current portion.

Due to related parties – noncurrent amounted to P68.52 million
This account pertains to liabilities to Parent Company which are not to be demanded within one year. There are no movements in this account.

Retirement benefit obligation amounted to P0.31 million
This account pertains to retirement obligation of the Company's employees as computed by an actuary as of the end of December 31, 2021. There are no movements in this account.

Equity increased by 162% or by P2.64 billion
On February 22, 2022, the Company 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 the

Company 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 Option shares up3,27,273,000 which were exercised at such date. All the shares offered by the Company and the Parent Company were sold at an offer price of P2.55 per share. The Company recognized Additional Paid-Up Capital (APIC) arising from this transaction amounting to P2.4 billion in 2022. Transaction costs attributable to Primary Shares which were treated as deduction to APIC amounted to P103.85 million. Net income during the period amounted to P300.30 million while dividend payments for the period which were taken from the earnings in 2021 amounted to P229.09 million.

C. MATERIAL EVENTS AND UNCERTAINTIES

There are no other material changes in CREIT's financial position by five percent (5%) or more and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of CREIT.

Other than the impact of COVID to the business which is disclosed in Note 24 to the financial statements, there are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing CREIT's liquidity in any material way. CREIT does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

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

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of CREIT.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of CREIT.

There are no explanatory comments on the seasonality of interim operations. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature. Neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth information from CREIT's statements of cash flows for the period indicated:

(Amounts in P Millions)	For three (3) months ended March 31	
Cash Flow	**2022** UNAUDITED	**2021** UNAUDITED
Net cash from operating activities	P433	P15
Net cash used in investing activities	(1,753)	-
Net cash from (used in) financing activities	2,333	(47)

Indebtedness

As of March 31, 2022, CREIT has no indebtedness with a local bank.

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

E. RISK MANAGEMENT OBJECTIVES AND POLICIES

CREIT is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors, and focuses on actively securing CREIT's short-to-medium term cash flows by minimizing the exposure to financial markets.

CREIT does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risks are discussed in the quarterly financial statements.

F. KEY PERFORMANCE INDICATORS

CREIT's top KPIs are as follows:

KPI	March 31, 2022	March 31, 2021
Current Ratio[1]	5.79	1.61
Debt-to-equity ratio	-	-
Earnings / (loss) per Share[2]	0.06	0.01
Net Profit Margin[3]	90.51%	40.39%
Dividend Payout Ratio[4]	107%	102%
Net Asset Value[5]	2.12	1.99
Book Value Per Share[6]	0.65	0.27

The KPIs were chosen to provide management with a measure of CREIT's sustainability on financial strength (Current Ratio), and profitability (Earnings per Share, Net Profit Margin).

PART II–OTHER INFORMATION

Item 3. Business Development / New Projects

CREIT's renewable energy property portfolio consists of the Leased Properties which include the lease of the Clark Solar Power Plant to Citicore Renewable Energy Corporation ("CREC") and parcels of land leased to solar power plant operators, comprising (A) Company-owned Armenia Property and Bulacan Property and (B) the Company's leasehold rights over the Toledo Property, the Silay Property, the Clark Property and the Dalayap Property.

The Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property, the Dalayap Property, and the Bulacan Property (the "**Leased Properties**") are leased by CREIT to its Lessees comprising CREC, Citicore Solar Tarlac 1, Inc. ("Citicore Tarlac 1"), Citicore Solar Cebu, Inc. ("Citicore Cebu"), Citicore Solar Negros Occidental Inc. ("Citicore Negros Occidental"), Citicore Solar Tarlac 2, Inc. ("Citicore Tarlac 2"), and Citicore Solar Bulacan, Inc. ("Citicore Bulacan"), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 138.6MWpDC.

Citicore Bulacan, Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, the parent company of CREC.

The Leased Properties comprise the Company's current portfolio, and have an aggregate appraised value of ₱13.1 billion as of March 31, 2022 as adjusted based on the Valuation Reports issued by Cuervo Appraisers dated November 22, 2021 for the period ending October 31, 2021. The following table summarizes key information relating to the Company's Leased Properties.

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[1] *Current Assets/Current Liabilities*
[2] *Net Profit/Issued and Outstanding Shares*
[3] *Net Profit / Revenue*
[4] *Dividends / Distributable Income*
[5] *Fair value of Net Assets / Issued and Outstanding Shares*
[6] *Total Equity/Issued and Outstanding Shares*

	Clark Solar Power Plant	Armenia Property	Toledo Property	Silay Property	Dalayap Property	Bulacan 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
Land area (sq.m.)	250,318	138,164	730,000	431,408	103,731	253,880
Right over property	Leased	Owned	Leased	Leased	Leased	Owned
Land lease expiry	September 2039	N/A	May 2041	October 2040	October 2040	N/A
Lessor	Clark Development Corporation	N/A	Leavenworth Development, Inc.	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero	N/A
Right of first refusal	None	N/A	Yes	None	Yes	N/A
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	60	25	7.55	15
Commissioning date	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016	March 12, 2016
FIT Eligibility	Yes	No	No	No	No	
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2	Citicore Bulacan
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021	January 1, 2022
Expiration of the tenancy	September 4, 2039	October 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040	December 31, 2047
Appraised value (₱)	2,992 million	667 million	3,700 million	2,823 million	454 million	2,440 million

In addition to the Properties, the Company intends to expand its renewable energy property portfolio, in alignment with its financial and strategic investment criteria, by acquiring additional parcels of land from Citicore Bulacan and CCiticore South Cotabato"), which are wholly owned indirect subsidiaries of CREC through its 100% ownership of Sikat Solar Holdco Inc., respectively. These properties are described below (the "**Properties to be Acquired**"):

Bulacan Property — a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore Bulacan for 25 years. Citicore Bulacan will continue to operate a solar power plant with an installed capacity of $15MWp_{DC}$ in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016 and had an actual annual net generation output of 19.8GWh, 20.2GWh and 20.0GWh for the years ended December 31, 2017, 2018 and

2019, respectively. In 2022, CREIT purchased the said parcels of land from Citicore Bulacan for a purchase price of P1,754.1 million.

South Cotabato Property — a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore South Cotabato for 25 years. Citicore South Cotabato will continue to operate a solar power plant with an installed capacity of 6.23MWp$_{DC}$ in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015 and had an actual annual net generation output of 8.8GWh, 8.9GWh and 9.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

As of March 31, 2021, the Bulacan Property and South Cotabato Property have an appraised value of ₱2,440 million and ₱1,048 million, respectively as adjusted based on the Valuation Reports issued by Cuervo Appraisers dated November 22, 2021 for the period ending October 31, 2021.

Leased Properties
The Lessees operate solar power plants with a total installed capacity of 138.6MWp$_{DC}$ on the Properties.

Clark Solar Power Plant

A solar power plant with an installed capacity of 22.3MWpDC and other real properties (the "**Clark Solar Power Plant**") is located on a 250,318 sq.m. parcel of land (the "**Clark Land**") in the Clark Freeport Zone, which the Company leases from the Clark Development Corporation. The Company's lease is for 25 years commencing on September 5, 2014, and is renewable upon mutual consent of the parties.

The Clark Solar Power Plant located on the Clark Land was leased out by the Company to CREC for a period of around 18 years commencing on November 1, 2021. The Clark Solar Power Plant was commissioned on March 12, 2016.

The Clark Solar Power Plant leased to and operated by CREC is qualified under the Feed-In-Tariff ("**FIT**") II Program with Certificate of Compliance ("**COC**") eligibility for FIT II rate from March 12, 2016 to March 11, 2036 (COC No. 16-13-M00090L) secured from Energy Regulatory Commission ("**ERC**") on December 8, 2016. Under the FIT regime, the offtaker of the Clark Solar Power Plant is TransCo, a Government-owned-and-controlled entity.

The Company has assigned the BOI registration in relation to the Clark Solar Power Plant to CREC, which will entitle CREC to enjoy incentives such as a zero VAT rating, income tax holiday for seven years until 2023 with a 10% preferential rate thereafter and a tax exemption on carbon credits.

As of March 31, 2021, the Clark Property was valued at ₱2,992 million as adjusted based on the Valuation Reports issued by Cuervo Appraisers dated November 22, 2021 for the period ending October 31, 2021.

Armenia Property

The Armenia Property comprises 11 parcels of land with a total area of 138,164 sq.m. located in Brgy. Armenia, Tarlac City. The Armenia Property is owned by the Company, and was acquired by the Company from the Sponsors through the Property-for-Share Swap.

The Armenia Property was leased out by the Company to Citicore Tarlac 1 for a period of 25 years commencing on January 1, 2022. Citicore Tarlac 1 operates a solar power plant with an installed capacity of 8.84MWp$_{DC}$ on the Armenia Property. Citicore Tarlac 1's solar power plant was commissioned on February 29, 2016.

Citicore Tarlac 1 sells the electricity generated by its solar power plant to contestable customers operating in various industries.

As of March 31, 2021, the Armenia Property was valued at ₱667 million as adjusted based on the Valuation Reports issued by Cuervo Appraisers dated November 22, 2021 for the period ending October 31, 2021.

Toledo Property

The Toledo Property comprises leasehold rights over land with an area of 730,000 sq.m. located in Brgy. Talavera, Toledo City, Cebu.

The Company owns the leasehold rights over the Toledo Property pursuant to a Deed of Assignment whereby Citicore Cebu transferred all its rights and obligations with respect to the Toledo Property to the Company. The lessor of the Toledo Property is Leavenworth Realty Development, Inc., which holds the usufructuary rights to such property. The Company's leasehold rights are for a remaining term of 19 years, expiring on May 31, 2041, and renewable upon mutual agreement of the parties. The Company has a right to match any bona fide offer from a third party to purchase the property from the landowner.

The Company leased out the entire Toledo Property to Citicore Cebu for a period of 19 years commencing on January 1, 2022 and expiring on May 31, 2041. Citicore Cebu operates a solar power plant with an installed capacity of 60MWp$_{DC}$ on the Toledo Property. Citicore Cebu's solar power plant was commissioned on June 30, 2016.

Citicore Cebu sells the electricity generated by its solar power plant to contestable customers operating in various industries.

As of March 31, 2021, the Toledo Property was valued at ₱3,700 million as adjusted based on the Valuation Reports issued by Cuervo Appraisers dated November 22, 2021 for the period ending October 31, 2021.

Silay Property

The Silay Property comprises leasehold rights over land with an area of 431,408 sq.m. located in Silay City, Negros Occidental.

The Company owns the leasehold rights over the Silay Property pursuant to a lease agreement between the Company as lessee, and Claudio Lopez, Inc. as lessor, with a term of 19 years expiring on October 31, 2040. The lease can be extended for an additional period of five years unless earlier terminated by either party at least six months prior to the end of the original term.

The Company leased out the entire Silay Property to Citicore Negros Occidental for a period of 18 years commencing on January 1, 2022 and expiring on October 31, 2040. Citicore Negros Occidental operates a solar power plant with an installed capacity of 25MWp$_{DC}$ on the Silay

Property. Citicore Negros Occidental's solar power plant was commissioned on March 8, 2016. The rights of Citicore Negros Occidental as a lessee of the Silay Property is subject of an unregistered mortgage in favor of the Landbank of the Philippines, which debt is intended to be prepaid prior to the Listing Date. In the event of default by Citicore Negros Occidental, the Landbank of the Philippines will be able to exercise step-in-rights in place of the lessee.

Citicore Negros Occidental sells the electricity generated by its solar power plant to contestable customers operating in various industries.

As of March 31, 2021, the Silay Property was valued at ₱2,823 million as adjusted based on the Valuation Reports issued by Cuervo Appraisers dated November 22, 2021 for the period ending October 31, 2021.

Dalayap Property

The Dalayap Property comprises leasehold rights over parcels of land with an area of 103,731 sq.m. located in Brgy. Dalayap, Tarlac City.

The Company owns the leasehold rights over the Dalayap Property pursuant to lease and sublease agreements entered into with Ma. Paula Cecilia David & Juan Francisco David and Benigno S. David and Vivencio M. Romero, Jr., respectively. The lease and sublease agreements have initial terms of 19 years, and expire on October 31, 2040, renewable for another 25 years subject to the consent of the lessor. The Company also has the right of first refusal to purchase the relevant parcels of land in the event the lessor or sublessor decide to sell their relevant parcels of land.

The Company leased out the entire Dalayap Property to Citicore Tarlac 2 for a period of 19 years commencing on November 1, 2021 and ending on October 31, 2040. Citicore Tarlac 2 operates a solar power plant with an installed capacity of 7.55MWp$_{DC}$ on the Dalayap Property. Citicore Tarlac 2's solar power plant was commissioned on February 27, 2016.

Citicore Tarlac 2 sells the electricity generated by its solar power plant to contestable customers operating in various industries.

As of March 31, 2021, the Dalayap Property was valued at ₱454 million as adjusted based on the Valuation Reports issued by Cuervo Appraisers dated November 22, 2021 for the period ending October 31, 2021.

Reinvestment Plan

CREC, as the sponsor of CREIT, is required under the REIT Law to reinvest (a) any proceeds realized by it from the sale of CREIT shares, and (b) any money raised by CREC from the sale of any of its income generating real estate to CREIT, within one (1) year of receipt of the proceeds.

Following current regulations, CREC intends to use the net proceeds received to fund ongoing and future investments, development and construction of renewable energy solar and hydro plants in key regions in Luzon as set out in the reinvestment plan.

CREC monitors and shall continue to monitor the actual disbursements of projects proposed in the Reinvestment Plan on a quarterly basis. For purposes of monitoring, CREC prepares quarterly progress reports of actual disbursements on the projects covered by the Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in the Reinvestment Plan, CREC, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect.

As of March 31, 2022, the remaining balance of proceeds from the IPO shares amounts to Php5,244,737,944.51 out of the Php 6,114,896,495.56 net proceeds from the IPO. Php870,158,551.06 was disbursed and reinvested to projects identified in the Reinvestment Plan from February 22, 2022 to March 31, 2022 based on the agreed upon procedures performed by PwC.

The Reinvestment Plan Progress Report as of March 31, 2022 is attached herein as Exhibit 2.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in QUEZON CITY on MAY 1 3 2022.

By:

OLIVER Y. TAN
President and Chief Executive Officer

MIA GRACE PAULA S. CORTEZ
Chief Financial Officer

SUBSCRIBED AND SWORNTO before me in QUEZON CITY on MAY 1 3 2022, affiants exhibiting to me their respective valid IDs, as follows:

NAME	Valid ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
Oliver Y. Tan	Passport No. P4489306B	Valid until January 21, 2030	DFA East NCR
Mia Grace Paula S. Cortez	UMID 0111-2975451-1		

Doc. No. 54;
Page No. 12;
Book No. 11;
Series of 2022.

ATTY. MARIE ARCIE ANNE M. SERCADO
NOTARY PUBLIC FOR AND IN QUEZON CITY
20 N. Domingo Street, Brgy. Valencia, Quezon City
ADM. MATTER NO. NP-160
Roll of Attorneys No. 62656
IBP No. 141381; 01-05-21; Makati City
PTR No. 0632247; 01-05-21; Quezon City
MCLE Compliance No. VI-0015059
My Commission Expires on December 31, 2021

CITICORE ENERGY REIT

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Citicore Energy REIT Corp. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the periods ended March 31, 2022 and 2021 and December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2021 and audited the financial statements of the Company for the said period in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit. The financial statements as of and for the period ending March 31, 2022 and 2021 were not audited as allowed under the applicable rules of the Securities and Exchange Commission and the Philippine Stock Exchange.

Edgar B. Saavedra
Chairman of the Board

Oliver Y. Tan
President and Chief Executive Officer

Mia Grace Paula S. Cortez
Chief Financial Officer

Signed this_____day of _____

SUBSCRIBED AND SWORN to before me in SAN JUAN CITY this MAY 13 2022 by affiant with ______________ issued at ______________ on ______________.

ATTY. MAE LALAINE H. DE LEON
Appointment No. 176 (2021-2022)
Notary Public for and in the Cities of Pasig and San Juan and in the Municipality of Pateros
Commission Expires on December 31, 2022
11/F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue, San Juan City
Roll of Attorneys No. 71079
MCLE Compliance No. VI-0018800
IBP No. 141380 / 01-05-21 / Manila II
PTR No. 1476131 / 01-05-21 / San Juan City

ATTY. MAE LALAINE H. DE LEON NOTARY PUBLIC PASIG PATEROS SAN JUAN PHILS. ROLL NO. 71079

Doc. No. 1358;
Page No. 63;
Book No. 111;
Series of 2022.

Citicore Energy REIT Corp.

(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Financial Statements
As at and for the periods ended March 31, 2022
(With comparative figures for the period ended March 31, 2021 an as at December 31, 2021)

CITICORE ENERGY REIT CORP
(A Subsidiary of Citicore Renewable Energy Corp.)
Statements of Financial Position
(All amounts in Philippine Peso)
As At March 31, 2022 and December 31, 2021

	Notes	Mar 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	3	1,061,428,876	49,014,348
Trade and other receivables	4	3,072,538	41,892,701
Due from related parties		-	-
Prepayments and other current assets	5	31,618,195	54,208,397
Total current assets		1,096,119,609	145,115,446
Non-current assets			
Trade and other receivables - noncurrent		116,720,454	85,982,098
Property, plant and equipment, net	6	1,316,400,248	1,331,185,212
Investment properties		2,168,108,150	288,013,130
Right-of-use assets	19	37,027,631	37,559,128
Deferred Tax Assets		8,200,316	8,200,316
Other non-current assets	7	11,859,853	12,765,682
Total non-current assets		3,658,316,652	1,763,705,566
Total assets		4,754,436,261	1,908,821,012
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	8	50,818,073	51,397,336
Due to related parties		136,314,196	56,144,929
Loans payable - current portion	9	-	-
Lease liabilities - current portion	19	2,169,872	1,263,480
Total current liabilities		189,302,141	108,805,745
Non-current liabilities			
Loans payable - net of current portion	9	-	-
Lease liabilities - net of current portion	19	230,355,142	103,132,719
Due to related parties - non-current		68,521,747	68,521,747
Deferrted tax liability		-	-
Retirement benefit obligation		314,672	314,672
Total non-current liabilities		299,191,561	171,969,138
Total liabilities		488,493,702	280,774,883
Equity			
Share Capital	13	1,636,363,501	1,374,545,501
Deposit for future stock subscription		-	-
Additional paid in capital		2,307,335,739	2,465,066
Retained Earnings		322,192,425	250,984,668
Other comprehensive income		50,894	50,894
Total equity		4,265,942,559	1,628,046,129
Total liabilities and equity		4,754,436,261	1,908,821,012

See Notes to Financial Statements

CITICORE ENERGY REIT CORP

(A Subsidiary of Citicore Renewable Energy Corp.)

Statements of Total Comprehensive Income

(All amounts in Philippine Peso)

For the periods ended March 31, 2022 and 2021

	Notes	Mar 31, 2022 (Year-to-date)	Mar 31, 2021 (Year-to-date)	Mar 31, 2022 (For the quarter)	Mar 31, 2021 (For the quarter)
Revenues					
Sale of Electricity		-	58,225,895	-	58,225,895
Lease Revenue		331,791,550	-	331,791,550	-
Revenues	**14**	331,791,550	58,225,895	331,791,550	58,225,895
Cost of Services	15	(19,680,043)	(18,101,247)	(19,680,043)	(18,101,247)
Gross Profit		**312,111,507**	**40,124,648**	**312,111,507**	**40,124,648**
Operating expenses	16	(8,079,855)	(1,058,839)	(8,079,855)	(1,058,839)
Income from operations		**304,031,652**	**39,065,809**	**304,031,652**	**39,065,809**
Finance cost		(4,383,031)	(15,638,491)	(4,383,031)	(15,638,491)
Other expense - net	17	680,264	90,483	680,264	90,483
Income before tax		**300,328,885**	**23,517,801**	**300,328,885**	**23,517,801**
Income tax expense		(30,237)	18	(30,237)	18
Net income after tax		**300,298,648**	**23,517,819**	**300,298,648**	**23,517,819**
Other comprehensive income					
Total comprehensive income		**300,298,648**	**23,517,819**	**300,298,648**	**23,517,819**
Earnings per share		**0.06**	**0.01**	**0.06**	**0.01**

See Notes to the Financial Statements.

CITICORE ENERGY REIT CORP
(A Subsidiary of Citicore Renewable Energy Corp.)
Statements of Changes in Equity
(All amounts in Philippine Peso)
For the periods ended March 31, 2022 and 2021

	Share capital	APIC	OCI	Retained Earnings	Total equity
Balances at January 31, 2021	539,999,999	-		25,104,725	565,104,724
Comprehensive income (loss)					
Net income (loss)	-	-		23,517,819	23,517,819
Other comprehensive income (loss)	-	-		-	-
Total comprehensive income (loss)	-	-		23,517,819	23,517,819
Transactions with owners					
Issuance of share capital					
Balances at March 31, 2021	539,999,999	-		48,622,544	588,622,543

	Share capital	APIC	OCI	Retained Earnings	Total equity
Balances at January 1, 2022	1,374,545,501	2,465,066	50,894	250,984,668	692,737,355
Comprehensive income (loss)					
Net income (loss)	-	-		300,298,648	300,298,648
Other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	300,298,648	300,298,648
Transactions with owners					
Deposit for future stock subscriptions					-
Issuance of share capital	261,818,000	2,408,725,600		-	2,670,543,600
Dividends paid	-	-		(229,090,890)	(229,090,890)
Share issuance costs		(103,854,927)			(103,854,927)
Balances at March 31, 2022	1,636,363,501	2,307,335,739	50,894	322,192,426	4,265,942,560

See Notes to the Financial Statements.

CITICORE ENERGY REIT CORP.
(A Subsidiary of Citicore Renewable Energy Corp.)
Statements of Changes in Cash Flows
(All amounts in Philippine Peso)
For the periods ended March 31, 2022 and 2021

	Notes	March 31, 2022	March 31, 2021
Cash flows from operating activities			
Profit before income tax		300,298,648	23,517,819
Adjustments for:			
Depreciation expense		16,375,214	15,321,339
Unrealized foreign exchange (gains) losses		394,192	-
Interest expense		4,383,031	15,638,491
Interest income		(1,074,456)	(90,657)
Operating income before working capital changes		320,376,629	54,386,992
Changes in:			
Receivables		8,081,804	(1,648,810)
Prepayments and other current assets		22,590,202	(1,545,321)
Accounts payable and other liabilities		(579,263)	(9,824,850)
Due from related party		80,169,267	(26,584,651)
Increase in other assets		905,831	(151)
Cash from operating activities		431,544,470	14,783,209
Interest received		1,074,456	90,657
Net cash from operating activities		**432,618,926**	**14,873,866**
Cash flows used in investing activities			
Acquisitions of and expenditure for Investment property	8, 11	(1,752,794,544)	-
Net cash used in investing activities		**(1,752,794,544)**	**-**
Cash flows from financing activities			
Prinicipal payment on lease liability		(624,606)	-
Interest payment on lease liability		(4,383,031)	(1,146,716)
Prinicipal payment on loan liabilitty		-	(31,024,903)
Interest payment on loan liability		-	(14,491,775)
Dividend payment	13	(229,090,890)	-
Proceeds from issuance of shares	13	2,566,688,673	-
Net cash from (used in) financing activities		**2,332,590,146**	**(46,663,394)**
Net increase in cash		1,012,414,528	(31,789,528)
Cash at the beginning of the year		49,014,348	71,737,473
Cash at the end of the period		1,061,428,876	39,947,945

See Notes to the Financial Statements.

Note 1 - General information

(a) Corporate information

Citicore Energy REIT Corp. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010.

Prior to May 25, 2021, the Company'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 the Company 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.

The Company 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"*.

Prior to October 12, 2021, CREC (the "Parent Company") owns 100% of the Company.

The Company's 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. On October 13, 2021, the Company assigned the SESC 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 Company's ultimate parent company beginning May 17, 2018 is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On May 25, 2021, the Company's Board of Directors (BOD) and shareholder approved, among others, the following amendments to the Company's Articles of Incorporation (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 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 2,400,000,000 shares as consideration for the assignment by Parent Company of its advances to the Company amounting to P602,465,066. In addition, Parent Company and Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vogt Philippine Solar Energy Three, Inc.) 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 (Note 13).

The Company's submission to the SEC for the foregoing amendments was approved on October 12, 2021.

Upon issuance of the shares during 2021, the Company's shareholding structure was 16.7% and 83.3% owned by CST1 and Parent Company, respectively.

On November 4, 2021, the Company'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". The Company's submission to the SEC for the foregoing amendment was approved on November 17, 2021.

On January 14, 2022 and February 2, 2022, the Philippine Stock Exchange ("PSE") issued notice of acceptance and the Philippine SEC issued permit to sell, respectively, in relation to the Company's application for initial public offering. The Company attained its status as "public company" on February 22, 2022 when it listed its shares as a Real Estate Investment Trust (REIT) in the main board of the PSE. As a public company, it is covered by the Securities Regulation Code ("SRC") Rule 68.

(b) Approval and authorization for the issuance of financial statements

These financial statements have been approved and authorized for issuance by the Company's BOD on May 11, 2022.

Note 2 - Segment reporting

The Company's operating businesses are organized and managed according to the nature of the products and services that are being marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Company has operations only in the Philippines.

Due to the change in business activities, the Company derives revenues from sale of solar energy in 2021 and from leasing in 2022. A description of the said segments are as follows:

(a) Sale of solar energy

This business segment pertains to the generation of electricity from solar power energy through its Clark Solar Power Project. Transco is the Company's sole customer for its sale of solar energy. As a result of assignment of Solar Energy Service Contract of the Clark Solar Plant to its Parent Company, the sale of solar energy business was terminated with the approval of the DOE. On December 24, 2021, the DOE approved the assignment effective December 25, 2021 (Note 14).

All amounts reported in the financial statements of the Company as at March 31, 2021 are attributable to this segment.

(b) Leasing

This business segment pertains to the rental operations of the Company with related parties which commenced in November 2021 (Note 14).

All amounts reported in the financial statements of the Company as at March 31, 2022 are attributable to this segment.

All revenues of the Company are from domestic entities incorporated in the Philippines, hence, the Company did not present geographical information required by Philippine Financial Reporting Standards (PFRS) 8, *"Operating Segments"*.

Note 3 - Cash and cash equivalents

Cash and cash equivalents as at the reporting periods consist of:

	March 31, 2022	December 31, 2021
Cash on hand	65,000	65,000
Cash in banks	986,370,592	10,783,402
Short-term placements	74,993,284	38,165,946
	1,061,428,876	49,014,348

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements represent money market placements or short-term investments with maturities up to three (3) months and annual interest ranging from 0.087% to 1.00% (2020 - 1.23% to 1.85%).

Interest income earned from cash in banks and short-term placements for the periods ended March 31 are as follows:

	Note	2022	2021
Interest income	17	190,410	246,942

Note 4 - Trade and other receivables, net

Trade and other receivables, net as at March 31 consist of:

	Note	March 31, 2022	December 31, 2021
Current			
Trade receivables from TransCo		3,072,538	41,892,701
Other receivables		1,944,096	1,944,096
Allowance for doubtful account of other receivable		(1,944,096)	(1,944,096)
		-	-
		3,072,538	41,892,701
Non-current			
Trade			
Receivables from TransCo		81,324,790	83,525,100
Lease receivables	11	35,395,664	2,456,998
		116,720,454	85,982,098

Trade receivables are generally collectible within a 60-day period. In accordance with the Renewable Energy Payment Agreement (REPA), in the event that National Transmission Corporation (TransCo) fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%.

Details of interest income arising from late payments of TransCo are as follows:

	Note	2022	2021
Interest income	17	884,046	-

Details of trade receivables from TransCo as at reporting periods are as follows:

	Current	Non-current	Total
March 31, 2022			
Trade receivables	3,084,357	93,170,831	96,255,188
Discount on receivables	(11,819)	(11,846,041)	(11,857,860)
	3,072,538	81,324,790	84,397,328
December 31, 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

During 2020, the ERC issue 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 shall be for a period of 5 years whereas those from January 2016 generation shall start billing in December 2020 and payment schedule starts in January 2021. During 2021, a reversal was made amounting to P4.85 million for the November and December 2020 billings where TransCo confirmed that the FIT rate adjustments will be collected beginning December 2021. This was offset with the additional revenue recognized during December 2021 amounting to P83.53 million to be recovered within the next 5 years after December 31, 2021 (Note 14). Discount on trade receivables from TransCo arising from this amounted to P11.86 million as at March 31, 2022.

Lease receivables pertain to accrued rent resulting from the straight-line method of recognizing rental income.

Other receivable pertains to a refund for overpaid insurance. During 2020, the Company provided an allowance for doubtful accounts for this receivable amounting to P1.94 million due to the changes in its credit quality. The provision was recognized as part of operating expenses in the statements of total comprehensive income (Note 16).

The Company does not hold any collateral as security. Management believes that an allowance for doubtful accounts as at reporting periods, except for other receivable which has been fully provided for, is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature and all previous billings were collected in full.

None of the trade and other receivables that are fully performing have been renegotiated.

Note 5 - Prepayments and other current assets

Prepayments and other current assets as at the reporting periods consist of:

	March 31, 2022	December 31, 2021
Prepaid rent	15,434,559	-
Input value-added tax (VAT)	14,843,826	12,081,806
Prepaid taxes	856,900	906,900
Advances to employees	470,662	448,662
Advances to suppliers	-	5,094,408
Deferred share issuance costs	-	35,664,371
Others	12,248	12,250
	31,618,195	54,208,397

Prepaid rent pertains to advance payments provided to the landlords for the year based on the contractual payment schedule.

Deferred share issuance costs pertain to expenses incurred relative to the listing and offering of the Company's shares to the public.

Input VAT represents VAT on purchases of goods and services which can be recovered either as tax credit against future output VAT or through refund.

Advances to suppliers represent prepayment of supplies or services which will be delivered or rendered within the next 12 months.

Prepaid taxes include overpayment of withholding taxes and income taxes.

Advances to employees represent unliquidated cash advances to employees for business related purposes and are to be liquidated from completion of the activity.

Note 6 - 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:

	Solar plant and equipment	Substation and transmission lines	Computer equipment	Service vehicle	Total
Cost					
December 31, 2021					
And March 31, 2022	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2021	306,914,201	11,632,210	23,333	42,908	318,612,652
Depreciation	55,906,693	3,205,091	13,334	27,100	59,152,218
December 31, 2021	362,820,894	14,837,301	36,667	70,008	377,764,870
Depreciation	13,973,748	801,108	3,333	6,775	14,784,964
March 31, 2022	376,794,642	15,638,409	40,000	76,783	392,549,834
Net book values					
December 31, 2021	1,301,476,070	29,640,317	3,333	65,492	1,331,185,212
March 31, 2022	1,287,502,322	28,839,209	-	58,717	1,316,400,248

The Clark Solar Power Project was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP). The solar plant and equipment include capitalized borrowing costs amounting to P13.69 million. There were no additions during the periods presented.

Depreciation expenses for the periods ended March 31 are recognized as follows:

	Notes	2022	2021
Cost of services	15	14,774,856	14,779,734
Operating expenses	16	10,108	10,108
		14,784,964	14,789,842

Following the approval of the DOE on the assignment of SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company effective December 25, 2021, the Company leased out the Clark Solar Plant to its Parent Company in exchange of fixed and variable lease rental (Note 11). The Parent Company became the Clark Solar Plant operator.

Based on the results of management assessment, the Company believes that there were no indicators of impairment as at the end of the reporting periods.

Note 7 - Other non-current assets

Other non-current assets as at December 31 consist of:

	Note	March 31, 2022	December 31, 2021
Electric utility deposits		6,580,541	6,580,541
Security deposits	19	5,279,310	5,279,310
Restricted cash		-	905,831
		11,859,851	12,765,682

Electric utility deposits represent deposits to an electric power distribution company which are to be refunded after the service is terminated and all bills have been paid. Electric utility and security deposits will be assigned to the Parent Company in 2022 in line with the assignment of SESC.

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.

Note 8 - Investment properties, net

Details of investment properties as at December 31, 2021 are as follows:

	Freehold land asset	Leasehold land asset	Total
Cost			
January 1, 2021	-	-	-
Additions	234,545,502	53,940,794	288,486,296
December 31, 2021	234,545,502	53,940,794	288,486,296
Additions	1,754,116,629	128,359,228	1,882,475,857
March 31, 2022	1,988,662,131	182,300,021	2,170,962,152
Accumulated amortization			
January 1	-	-	-
Amortization	-	(473,166)	(473,166)
December 31, 2021	-	(473,166)	(473,166)
Amortization	-	(2,380,837)	(2,380,837)
March 31, 2022	-	(2,854,002)	(2,854,002)
Net book values			
December 31, 2021	234,545,502	53,467,628	288,013,130
March 31, 2022	1,988,662,131	179,446,019	2,168,108,150

The amounts recognized in the statements of total comprehensive income for the periods ended March 31, 2022 (nil for March 31, 2021) related to the investment properties are as follows:

	Notes	Freehold land asset	Leasehold land asset	Total
Rental income	14	50,631,120	173,875,488	224,506,608
Cost of services	15	(508,108)	(3,421,468)	(3,929,577)
Operating expenses	16	-	-	-
Finance costs	17	-	(3,225,628)	(3,225,628)
Profit arising from investment properties		50,123,012	167,228,391	217,351,403

(a) Freehold land asset

On May 25, 2021, the Company and Parent Company, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys a parcel of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances, valued at P4,865,286 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital. On the same date, the Company and CST1, an entity under common control, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances valued at P229,680,216 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital (Note 13). These parcels of land are recognized in reference to its fair value.

The actual transfer and registration of the parcels of land to the Company's name were finalized on October 27, 2021.

In 2022, the Company executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Province of Bulacan with an aggregate area of 253,880 square meters for a total consideration of P1.75 billion.

The aggregate fair value of these parcels of land as determined by an independent appraiser and as adjusted as at March 31, 2022 amounted to P3,107,00,000. Management has assessed that there are no significant changes in the fair value of the parcels of land as at March 31, 2022 from the date of appraisal. The fair value of the parcels of land 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, then add the terminal value of the property. The valuation process consists of estimation of the current market value of the leased property and 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 (Note 23.5).

The fair value is sensitive to the following unobservable inputs: (1) lease income growth rate (fixed and variable lease) which were based on the signed lease contracts and (2) discount rate of 7.01% set 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.

Rental income earned in relation to these parcels of land for the period ending March 31, 2022 amounted to P65.15 million (Note 14). No Expenses incurred in relation to these parcels of land for the period ended March 31, 2022.

(b) Leasehold land assets

On July 26, 2021, the Company entered into a contract of sublease and contract of lease with the owners of parcels of land with a total aggregate area of approximately 4.8 hectares and 5.6 hectares, respectively, which are located in Brgy. Dalayap, Tarlac City, Tarlac. Each land properties are covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company will sublease the land back to CST2. These agreements are effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

In June 2021, Citicore Solar Cebu Inc assigned its right to the Company over the contract of lease with a third party for a parcel of land located at Brgy. Talavera, Toledo City, Cebu Province with an area of 1.13 million square meters and is subject to escalation rate of 12% every five years. The lease shall pay an advance rental every two years, for a period of 25 years, reckoned from the effective date stipulated in the Renewable Energy Payment Agreement but not later than May 31m 2016, subject to renewal. The agreement took effect on January 1, 2022.

Also, in June 2021, Citicore Solar Negros Occidental assigned its rights to the Company over the lease contract with a third party covering several parcels of land located at Brgy. E. Lopez, Silay City, Negros Occidental with a total area of 43.4 hectares and is subject to annual escalation ate of 2% beginning in the third year of lease. The lease is for a period of 25 years commencing in 2015 and subject to renewal. The agreement took effect on January 1, 2022.

Right-of-use assets arising from these leasing arrangements are presented under leasehold land assets. Land is the underlying asset to which the right-of-use asset would be grouped if this was owned by the Company.

Rental income earned in relation to these right-of use assets for the period ending March 31, 2022 amounted to P173.88 million (Note 14). No expenses incurred in relation to these parcels of land for the year ended March 31, 2022.

Note 9 - Trade payables and other liabilities

Trade payables and other liabilities as at December 31 consist of:

	March 31, 2022	December 31, 2021
Trade payables - third parties	8,233,224	16,798,407
Due to government agencies	41,555,351	33,723,763
Accrued expenses	1,029,498	875,166
	50,818,073	51,397,336

Trade payables to third parties are normally due within a 30-day period.

On May 6, 2021, the Company settled a portion of its due to government agencies with a local government unit amounting to P51.86 million by paying P22.17 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 statements of total comprehensive income (Note 17). The remaining balance of due to government agencies pertains to unpaid business taxes to a local government unit.

Accrued expenses mainly include utilities, operations and maintenance expenses, which are normally settled the following month.

Note 10 - Loans payable

In 2016, the Company entered into a P1.35 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 forty-four equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. The Company 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.

On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP with principal balance amounting to P1.01 billion. Consequently, the Company derecognized the loan and the corresponding interest payable amounting P13.02 million and recognized as part of due to a related party (Note 11). No gain or loss was recognized for the loan assignment. As a result of the assignment, the Company became indebted to its Parent Company for the same amount. Subsequently, the Parent Company used a portion of the amount reclassified as due to a related party amounting to P602.47 million to subscribe on the Company's common shares to be taken from the increase in authorized share capital (Note 13). These are considered as non-cash transactions.

The finance costs for the period ended March 31, 2021 (nil in March 31, 2022) recognized in the statements of total comprehensive income amounted to P14.49 million. Movements in interest payable for the years ended December 31 are as follows:

	2021
January 1	31,916,918
Interest expense	18,047,924
Assumed by Parent Company	(13,024,012)
Interest payments	(36,940,830)
December 31	-

Note 11 - Related party transactions

In the normal course of business, the Company transacts with companies which are considered related parties under Philippine Accounting Standards (PAS) 24, *"Related Party Disclosures"*.

The transactions and outstanding balances of the Company as at and for the three months ended March 31 with related parties are as follows:

	Transactions		Outstanding balance Receivables (Payables)		
Related parties	2022	2021	March 31, 2022	December 31, 2021	Terms and conditions
Parent Company					
Advances to	80,169,267	265,850,948	(204,835,943)	(124,666,676)	Refer to (a).
Assignment of loans payable	-	(1,011,570,248)	-	-	Refer to (b) and Note 10.
Assumed interest payable	-	(13,024,012)	-	-	See Note 10.
			(204,835,943)	(124,666,676)	
Issuance of shares	-	607,330,352	-	-	Refer to (c) and Note 10.
Entities under common control					
Lease income	331,791,550	-	35,395,664	2,456,998	Refer to (e) and Note 4.
Advances to	-	87,021,747	-	-	Refer to (a).
Purchase of property	1,754,116,629	-	-	-	Refer to (f) and Note 8.
Property management fee	1,494,264	-	-	-	Refer to (h).
Fund management fee	498,088	-	-	-	Refer to (i).
Issuance of shares	-	229,680,216	-	-	Refer to (c) and Note 10.

(a) Advances

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 both on demand and after more than 12 months and are expected to be collected (settled) in cash or offset with outstanding liability (receivable). As at December 31, 2021, the Parent Company and the Company agreed to offset all related party receivables and payables resulting in a net payable to the Parent Company amounting to P124.67 million. These are considered as non-cash transactions.

The offset amounts as at December 31, 2021 are as follows:

	Amount
Receivables	265,850,948
Payables	(390,517,624)
	(124,666,676)

There was no offsetting as at and for the period ended March 31, 2022.

Details of net payable to the Parent Company as at reporting periods are as follows:

	March 31, 2022	December 31, 2021
Current	136,314,196	56,144,929
Non-current	68,521,747	68,521,747
	204,835,943	124,666,676

In December 2021, the Company and the Parent Company agreed that portion of the net payable amounting to P56.14 million is to be settled in cash upon demand by the Parent Company while the remaining balance of P68.52 million is to be settled in cash after more than 12 months from December 31, 2021. These are non-interest bearing and not covered by guarantees or collaterals.

(b) Loan assignment

The loan assignment was recognized as part of due to a related party. Details and movement of due to a related party pertaining to the loan assignment for the year ended December 31, 2021 are as follows:

	Notes	Amount
Assignment of loan	10	1,011,570,248
Cash settlement	10	(31,611,570)
Subscription of shares	11 (c)	(602,465,066)
Ending amount subsequently classified as advances		377,493,612

(c) Shares subscriptions

Details of additional shares subscriptions for the year ended December 31, 2021 are as follows:

	Notes	Conversion of advances	Land properties exchange	Total
Parent Company	8, 13	602,465,066	4,865,286	607,330,352
CST1	8, 13	-	229,680,216	229,680,216
		602,465,066	234,545,502	837,010,568

(d) Key management compensation

Except for the directors' fees that the Company pays to each of the independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors of the Company in their capacity as such. Directors' fees for the periods ended March 31, 2022 amounted to P0.79 million (March 31, 2021 - nil) (Note 16).

The Company's management functions are being handled by the Parent Company and another related party at no cost. No other short-term or long-term compensation was paid to key management personnel for the periods ended.

(e) Lease and sale agreements

The Company entered into various lease contracts, as a lessor, with related parties as follows:

- Sublease agreement of below land properties to related parties:
    - Land property located in Brgy. Dalayap, Tarlac City, Tarlac with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.)
      The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in

circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2021 amounting to P8.09 million (Note 14).

- Land property located in Brgy. Rizal, Silay City, Negros Occidental with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.)

  The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

- Land property located in Brgy. Talavera, Toledo City, Cebu with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.)

  The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

- Lease contract of the land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

  The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2021 amounting to P9.68 million (Note 14).

- Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

  On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment was approved by the DOE on December 25, 2021 (Note 2). The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to re-evaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. No rental income was recognized from this lease agreement during 2021 considering that the DOE only approved the assignment on December 24, 2021 effective December 25, 2021. Hence, commencement date of the contract was moved to January 1, 2022.

  In addition, subject also to the Company's right over the leasehold properties, the Company and related party-lessees can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment for the lease agreements above is equivalent to the sum of fixed and variable lease rates.

The lease agreements commencing January 1, 2022 will result in the recognition of rental income on a straight-line basis over the lease term in the statements of total comprehensive income as these lease agreements are classified as operating leases and corresponding lease receivables under trade and other receivables in the statements of financial position, if any.

(f) Purchase of property and lease agreement

In 2022, the Company executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Province of Bulacan from Citicore Solar Bulacan, Inc. (CSBI) (formerly Bulacan Solar Energy Corporation), entity under common control with an aggregate area of 253,880 square meters for a total consideration of P1.75 billion (see Note 8). There are no outstanding balance from this transaction.

Also in 2022, the Company and CSBI entered into a lease agreement for the same property for a period of 25 years commencing on January 1, 2022.

(g) Memorandum of agreement for future sale transaction

The Company entered into a memorandum of agreement with Citicore Solar South Cotabato, Inc. (CSSCI) (formerly nv vogt Philippine Solar Energy One, Inc.), entity under common control, for the future sale of land properties owned to the Company.

This will result in the recognition of investment properties in the statements of financial position for the land properties that will be acquired.

(h) Memorandum of agreement for future lease agreement

The Company entered into a memorandum of agreement with CSSCI for the subsequent lease of land properties owned by CSSCI to the Company.

This will result in the recognition of rental income on a straight-line basis over the lease term for the leaseback to the related parties. These will be classified as operating leases in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position, if any, upon the consummation of the agreement.

(i) Property management fee

On August 9, 2021 the Company entered into a property management agreement with Citicore Property Managers, Inc. (CPMI) for property management services of the Company. CPMI will receive a management fee based on certain percentage of the Company's guaranteed base lease. Payment in cash is due and payable 10 days from receipt of billing statement.

(j) Fund management fee

On July 26, 2021, the Company entered into a fund management agreement with Citicore Fund Managers, Inc. (CFMI) for the fund management services of the Company. CFMI will receive a management fee equivalent to a certain percentage of the Company's guaranteed base lease, plus a certain percentage of the acquisition price for every acquisition made by it on behalf of the Company, plus a certain percentage of the sales price for every property divested by it on behalf of the Company. Payment in cash is due and payable 10 days from receipt of billing statement.

Property management and fund management agreement commenced in 2022 aligned with the date of Company's listing to PSE. Property management fee and fund management fee amounted to P1.49 million and P0.50 million, respectively, in 2022 (nil in 2021).

On July 26, 2021, the BOD approved the Company's 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 Company's BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.

Note 12 - Retirement benefits

The Company 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 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 last June 30, 2021. Management has assessed that there are no significant changes in the data and assumptions used in computing the present value of defined benefit obligation as at December 31, 2021 from the date of actuarial valuation.

The retirement benefit obligation recognized in the statement of financial position as at reporting period amounted to P314,672.

The movements in present value of defined benefit obligation for the periods ended are as follows:

	Amount
January 1	2,915,664
Current service cost	203,989
Interest cost	3,308
Reversal of retirement benefit obligation	(2,757,395)
Remeasurement gain arising from:	
Changes in financial assumptions	(44,744)
Deviations of experience from assumptions	(6,150)
December 31	314,672

Reversal of retirement benefit obligation relates to changes in expected retirement benefits to be paid by the Company to employees. This is recognized directly in profit or loss as part of retirement benefit (income) expense.

The components of retirement benefit (income) expense for the year ended December 31,2021 (nil in March 2022 and 2021) are as follows:

	Note	2021 (One Year)
Current service cost		203,989
Interest cost		3,308
Reversal of retirement benefit obligation		(2,757,395)
	15	(2,550,098)

The movements in remeasurement on retirement benefits for the year ended December 31, 2021 are as follows:

	Amount
January 1	-
Remeasurement	
Changes in financial assumptions	(44,744)
Experience adjustment	(6,150)
December 31	(50,894)

The principal assumptions used are as follows:

Discount rate	5.34%
Salary increase rate	5.00%

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 Company 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, 2021 is 17.8 years.

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, with all other assumptions held constant.

	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
December 31, 2021			
Discount rate	+/-1.00%	(0.03 million)	0.04 million
Salary increase rate	+/-1.00%	0.04 million	(0.03 million)

Expected maturity analysis of undiscounted retirement benefits as at reporting periods are as follows:

	2021
One year to five years	81,802
More than five years to ten years	214,170
	295,972

Note 13 - Equity

13.1 Share Capital

The Company's share capital as at the reporting periods consists of:

	March 31, 2022		December 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Authorized share capital				
Common shares - P0.25 par value	15,360,000,000	3,840,000,000	15,360,000,000	3,840,000,000
	15,360,000,000	3,840,000,000	15,360,000,000	3,840,000,000
Issued and outstanding				
Common shares - P0.25 par value				
Balance at January 1	5,498,182,004	1,374,545,501	-	-
Reclassification	-	-	15,031,366	539,999,999
Effect in reduction in par	-	-	2,144,968,628	-
Issuances	1,047,272,000	251,818,000	3,338,182,010	834,545,502
Balance at end of period	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501
Common class A - P1 par value				
Balance at January 1	-	-	7,291,011	7,291,011
Reclassification	-	-	(7,291,011)	(7,291,011)
Balance at end of period	-	-	-	-
Common class B - P13.5 par value				
Balance at January 1	-	-	4,856,985	65,569,298
Reclassification	-	-	(4,856,985)	(65,569,298)
Balance at end of period	-	-	-	-
Redeemable preference shares A - P27 par value				
Balance at January 1	-	-	1,729,922	46,707,894
Reclassification	-	-	(1,729,922)	(46,707,894)
Balance at end of period	-	-	-	-
Redeemable preference shares B - P364.5 par value				
Balance at January 1	-	-	1,153,448	420,431,796
Reclassification	-	-	(1,153,448)	(420,431,796)
Balance at end of period	-	-	-	-
	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501

(a) Share reclassifications and increase in authorized share capital

On March 12, 2021, the Company's BOD and shareholder approved that the redeemable preferred shares and other classes of common shares previously authorized and issued are and shall be convertible to one class common share and reduced the par value of all previously issued shares to P0.25 per share.

Consequently, the Company amended its AOI to reflect the change and converted all its previously issued shares to one class common share. The Company's authorized share capital and issued and outstanding shares amounted to P539,999,999 divided into 2,159,999,994 shares at P0.25 par value per share. The related certificate of filing of amended AOI was approved by the SEC on May 31, 2021.

On May 26, 2021, the Company's BOD and shareholder approved the increase in the authorized share capital of the Company from P539,999,999 (composed of 2,159,999,994 shares at P0.25 par value per share) to P3,840,000,000 (composed of 15,360,000,000 shares at P0.25 par value per share). The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021 (Note 1).

(b) Share subscriptions

(i) Advances from Parent Company to share conversion subscription

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 2,400,000,000 common shares to be taken from the increase in authorized share capital, upon approval by the SEC for a total consideration of P602,465,066. Total consideration in excess of par value of shares issued amounting to P2,465,066 was credited as additional paid in capital. The Parent Company assigned P602,465,066 of its advances to fully pay the subscription price (Note 11). This is considered as a non-cash transaction.

(ii) Land properties for share subscription

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 19,461,142 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P4,865,286. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

On the same date, CST1 entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P229,680,216. CST1 hereby assigns several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

These parcels of land were recognized as investment properties as at December 31, 2021 (Note 8).

The application for the proposed increase in authorized share capital was filed with the SEC on May 25, 2021 and was approved on October 12, 2021, which resulted in the subsequent issuance of shares to CREC and CST1 (Note 1).

(iiI) Sale to public
On February 22, 2022, the Company 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 the Company 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 Option shares up3,27,273,000 which were exercised at such date. All the shares offered by the Company and the Parent Company were sold at an offer price of P2.55 per share. The Company recognized Additional Paid Up Capital (APIC) arising from this transaction amounting to P2.4 billion in 2022. Transaction cost attributable to Primary Shares which were treated as deduction to APIC amounted to P103.85 million.

13.2 Retained Earnings
The Board of Directors, at its regular meeting held on 9 March 2022, ratified and approved the declaration of cash dividends of Php0.035 per common share for the year 2021. The cash dividends will be payable on April 4, 2022 to stockholders on record as of March 28, 2022.

Note 14 - Revenue

(a) Sale of solar energy

On March 11, 2016, the DOE confirmed the declaration of commerciality of the Company's Clark Solar Power Project under SESC No. 2014-07-086 (Note 1). The DOE confirmation affirms the conversion of said SESC from pre-development to commercial stage.

On March 12, 2016, the Clark Solar Power Project started delivering power to the grid following its commissioning. On June 3, 2016, the Clark Solar Power Project was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the DOE. By virtue of the endorsement, the Clark Solar Power Project is qualified to avail of the FIT system, upon the issuance by the ERC of the Certificate of Compliance (COC). On November 22, 2016, the ERC issued the COC to the Company. As a result, the Company was entitled to the FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020, which pertains to the approval of the adjustment of the FIT rate for 2016 entrants published on November 17, 2020 and shall take effect on December 2, 2020. During 2021, additional revenue amounting to P83.53 million was recognized related to FIT-rate adjustments for the generation from 2016 to be recovered in five years starting in December 2021 based on latest discussions with TransCo.

TransCo is the regulating body of all the FIT-rate eligible energy providers. Outstanding receivables under the FIT system due from TransCo amounted to P125.42 million as at December 31, 2021 (2022 – P119.79 million) (Note 4).

As a result of assignment of Solar Energy Service Contract of the Clark Solar Plant to its Parent Company, the sale of solar energy business has been terminated on December 25, 2021 as approved by DOE (Note 1).

(b) Leasing

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the period ended March 31, 2022 as follows:

	Note	Amount
Freehold land assets		
San Ildefonso, Bulacan		50,631,120
Brgy. Centrala, Suralla, South Cotabato		22,269,882
Brgy. Armenia, Tarlac City, Tarlac		14,522,809
		87,423,811
Leasehold land assets		
Brgy. Talavera, Toledo City, Cebu		92,100,646
Silay City, Negros Occidental		69,636,705
Brgy. Dalayap, Tarlac City, Tarlac		12,138,137
		173,875,488
Solar properties		
Clark Freeport Zone, Pampanga		70,492,251
Total Lease Revenues	11	**331,791,550**

Note 15 - Cost of services

The components of cost of services for the periods ended March 31 are as follows:

	Notes	2022	2021
Depreciation and amortization	6, 19	17,687,190	15,311,231
Property management fee		1,494,265	-
Fund management fee		498,088	-
Utilities		-	943,622
Repairs and maintenance		-	223,035
Outside services		-	854,477
Insurance		-	400,203
Salaries and wages		-	282,306
Taxes and licenses		500	73,088
Retirement benefit (income) expense	12	-	-
Others		-	13,285
		19,680,043	18,101,247

Note 16 - Operating expenses

The components of operating expenses for the periods ended March 31 are as follows:

	Notes	2022	2021
Outside services		4,143,278	78
Professional fees		1,751,872	-
Management and consultancy fee	11	789,474	-
Taxes and licenses		571,671	671,031
Dues and subscriptions		200,499	105,588
Transportation and travel		18,070	34,302
Depreciation	6	10,108	10,108
Bank charges		850	3,058
Repairs and maintenance		-	1,325
Communication, light and water		-	35,487
Others		594,033	197,862
		8,079,855	1,058,839

Portion of taxes and licenses, professional fees and outside service in 2022, pertains to costs for the listing and offering of the Company's shares to the public.

Note 17 - Other income, net; finance costs

The components of other income, net for the periods ended March 31 are as follows:

	Notes	2022	2021
Interest income	3, 4	1,074,456	90,657
Foreign exchange losses, net	21	(394,192)	(174)
		680,264	90,483

The components of finance costs for the periods ended March 31 are as follows:

	Notes	2021	2022
Interests on loans payable from DBP	10	-	14,491,775
Interests on lease liabilities	19	4,383,031	1,146,716
		4,383,031	15,638,491

Note 18 - Income taxes

As a BOI-registered enterprise (Note 1), the Company may avail the following incentives:

- Income Tax Holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sale of electricity of the Clark Solar Power Project;
- Duty-free importation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and
- Tax exemption on carbon credits.

The Company may also avail of certain incentives to be administered by appropriate government agencies subject to the rules and regulations of the respective administering government agencies.

As a REIT-registered enterprise following its listing in the main board of the PSE on February 22, 2022 (Note 1), the Company will avail the following tax incentives:

- A tax deduction for dividends paid, in addition to the allowable deductions provided for under the Tax Code, to arrive at its taxable net income. For a REIT to enjoy this tax incentive, it should maintain its status as a "public company," observe the mandatory 90% dividend pay-out requirement of distributable income to shareholders, and submit a sworn statement that the minimum ownership requirements for the relevant years were maintained at all times.

- Exemption from the minimum corporate income tax (MCIT), as well as documentary stamp tax (DST) on the sale, barter, exchange, or other disposition of listed investor securities through the PSE, including cross or block sales with prior approval of the PSE. It is also exempted from paying the initial public offering (IPO) tax on its initial and secondary offering of its investor securities. Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act, permanently repealed the IPO tax.

- A lower creditable withholding tax rate of 1% of its receipt of income payments. It also benefits from the 50% reduction on the amount of DST due on sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest, and applicable registration and annotation fees incidental to such transfers.

The income tax benefit for the period ended March 31, 2021 pertains only to deferred income tax benefit amounting to P8,200,316 (2020 and 2019 - nil).

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future within the carry-over period of its unused tax losses. Management has considered this in reaching its conclusion not to recognize the deferred income tax assets in relation to sale of solar energy segment for the year ended December 31, 2020. In addition, the Company is still subject to ITH for the years ended December 31, 2021 and 2020 until October 15, 2022.

However, using the same considerations, the Company recognized certain deferred income tax assets in relation to both its sales of solar energy and leasing business segment as at December 31, 2021.

The details of the Company's recognized deferred income tax assets, net as at the reporting periods and the temporary differences where it arise follow:

	Amount
Lease income segment under regular corporate income tax (RCIT) rate	
Deferred income tax assets - to be recovered beyond 12 months	
Net operating loss carryover (NOLCO)	17,168,553
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	42,922
	17,211,475
Deferred income tax liability - to be settled beyond 12 months	
Excess of rental income based on straight-line recognition of rent over actual rental	(614,249)
	16,597,226
Sale of solar energy under special tax rate	
Deferred income tax asset - to be recovered within 12 months	
Discount on receivables	1,182
Deferred income tax asset - to be recovered beyond 12 months	
Discount on receivables	1,273,009
	1,274,191
Deferred income tax liability - to be settled within 12 months	
Accrued revenue	(45,582)
Deferred income tax liability - to be settled beyond 12 months	
Accrued revenue	(9,625,519)
	(9,671,101)
	(8,396,910)
	8,200,316

The Company's unrecognized deferred income tax assets in relation to sale of solar energy segment as at the reporting periods arise from the following temporary differences:

	Amount
Accrued expenses	33,620,012
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	3,510,809
Provision for doubtful accounts	1,944,096
Retirement benefit obligation	314,672
Unrealized foreign exchange loss	55,318
	39,444,907
Tax rate	10%
	3,944,491

Note 19 - Lease - Company as a lessee

The Company has entered into various lease contracts as follows:

(a) The Company leases a parcel of land where the Clark Solar Power Project was constructed. The agreement was entered on September 5, 2014 and is valid for twenty-five (25) years, renewable by the lessee upon consent of the lessor. The agreement stipulates rental payments amounting to P0.29 million and US$105 with an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter. Upon termination of the lease, the leased property shall revert back to the lessor. There are no restrictions placed upon the lessee by entering into the lease agreement.

Security deposits for the lease agreement amounting to P5.3 million were presented as part of other non-current assets in the statements of financial position as at the reporting period (Note 7). These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term. The impact of discounting is deemed to be immaterial.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) During 2021, the Company entered into various lease contracts, as a lessee, with third parties as follows:

- Assignment of lease contract of a land property located in Brgy. Talavera, Toledo City, Cebu by CSCI, an entity under common control, with a third party, to the Company;
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2, an entity under common control (Note 8); and
- Lease agreement with a third party for a land property in Brgy. Rizal, Silay City, Negros Occidental previously being leased by CSNO, an entity under common control.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that will be held by the lessor. Leased assets may not be used as security for borrowing purposes.

No right-of-use assets and lease liabilities was recognized as at December 31, 2021 for land property located in Brgy. Talavera, Toledo City, Cebu and land property in Brgy. Rizal, Silay City, Negros Occidental since the earliest commencement date of the lease contracts is on January 1, 2022. In 2022, the Company recognized right-of-use asset and lease liabilities amounting to P128.36 million in the statement of financial position.

For land properties located in Brgy. Dalayap, Tarlac City, Tarlac, the Company has recognized right-of-use asset and lease liabilities on November 1, 2021 in the statements of financial position amounting to P53.94 million.

Amounts recognized in the statements of financial position

Details of right-of-use asset, net and movements in the account as at the end of the reporting periods are as follows:

	Note	March 31, 2022	December 31, 2021
Cost			
March 31, 2022 and December 31, 2021		43,937,092	43,937,092
Accumulated amortization			
January 1		6,377,964	4,251,976
Amortization	15	531,497	2,125,988
End of period		6,909,461	6,377,964
Net book value		37,027,631	37,559,128

Investment properties held by the Company as a right-of-use asset measured initially at its cost in accordance with PFRS 16 as at the end of the reporting periods are as follows:

	Note	March 31, 2022	December 31, 2021
Cost			
January 1		53,940,793	-
Additions	15	128,359,229	53,940,793
End of period		182,300,022	53,940,793
Accumulated amortization			
January 1		473,165	-
Amortization	8	2,380,838	473,165
End of period		2,854,003	473,165
Net book value		179,446,019	53,467,628

Details of the lease liabilities as at end of the reporting periods are as follows:

	March 31, 2022	December 31, 2021
Current	2,169,872	1,263,480
Non-current	230,355,142	103,132,719
	232,525,014	104,396,199

Movements in lease liabilities at the end of the reporting periods are as follows:

	Note	March 31, 2022	December 31, 2021
January 1		104,396,199	51,355,135
Additions	8	128,359,229	53,940,794
Principal payments		(624,606)	(955,048)
Interest payments		(4,383,031)	(4,464,960)
Interest expense	8, 17	4,383,031	4,464,960
Translation difference		394,192	55,318
December 31		232,525,014	104,396,199

Translation difference is recognized as part of foreign exchange losses, net under other income, net in the statements of total comprehensive income.

Amounts recognized in the statements of total comprehensive income

Amounts recognized in the statements of total comprehensive income for the periods ended March 31 related to the lease agreements are as follows:

	Notes	2022	2021
Amortization expense	8, 15	2,912,335	531,497
Interest expense	8, 17	4,383,031	1,146,716
Translation difference		394,192	-
		7,689,558	1,678,213

The total cash outflows for the periods ended March 31 for the lease agreements are as follows:

	2022	2021
Payment of principal portion of lease liabilities	624,606	-
Payment of interest on lease liabilities	4,383,031	1,146,716
	5,007,637	1,146,716

Discount rate

The lease payments are discounted using the Company's incremental borrowing rate ranging from 6.75% to 7.86%, being the rate that the Company 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.

Extension and termination options

Extension and termination options are included in the lease agreement of the Company. These are used to maximize the operational flexibility in terms of managing the assets used in the Company'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.

Note 20 - Earnings per share (EPS)

Basic and diluted EPS for the periods ended March 31 are as follows:

	2022	2021
Net income	300,298,648	23,517,819
Weighted average number of common shares	4,842,181,903	2,159,999,994
Basic and diluted EPS	0.06	0.01

In March 2021, the Company's BOD and shareholders approved to convert all of its common and preference shares to one class common share and reduced all the par values to P0.25 per share thereby increasing the number of common shares issued and outstanding (Note 13). The conversion, subsequent decrease in par value and share subscriptions and issuance during 2021 were considered in the calculation of weighted average number of common shares outstanding retrospectively for all the periods presented.

The Company has no potential dilutive common shares for the periods ended. Therefore, basic and diluted EPS are the same.

Note 21 - Financial risk and capital management and fair value estimation

21.1 Financial risk management

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company'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 Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, 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.

21.1.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its 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 the Company has no debt or equity instruments traded in an active market. The management of these risks is discussed as follows:

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates relates to loans payable, cash in banks, short-term placements, and lease liabilities.

The Company's exposure to risk for changes in market interest rates primarily relates to loans payable with fixed interest rate which was assumed by the Parent Company effective May 4, 2021. Management believes that the related interest rate risk on this instrument is relatively insignificant having fixed interest rate.

The Company has no outstanding loans payable as at the end of the reporting periods (Note 10).

Management believes that the related cash flow and interest rate risk on cash in banks and short-term placements is relatively low due to immaterial changes on interest rates within the duration of these financial instruments.

The Company is also exposed to fixed-rate interest rate risk related to its lease liabilities. The interest rate risk is deemed to have a diminishing impact on the Company over the term of the lease.

(b) Foreign exchange risk

The Company 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 Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates.

The Company's foreign currency denominated monetary liability as at the March 31, 2022 refers to a portion of lease liabilities amounting to US$20,101 (December 31, 2021 2021 - US$20,052) with Philippine Peso equivalent of P1.05 million (2021 -P1.02 million).

Details of foreign exchange losses, net for the periods ended March 31 are as follows:

	Note	2022	2021
Unrealized losses, net		(394,192)	-
Realized losses, net		-	(174)
	17	(394,192)	(174)

The Company'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 Company's functional currency.

21.1.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk arises primarily from its cash and cash equivalents, trade and other receivables, electric utility deposits, 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 Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

The maximum exposures to credit risk, pertaining to financial assets as at reporting periods are as follows:

	Notes	March 31, 2022	December 31, 2021
Cash and cash equivalents*	3	1,061,363,876	48,949,348
Trade and other receivables	4	121,737,088	129,818,895
Electric utility deposits	7	6,580,541	6,580,541
Security deposits	7	5,279,310	5,279,310
Restricted cash	7	-	905,831
		1,194,960,815	191,533,925

**excluding cash on hand*

Credit quality of financial assets

(i) Cash and cash equivalents and restricted cash in bank

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 3 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 Company has significant concentration of credit risk for the sale of energy segment business on its transactions with TransCo, its sole customer. However, this 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 Company's credit policy with no reported defaults and write-offs in previous years. The expected credit loss is determined to be immaterial by management.

Trade receivables from leasing segment include receivables from related parties. The credit exposure on trade receivables from related parties is considered to be minimal as there is no history of default and collections are expected to be made based on the lease agreement. In addition, the related parties are considered to have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

The credit exposure on due from related parties is considered to be minimal as there is no history of default and collections are expected to be made within 12 months. The balances of due from related parties 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 management.

Other receivables pertain to refund for overpaid insurance which has been long outstanding for more than one (1) year. Full provision has been recognized for this receivable as at the reporting periods.

(iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there was no history of default and these are collectible upon termination of or at the end of the term of the agreements. The expected credit loss is determined to be immaterial by management.

21.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company 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 Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company 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 Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
March 31, 2022				
Trade payables and other liabilities*	9	-	9,262,722	-
Due to a related party	11	136,314,196	-	68,521,747
Interest**		-	16,192,033	187,414,258
Lease liabilities	19	-	2,169,872	230,355,142
		136,314,196	27,624,627	486,291,147
December 31, 2021				
Trade payables and other liabilities*	9	-	17,673,573	-
Due to a related party	11	56,144,929	-	68,521,747
Interest**		-	7,579,060	85,887,552
Lease liabilities	19	-	1,263,480	103,132,719
		56,144,929	26,516,113	257,542,018

**excluding due to government agencies*
***expected interest on borrowings up to assignment date and on lease liabilities up to 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 Company expects to settle the above financial liabilities within their contractual maturity date.

21.2 Capital management

The Company maintains a sound capital to ensure its ability to continue as a going concern to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, pay-off existing debts, return capital to shareholders or issue new shares.

The 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 Company's business, operations and industry.

The capital structure of the Company consists of equity, which comprises of issued capital, retained earnings and remeasurement on retirement benefits. The Company 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 and long-term bank borrowings from third parties less cash and cash equivalents, while equity is total equity as shown in the statements of financial position.

The net debt reconciliation and gearing ratio as at the end of the reporting periods are presented below:

	Notes	March 31, 2022	December 31, 2021
Loans payable, January 1	10	-	1,036,255,832
Cash flows		-	(31,611,570)
Non-cash movement	10	-	(1,004,644,262)
Loans payable, December 31	10	-	-
Cash and cash equivalents	3	(1,061,428,876)	(49,014,348)
Net (asset) debt		(1,061,428,876)	(49,014,348)
Total equity		4,265,942,559	1,628,046,129
Net gearing ratio		(0.25):1	(0.03):1

Non-cash movement pertains to the amortization of debt issuance cost and assignment of loans payable (Note 10).

21.3 Fair value estimation

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, other non-current assets, trade payables and other liabilities (excluding due to government agencies), due to a related party, 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, non-current portion of trade receivables, lease liabilities and non-current portion of loans payable are close to market rates. The fair value of the non-current portion of due to a related party amounting to P64.99 million was determined using discounted cash flow approach by applying current market interest rates of 2.68% (Level 2).

As at the reporting periods, the Company does not have financial instruments that are measured using the fair value hierarchy.

Note 22 - Critical accounting estimates and assumptions and judgments

The preparation of the financial statements in conformity with PFRS requires management to make estimates, assumptions and judgments that affect the amounts reported in the 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 Company 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 as follows.

22.1 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. The Company uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Company'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 23.3 and 23.4.

In previous years, the Company provided allowance for doubtful accounts for other receivables amounting to P1.94 million. This is equivalent to the full lifetime expected credit loss using the expected credit loss model, hence, any sensitivity analysis is no longer deemed necessary. No additional allowance for doubtful accounts was made during the reporting periods.

The carrying values of the Company's trade and other receivables are shown in Note 4.

(b) Estimated useful lives of property, plant and equipment

The Company 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.
The estimated useful life used for solar plant and equipment was higher than the current land lease term of the Company since based on the management's assessment, the Company can still use the solar plant and equipment beyond the current land lease term.

The range used was based on the management's assessment where potential impact to operations might occur. The carrying values of the Company's property, plant and equipment are shown in Note 6.

(c) Determining incremental borrowing rate

To determine the incremental borrowing rate, the Company uses the government bond yield, adjusted for the credit spread specific to the Company and security using the right-of-use asset. The basis of the discount rates applied by the Company are disclosed in Note 19. Any change in the rates would have direct impact to interest expense for the period and on lease liabilities. Higher discount rate will result in lower interest expense and lease liabilities and vice versa.

The Company is exposed to fixed-rate interest rate risk related to its lease liabilities. Lease liabilities are subject to amortization where each of the lease payments is treated partly as a payment of principal and partly as payment of interest. Accordingly, the interest rate risk will have a diminishing impact on the Company over the term of the lease.

(d) Retirement benefit obligation

The present value of the defined benefit obligation depends on a number of factors that are determined using a number of assumptions. The assumptions used include discount rate and salary increase rate. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligation. Details of retirement benefit obligation and the related sensitivity analysis are disclosed in Note 12.

22.2 Critical judgments in applying the Company's accounting policies

(a) Recoverability of non-financial assets

The Company's non-financial assets such as property, plant and equipment and investment properties are tested for impairment annually or 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 assets 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 property, plant and equipment and investment properties are disclosed in Notes 6 and 8, respectively.

(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 Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Company's lease agreements have not been included in the lease liabilities because the Company'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 related parties and the assignment of the SESC with Parent Company. 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) Income taxes

Significant judgment 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 Company 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 18.

The Company 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.

(d) Distinction between investment properties and property, plant and equipment

The Company determines whether a property is to be classified as an investment property or property, plant and equipment through the following:

- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Company, but are held primarily to earn rental income or capital appreciation; and
- Property, plant and equipment generate cash flows that are attributable not only to them but also to the other assets used in the operations of the Company.

In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as an investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

Note 23 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

23.1 Basis of preparation

The financial statements of the Company 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 Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements of the Company have been prepared using historical cost basis.

The preparation of 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 22.

(a) New standards, amendments to existing standards and interpretations adopted by the Company

No new standards, amendments to existing standards or interpretations, that are effective beginning January 1, 2022, did not have a material impact on the Company's financial statements.

(b) New standards, amendments to existing standards and interpretations not yet adopted by the Company

A number of new standards, amendments to existing standards and interpretations are effective for the Company's annual periods after January 1, 2021 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these are expected to be relevant and have an effect on the financial statements of the Company, while the most relevant ones are set out as follows:

- Classification of Liabilities as Current or Non-current - Amendments to PAS 1 (effective January 1, 2023). The amendments affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments:
  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the 'right' to defer settlement by at least 12 months and make explicit that

only rights in place 'at the end of the reporting period' should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are not expected to have a material impact on the Company's classification of liabilities. The amendments provided clear guidance which will support the Company's assessment.

No other standards, amendments to existing standards or interpretations, that are effective after January 1, 2023, are expected to have a material impact on the Company's financial statements.

23.2 Cash and cash equivalents; Restricted cash

Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of changes in value and bank overdrafts.

Restricted cash is subject to regulatory restrictions and therefore not available for general use of the Company. 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 23.4.

23.3 Trade and other receivables

Trade receivables from Transco which have a 60-day credit term, lease receivables 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 Company 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 statement of total comprehensive income.

When a receivable remains uncollectible after the Company 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 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 Company 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 23.4.

23.4 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 Company recognizes a financial instrument in the statement of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets

(a) Classification

The Company 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 Company did not hold financial assets under the category financial assets at FVPL and FVOCI as at December 31, 2021 and 2020.

The classification depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets measured at amortized cost comprise of cash and cash equivalents (Note 23.2), trade and other receivables (Note 23.3), security deposits and electric utility deposits (Note 23.7) and restricted cash in bank (Note 23.2) in the 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.

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 statement of total comprehensive income and presented as other income or expense. Impairment losses, if any, are presented in the statement of total comprehensive income within operating expenses.

(b) Recognition and measurement

(i) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset). Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

(ii) Subsequent measurement

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

(c) Impairment

The Company 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 Company 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 and electric utility deposits and restricted cash, the Company applies a general approach in calculating expected credit losses. The Company 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 statement of total comprehensive income. When the financial asset remains uncollectible after the Company 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 statement of total comprehensive income.

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company 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 23.3.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

(d) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

<u>Financial liabilities</u>

(a) Classification

The Company 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 Company'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 Company's trade payables and other liabilities (excluding due to government agencies) (Note 23.11), due to a related party (Note 23.19), loans and interest payables (Note 23.15) and lease liabilities (Note 23.18) are classified under financial liabilities at amortized cost.

(b) Recognition and measurement

(i) Initial recognition

Financial liabilities at amortized cost are initially recognized at fair value less transaction costs.

(ii) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

(c) Derecognition

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

<u>Offsetting of financial assets and liabilities</u>

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The details of the Company's financial assets and liabilities subject to offsetting are disclosed in Note 11.

23.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company uses specific valuation technique such as discounted cash flow analysis to determine fair value for the remaining financial instruments.

The Company does not hold financial and non-financial assets and liabilities at fair value as at the reporting periods.

23.6 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 Company at a level considered adequate to provide for potential uncollectible portions of the claims. The Company, 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.

23.7 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 and electrical utility deposits pertain to advances to lessor relating to rent and service providers, 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 23.4.

23.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of total comprehensive income within cost of services or operating expenses whichever is applicable during the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Solar plant and equipment	30
Substation and transmission lines	15
Computer equipment	3
Service vehicle	5

The assets' residual values, depreciation method and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

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 23.10).

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. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the statement of total comprehensive income.

23.9 Investment properties

Investment properties are properties (land or building - or part of a building - or both) held by the owner or by lessee under a lease to earn rentals or for capital appreciation or both, rather than for use in the operations or for administrative purposes; or sale in the ordinary course of business.

The initial cost of the investment properties consists of its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. 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.

Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized under other operating income or expense in the statement of total comprehensive income in the period of the retirement or 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 Company 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 23.8.

23.10 Impairment of non-financial assets

Assets that have an indefinite useful life such as investment properties (related to land) not subject to amortization is evaluated annually for impairment, or more frequently if events or changes in circumstances indicate that they 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. 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 statement of total comprehensive income.

23.11 Trade payables and other liabilities

Trade payables and other liabilities 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 payables and other liabilities are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Trade payables and other liabilities 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 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 23.4.

23.12 Provisions and contingencies

Provisions are recognized when the Company 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 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 statement of financial position.

Contingent liabilities are not recognized in the 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 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 financial statements.

23.13 Equity

(a) Share capital

The 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 and preferred 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 share premium.

Redeemable preference shares are classified as equity if the redemption is at the option of the Company. However, if redeemable at the option of the holder, these are classified as liabilities.

After initial measurement, share capital and share premium, if any, are carried at historical cost and are classified as equity in the statement of financial position.

(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 Company's shareholder is recognized as a liability in its 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 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.

23.14Revenue and cost recognition

(i) The following is a description of principal activities from which the Company generates its revenue.

(a) Sale of solar energy

The Company 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 Company expects to be settled in exchange for the services.

The Company's 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 the Company 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 as transaction price as approved by the ERC. Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

(b) 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 component 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 23.18.

(ii) 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.

(iii) Costs and expenses

Costs and expenses are recognized in the 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 statement of financial position as an asset.

Costs and expenses in the 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 Company.

23.15 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 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 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 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 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 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 Company 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 statement of total comprehensive income in the year in which they are incurred.

Other relevant accounting policies are disclosed in Note 23.4.

23.16 Current and deferred income tax

Income tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company 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 is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

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 offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

23.17 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 Company 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 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, if material, are charged or credited to equity in other comprehensive income in the period in which they 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 Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company 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.

23.18 Leases

Company as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. 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.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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 Company'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 Company:

- 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).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

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 Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

(c) 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 Company 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.

Right-of-use assets that meet the definition of investment property is presented in the statement of financial position as investment property. Other relevant accounting policies are disclosed in Note 23.9.

<u>Company as a lessor</u>

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

Leases where the Company 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.

23.19 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.

23.20 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company'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 statement of total comprehensive income through profit or loss.

23.21 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

23.22 Earnings per share

Basic EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, after considering impact of any share dividends, share splits or reverse share splits during the period. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

The number of ordinary or potential ordinary shares changes as a result of a share split or reverse share split are applied retrospectively and adjust the calculation of basic and diluted EPS for all periods presented. This applies regardless of whether the change occurred during the reporting period or after the end of the period before the financial statements are authorized for issue.

23.23 Events after the reporting period

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

<u>Note 24 - Impact of COVID-19</u>

In the worldwide context of COVID-19 pandemic disease and unprecedented crisis that started in the first quarter of 2020, the Philippine Government has taken measures which caused disruptions to businesses and economic activities, and its impact continues to evolve.

In 2020, the government enacted the Republic Act No. 11649, also known as the *"Bayanihan to Heal as One Act"* providing relief to loan payments, interest and penalties thereon. The Company availed of this relief which resulted in the deferral of its principal payment and interest on its loans payable to DBP. This, in effect, spreads the deferred principal and interest amount to the remaining payments to be made throughout the term of the loan.

Aside from the deferral of the principal and interest on loans payable, the Company incurred additional expenses due to the quarantine and social distancing measures required by the Philippine Government. Based on the management's assessment, the COVID-19 pandemic had no other significant impact in the

Company's financial statements as at and for the period ended March 31, 2022.

The Company's financial statements as at and for the year ended March 31, 2022 have been prepared applying the going concern principle. The management of the Company is not aware of any other significant uncertainties arising after the March 31, 2022 that would have any impact on its ability to continue as going concern. The Company is continuously monitoring the situation.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Net Asset Value
As at March 31, 2022
(All amounts in Philippine Peso in Mn)

Cash and cash equivalents	1,061	
Trade and other receivables	120	
Prepayments and other current assets	32	
Property, plant and equipment	2,992	
Investment Properties	10,085	
Right of use assets	37	
Deferred tax assets	8	
Other noncurrent assets	12	
Total Assets		**14,347**
Trade and other payable	51	
Lease liabilities	233	
Due to related parties	205	
Total Liabilities		**489**
Net Asset Value		**13,858**
Outstanding Shares		6,545
Net Asset Value per Share		**2.12**

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration
As at March 31, 2022
(All amounts in Philippine Peso)

Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning			250,984,668
Add : Net income actually earned during the period			
Net income during the period closed to retained earnings		300,298,648	
Less:	Non-actual/unrealized income net of tax		
	Equity in net income of associate/joint venture	-	
	Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
	Unrealized actuarial gain	-	
	Fair value adjustment	-	
	Fair value adjustment of investment property resulting to gain	-	
	Adjustment due to deviation from PFRS - gain	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Add:	Non-actual losses		
	Depreciation on revaluation increment (after tax)	-	
	Adjustment due to deviation from PFRS - loss	-	
	Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period			300,298,648
Add (Less):			
	Dividends declarations during the period	229,090,890	
	Appropriations of retained earnings during the period	-	
	Reversal of appropriation	-	
	Effect of prior period adjustments	-	
	Treasury shares	-	(229,090,890)
Unappropriated retained earnings available for dividend declaration, ending			322,192,426

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Schedule of Financial Soundness Indicator
As at and for the periods ended March 31, 2022 and 2021

	March 31, 2022	March 31, 2021
Current ratio[a]	5.79x	1.61x
Acid test ratio[b]	5.62x	1.55x
Solvency ratio[c]	-	0.04x
Debt-to-equity ratio[d]	-	1.71x
Asset-to-equity ratio[e]	1.11x	3.00x
Interest rate coverage ratio[f]	73.40x	3.48x
Debt service coverage ratio[g]	148.27x	0.57x
Net debt/ EBITDA[h]	(3.30)x	17.75x
Earnings per share (Php)[i]	0.06	0.01
Book value per share[j]	0.65	0.06
Return on assets[k]	9.01%	1.41%
Return on equity[l]	10.19%	4.08%
Net profit margin[m]	90.51%	40.39%

[a] Current assets/current liabilities
[b] Cash and cash equivalents + Trade and other receivables, net/Current liabilities
[c] Net operating profit after tax + depreciation and amortization/Loans payable
[d] Loans payable/ Total equity
[e] Total assets/ Total equity
[f] Earnings before interest, taxes, depreciation and amortization/Interest expense
[g] Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities
[h] Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization
[i] Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares
[j] Total equity less Preferred Equity/Total number of shares outstanding
[k]Annualized Net income attributable to owners of the Company/Average total assets
[l] Annualized Net income attributable to owners of the Company/Average total equity
[m]Net income/Revenue

Citicore Energy REIT Corp.
Aging of Receivables
As of March 31, 2022

	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Over 180 days	Non-Current	Total
AR Transco	3,072,538	-	-	-	-	-	-	-	81,324,790	84,397,328
Total	**3,072,538**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**81,324,790**	**84,397,328**

CITICORE RENEWABLE ENERGY CORP.

18 April 2022

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

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Re: **CITICORE ENERGY REIT CORP.**
Quarterly Progress Report as of and for the Quarter Ended 31 March 2022 on the Application of Proceeds from the Shares Offering with Certification of Independent Auditors

Gentlemen and Mesdames:

In connection with the initial public offering of **CITICORE ENERGY REIT CORP.** (the "Company") on 22 February 2022, we submit herewith the Company's quarterly report on the application of the proceeds from the said offering. The details of the disbursements made as of and for the quarter ended 31 March 2022 are as follows:

Offering Proceeds (2,509,092,000 shares at PhP 2.55 per share)	**PhP**	**6,398,184,600.00**
Less: Expenses related to the public offering*		
Underwriting fees		151,020,877.69
Registration and filing fees		27,875,751.03
Professional and marketing fees		90,221,662.72
Taxes		14,169,813
Net Offering Proceeds	**PhP**	**6,114,896,495.56**
Less: Disbursements		
Costs incurred for the quarter ended March 31, 2022		870,158,551.06
	PhP	**870,158,551.06**
Balance of the Offering Proceeds as of March 31, 2022	**PhP**	**5,244,737,944.51**

CITICORE RENEWABLE ENERGY CORP.

Disbursements Breakdown		
AFAB Solar Rooftop Phase 1	Php	307,997,768.76
Arayat Mexico Solar Farm Phase 1		435,993,012.84
Arayat Mexico Solar Farm Phase 2		126,167,769.46
Total Disbursements as of March 31, 2022	**PhP**	**870,158,551.06**

The details of the said projects are described in detail below.

- ***AFAB Solar Rooftop Phase 1***

The solar rooftop project, through the Company's wholly owned subsidiary, Sunny Side Up Power Corp. endeavors to provide clean and reliable energy to Authority of Freeport Area of Bataan (AFAB). It invested in energy efficient buildings using solar power for a total of 6.6 Megawatt capacity and 14,756 units of mono-crystalline photovoltaic panels. Today the solar farm helps prevent the emissions of 4,645 metric tons of carbon dioxide which is equivalent to 522,640 gallons of gasoline consumed. P308.0 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed as of and for the quarter ended March 31, 2022.

- ***Arayat Mexico Solar Farm Phase 1***

The Company through its joint venture, Greencore Power Solutions 3, Inc. (GPS3I), broke ground on June 24, 2021 to construct a 72 megawatt capacity solar farm in Arayat and Mexico, Pampanga. The solar project is a 50-50 joint venture with AC Energy Corporation (ACEN) with a land cost of P431 million and estimated project development cost of P2.7 billion. Citicore's construction arm, MCC - Citicore Construction, Inc. (CCI) undertook the development and construction of this project and has reached its full capacity last March 23, 2022. Once fully operational, the 72- megawatt capacity solar far will produce 10 5 gigawatt-hours (GWh) of renewable energy annually, enough to power 45,000 households while avoiding approximately 72,000 metric tons (MT) CO2 emissions annually. P436 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed as of and for the quarter ended March 31, 2022.

- ***Arayat Mexico Solar Farm Phase 2***

This project is an extension of the Arayat Mexico Solar Farm Phase 1 joint venture project with ACEN and is set to increase the total plant capacity from 72 to 116 megawatt upon completion. The project which is to be undertaken by Citicore's construction arm is targeted to be completed by first quarter of 2023. The Company through its joint venture, GPS3I is set to break ground in May 2022 and has completed the acquisition of land through 50-50 partner funding. P198 million from the Offering Proceeds were allocated to this project of which P126.2 million has disbursed as of and for the quarter ended March 31, 2022. The unutilized balance as of March 31, 2022 amounted to P71.82 million.

We hope you find everything in order.

Very truly yours,

CITICORE RENEWABLE ENERGY CORP.

By:

MIA GRACE PAULA S. CORTEZ

Chief Financial Officer

11F Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila
info@crec.com.ph | www.citicorepower.com.ph

CITICORE
RENEWABLE
ENERGY CORP.

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF SAN JUAN) S.S.

BEFORE ME, a Notary Public, for and in the City of San Juan this APR 18 2022 personally appeared:

NAME	GOV'T ID NO.	DATE/PLACE ISSUED
Mia Grace Paula S. Cortez	UMID 0111-2975451-1	

who was identified by me through competent evidence of identity to be the same person described in the foregoing letter, who acknowledged before me that her signature on the instrument was voluntarily affixed by her for the purposes stated therein, and who declared to me that she has executed the instrument as her free and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and the place first above-written.

NOTARY PUBLIC

Doc No. 130;
Page No. 26;
Book No. III;
Series of 2022.

ATTY. MARIA CARMELA D. HAUTEA
NOTARY PUBLIC
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment No. 189 (2020-2021)
Notary Public for and in the Cities of Pasig and San Juan
and in the Municipality of Pateros
Commission Expires on December 31, 2021
276 Col. Bonny Serrano Ave., San Juan City
Roll of Attorneys No. 66585
MCLE Compliance No. VI-0021699
IBP No. 108011/01-07-2020/RSM
PTR No. 6496437/01-09-2020/Pasig City

Report of Factual Findings

To the Board of Directors and Shareholders of
Citicore Renewable Energy Corporation
(A subsidiary of Citicore Power, Inc.)
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have performed the procedures agreed with you and enumerated below with respect to the Quarterly Progress Report (the "Report") dated April 18, 2022 on the application of net proceeds received by Citicore Renewable Energy Corporation (the "Company") from the shares offering ("Offering Proceeds") of Citicore Energy REIT Corp. (CREIT) as at March 31, 2022 and for the period from February 22, 2022 (listing date) to March 31, 2022. The procedures were performed solely to assist the Company comply with the requirement of the Philippine Stock Exchange (PSE) to submit an external auditor's certification on the information being presented by the Company relating to the application of the Offering Proceeds. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, "*Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*".

The agreed-upon procedures and the results thereof are summarized as follows:

1. We have obtained and checked the mathematical accuracy of the following:
   a. The Report;
   b. Reallocation of the Use of Proceeds Report;
   c. Schedule of planned use of proceeds from the Real Estate Investment Trust (REIT) Plan; and
   d. Detailed schedule of utilization of proceeds as at and for the period ended March 31, 2022.

No exceptions noted.

We present below the summary of the breakdown and application of the Offering Proceeds as at and for period ended March 31, 2022 based on the information we obtained from the Company.

	Initial allocation of Offering Proceeds on February 22, 2022	Reallocations	Application of Offering Proceeds as at March 31, 2022	Application of Offering Proceeds for the period ended March 31, 2022	Balance of Offering Proceeds as at March 31, 2022
AFAB Solar Rooftop Phase 1	250,732,421	57,265,347	307,997,768	(307,997,768)	-
Arayat Mexico Solar Farm Phase 1	339,408,939	96,584,074	435,993,013	(435,993,013)	-
Arayat Mexico Solar Farm Phase 2	197,988,548	-	197,988,548	(126,167,770)	71,820,778
Zambales Solar Farm	490,257,356	-	490,257,356	-	490,257,356
Batangas A Solar Farm	848,522,347	-	848,522,347	-	848,522,347
Batangas B Solar Farm	377,121,043	-	377,121,043	-	377,121,043
Pangasinan Solar Farm	856,095,871	-	856,095,871	-	856,095,871
Laguna Solar Farm	735,386,034	-	735,386,034	-	735,386,034
Bulacan Solar Farm	1,225,643,390	(209,770,755)	1,015,872,635	-	1,015,872,635
Isabela Run-of-River Hydro	849,661,881	-	849,661,881	-	849,661,881
	6,170,817,830	(55,921,334)	6,114,896,496	(870,158,551)	5,244,737,945

2. We have traced the gross proceeds and net proceeds received amounting P6,398 million and P6,115 million, respectively, based on the Report to the bank statement and accounting records. No exceptions noted. Details are as follows:

	Amount
Gross proceeds	6,398,184,600
Initial public offering (IPO) expenses	(283,288,104)
Net proceeds	6,114,896,496

The breakdown of IPO expenses are as follows:

	Amount
Underwriting fees	151,020,878
Professional fees	90,221,662
Registration and filing fees	27,875,751
Taxes	14,169,813
	283,288,104

3. We have obtained the schedule showing the list of disbursements as at March 31, 2022 and reconciled the amount of disbursements on the Report. No exceptions noted.

	Amount	
Use of proceeds	Per Report	Per schedule of disbursements
Capital expenditures	870,158,551	870,158,551
General corporate purposes	-	-
	870,158,551	870,158,551

4. We traced the reported application of IPO proceeds for the period ended March 31, 2022, on a sampling basis based on agreed threshold to cover significant amounts, to the Company's accounting records and corresponding supporting documents (e.g. disbursement vouchers, billing statements, invoices, official receipts and bank statements). We selected IPO expenses and IPO disbursement totalling to P259,269,307 and P870,158,551, respectively. No exceptions noted.

5. We have examined and identified the nature of the disbursements based on the corresponding supporting documents and noted that the disbursements were classified appropriately according to its nature.

   The details of the disbursements incurred from January 1 to March 31, 2022 showed that the Company used the Offering Proceeds for the following projects: (1) AFAB Solar Rooftop Phase 1; (2) Arayat Mexico Solar Farm Phase 1; and (3) Arayat Mexico Solar Farm Phase 2 with aggregate amount of P870,158,551. The remaining balance of the Offering Proceeds amounting to P5,245 million as at March 31, 2022 is expected to be applied on costs to be incurred in accordance with the planned use and estimated timing as disclosed in the REIT Plan and to the PSE and its subsequent revision of allocation.

6. We have obtained written management's representation and we found the disbursements of proceeds in the Report as at and for the period ended March 31, 2022 is consistent with the planned application of proceeds indicated in the Use of Proceeds section of the REIT Plan and its subsequent revision of allocation as approved by the Company's Board of Directors (BOD) on April 18, 2022 and to be disclosed in the Philippine Stock Exchange Electronic Disclosure Generation Technology on April 19, 2022.

Because the procedures performed related to this Report do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the information detailed in the Report.

Had we performed additional procedures or performed an audit or review of the Company's financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

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

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

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
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 January 21, 2023

Makati City
April 18, 2022

REPUBLIC OF THE PHILIPPINES)
SAN JUAN CITY) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Government-Issued ID No.	Validity
Pocholo C. Domondon	PRC ID No. 108839	Valid until 10/04/2023

who was identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that his signature on the instrument was voluntarily affixed by her for the purposes stated therein, and who declared to me that he executed the instrument as his free and voluntary act and deed.

Witness my hand and seal this ____ day of APR 18 2022 2022.

Doc No. 1128;
Page No. 17;
Book No. 111;
Series of 2022.

ATTY. MAE LALAINE H. DE LEON
NOTARY PUBLIC
PASIG
PATEROS
SAN JUAN
PHILS.
ROLL NO. 71079

ATTY. MAE LALAINE H. DE LEON
Appointment No. 176 (2021-2022)
Notary Public for and in the Cities of Pasig and San Juan and in the Municipality of Pateros
Commission Expires on December 31, 2022
11/F Rockwell Santolan Town Plaza
276 Col. Benny Serrano Avenue, San Juan City
Roll of Attorneys No. 71079
MCLE Compliance No. VI-0018800
IBP No. 141380 / 01-05-21 / Manila II
PTR No. 1476131 / 01-05-21 / San Juan City