RASLAG CORP.

Prospectus relating to the Initial Public Offer of
[350,000,000] Primary Common Shares
With an Overallotment Option of up to [52,500,000] Secondary Common Shares
at an offer price of
Up to ₱[2.00] per Offer Share
to be listed and traded on the
Main Board
of The Philippine Stock Exchange, Inc.

Sole Issue Manager, Sole Underwriter and Sole Bookrunner

Selling Agents

Trading Participants of The Philippine Stock Exchange, Inc.

December 20, 2021

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

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1905 Robinsons Equitable Tower
ADB Ave., cor. Poveda St.,
Ortigas, Pasig City
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Website: https://www.raslag.com.ph

This Prospectus relates to common shares of capital stock of RASLAG CORP. (the "Common Shares" or the "Shares"), a corporation organized under Philippine law, ("RASLAG", the "Issuer" or the "Company"), in connection with: (i) the offer and sale of [350,000,000] primary Common Shares (the "Firm Offer", and shares subject of the Firm Offer, the "Firm Shares") with an Overallotment Option (as defined below) of up to [52,500,000] secondary Common Shares (the "Option Shares" and together with the Firm Shares, the "Offer Shares"; and with regards to the offer of such Offer Shares, the "Offer"), and (ii) the listing (the "Listing") of up to [1,500,000,000] Common Shares, composed of [350,000,000] Firm Shares and [1,150,000,000] existing issued and outstanding Common Shares of the Company on the Main Board of The Philippine Stock Exchange, Inc. ("PSE").

The Offer Shares will be offered at a price of up to ₱[2.00] per Offer Share (the "Offer Price"). The determination of the Offer Price is further discussed on page 38 of this Prospectus. The Offer Price was determined through discussions among the Company, its financial advisor, Sage Solutions Philippines, Inc. ("Sage" or the "Financial Advisor"), and its sole issue manager, sole underwriter and sole bookrunner, China Bank Capital Corporation ("China Bank Capital" or the "Sole Issue Manager, Sole Underwriter and Sole Bookrunner").

The Offer will consist of a primary offer of [350,000,000] Common Shares to be issued from the Company's authorized capital stock at the Offer Price. After the completion of the Offer, the Firm Shares will represent [23.33]% of the Company's issued and outstanding capital stock. The Offer Shares shall be listed and traded under the stock symbol "ASLAG".

Pursuant to the approval of the Securities and Exchange Commission ("SEC"), J Ten Equities, Inc. (the "Selling Shareholder"), has appointed [●] to act as the stabilizing agent (the "Stabilizing Agent"). The Selling Shareholder has granted the Stabilizing Agent an option, exercisable in whole or in part, beginning on or after the initial listing of the Offer Shares on the PSE (the "Listing Date") and, if exercised, ending on a date not later than thirty (30) calendar days from and including the Listing Date (the "Stabilization Period"), to purchase the Option Shares at the Offer Price from the Selling Shareholder, on the same terms and conditions as the Firm Shares as set forth in this Prospectus (the "Overallotment Option"). In connection with the Offer, the Stabilizing Agent or any person acting on its behalf may effect stabilizing transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. In the event that the Overallotment Option is exercised, the Stabilizing Agent, in consultation with the Company, have the discretion to whether to undertake stabilization activities, and there is no assurance that the same will be undertaken.

The Company expects to raise gross proceeds of up to ₱[700,000,000.00] from the Firm Offer. The net proceeds to the Company, estimated to be up to ₱[652,821,750.00], will be used for [(i) payment for the balance of RASLAG-4's land installment payments from April 2022 until October 2022; (ii) funding for the equity portion of RASLAG-4's development and construction; (iii) funding for pre-development work for pipeline solar projects; and (iv) for general corporate purposes]. The Company will not use any net proceeds from the Offer to repay any indebtedness to the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. In compliance with the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE Consolidated Listing and Disclosure Rules, the Company will deposit in escrow the net proceeds of the Firm Offer (which proceeds will be used to fund the Company's solar power projects) to be released based on the schedule of disbursements in accordance with the work program disclosed herein and further in the section entitled "Use of Proceeds" on page 34 of this Prospectus.

The Company will not receive any portion of the proceeds from the sale of the Option Shares from the exercise of the Overallotment Option. The Selling Shareholder's gross proceeds from the sale of the Option Shares, assuming the full exercise of the Overallotment Option, will be approximately up to ₱[105,000,000.00] and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholder shall be up to ₱[101,064,600.00].

The Financial Advisor will receive from the Company a fixed advisory fee payable in milestones. The roles of the Financial Advisor are the following:

1. Preparation of due diligence report to highlight required management, corporate or capital re structuring activities to meet regulators requirements;

2. Preparation of a valuation analysis report including financial model which shall be used in coordinating with the assigned underwriter in determining the potential share price range of the company; and

3. To act as an advisor to the company on all matters relating to financials of the company including financial positioning and financial planning.

The fees to be received by the Financial Advisor are presented under the section on "Use of Proceeds" on page 34 of this Prospectus.

The Sole Issue Manager, Sole Underwriter and Sole Bookrunner will receive issue management and underwriting fees from the Company based on a percentage of the gross proceeds. This fee is inclusive of the amounts to be paid to selling agents, where applicable. For a more detailed discussion of the fees to be received by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, see "Plan of Distribution" on page 55 of this Prospectus.

All of the Offer Shares in issue or to be issued pursuant to the Offer have, or upon issue will have, identical rights and privileges. The Common Shares may be owned by any person or entity, subject to the limits prescribed by Philippine laws on foreign ownership in corporations owning real property. Its foreign shareholdings may not exceed 40% of its issued and outstanding voting capital shares. Please refer to the discussion under "Philippine Foreign Exchange and Foreign Ownership Controls" on page 166 of this Prospectus.

The Company is authorized to pay dividends out of surplus, in cash and/or in kind and/or in additional shares. The ability to pay dividends will depend on the Company's level of retained earnings and financial condition, among others. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

As of the date of this Prospectus, pursuant to a Board of Directors' approval on December 6, 2021, the Company intends to maintain an annual cash dividend payment ratio for Common Shares of thirty to fifty (30-50%) of the core net income after tax for the preceding fiscal year, subject to the requirements of applicable laws and regulations. Dividends may be declared only from the Company's unrestricted retained earnings, except when, among others: (i) justified by definite corporate expansion, or (ii) the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured, (iii) it can be clearly shown that the retention of earnings is necessary under special circumstances obtaining in the Company, its assets and operations, such as when there is a need for special reserves for probable contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office. For a more detailed discussion of the Company's dividend policy, please refer to the section on "Dividends and Dividend Policy" on page 32 of this Prospectus.

Up to [70,000,000] Firm Shares (or [20]% of the Firm Shares) (the "Trading Participants Offer Shares") are being offered to all of the trading participants of the PSE (the "PSE Trading Participants" or "Trading

Participants") and up to [35,000,000] Firm Shares (or [10]% of the Firm Shares) (the "Retail Offer Shares") are being offered to local small investors (the "Local Small Investors" or "LSIs") under the Local Small Investors Program of the PSE (subject to re-allocation as described below) (such shares, together, the "Trading Participants and Retail Offer Shares", and such offer of Trading Participants and Retail Offer Shares, the "Trading Participants and Retail Offer").

At least [245,000,000] Offer Shares (or [70]% of the Firm Shares) (the "Institutional Offer Shares"), are (subject to re-allocation as described below) being offered for sale to certain qualified buyers and other investors in the Philippines, by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner (the "Institutional Offer").

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

The Sole Issue Manager, Sole Underwriter and Sole Bookrunner will underwrite, on a firm commitment basis, the entire Firm Offer. For a detailed discussion on the distribution of the Firm Shares and the underwriting commitment, please refer to the section on "Plan of Distribution" on page 55 of this Prospectus.

Unless otherwise stated herein, the information contained in this Prospectus is as of the date indicated herein and has been supplied by the Company through duly authorized corporate officers, consultants, members of the Board of Directors, and/or stockholders who hereby accept full responsibility for the information and confirm, having made all the reasonable and diligent inquiries, that to the best of their knowledge and belief, the information contained herein is in accordance with the facts and there are no material facts or statements, the omission of which would make any fact or statement in this Prospectus misleading in any material respect. The Company and its Directors, collectively and individually, hereby accept full responsibility for the accuracy of the information given herein. The Sole Issue Manager, Sole Underwriter and Sole Bookrunner assumes no liability for any information supplied herein by the Company. Accordingly, the Company accepts responsibility.

On [December 21, 2021], the Company filed a Registration Statement covering the Offer Shares with the Securities and Exchange Commission ("SEC"), in accordance with the provisions of the Securities Regulation Code. On [●], the SEC approved the Registration Statement and issued a Pre-Effective Letter dated [●]. Upon compliance with the requirements of the Pre-Effective Letter, the Company expects the SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale (the "Permit to Sell Securities"). The issuance of the Permit to Sell Securities is merely permissive and does not constitute a recommendation or endorsement by the SEC of the Offer Shares.

On [December 21, 2021], the Company filed its application with The Philippine Stock Exchange, Inc. ("PSE") for the listing and trading of all of the issued and outstanding shares of the Company as well as the Offer Shares. On [●], the PSE approved the listing application subject to compliance by the Company with the requirements for listing. Such an approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer by the PSE. The PSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Prospectus. Furthermore, the PSE makes no representation as to the completeness of this Prospectus and disclaims any liability whatsoever for any loss arising from or in reliance in whole or in part on the correctness of this Prospectus. Prior to the Offer, there has been no public trading market for any of the Company's Shares. Accordingly, there has been no market price for the Shares derived from day-to-day trading.

The Company, together with the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, has exercised due diligence in ascertaining that all material information contained in this Prospectus are true and correct as of the date of this Prospectus and that no material information was omitted, which was necessary in order to make the statements herein not misleading.

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

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Shares. These risks include: (i) risks related to the Company's business; (ii) risks related to the Offer and the Offer Shares, consisting of risks related to market volatility, market conditions and suitability of investment (iii) risks related to the Philippines, consisting of risks related to the Philippine economy, political instability, occurrence of natural disasters and fortuitous events and (iv) risks relating to Covid-19.

For a more detailed discussion on the risks in investing, see section on "Risk Factors: on page [•] of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered with a purchase of the Offer Shares.

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

The Offer Shares are offered subject to the receipt and acceptance of any order by the Company and subject to the Company's right to reject any order in whole or in part. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the Philippine Depository and Trust Corp. (the "PDTC") on or about [•].

RASLAG CORP.
By:

ENGR. PETER G. NEPOMUCENO
Chairman, President and CEO

SUBSCRIBED AND SWORN to before me this DEC 20 2021 in MAKATI CITY, Philippines, affiant exhibiting to me his Tax Identification No. 104-610-257 issued by the Philippine Bureau of Internal Revenue.

Doc No. 309
Page No. 63
Book No. 32
Series of 2021.

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment #M-66 until 12/31/2021
PTR No. 8531012 - Jan. 4, 2021, Makati City
Roll No. 45790, IBP Lifetime #04897/7-3-03
MCLE No. VI-0016565/Jan. 14, 2019
G/F Fedman Suites, 199 Salcedo Street
Legaspi Village, Makati City

No representation or warranty, express or implied, is made by the Company and Sole Issue Manager, Sole Underwriter and Sole Bookrunner, regarding the legality of an investment in the Offer Shares under any legal, investment or similar laws or regulations. The contents of this Prospectus are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of the Company and the terms of the Offer, including the merits and risks involved. Furthermore, investors should inform themselves of any taxation or exchange control legislation affecting them personally. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited. Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

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

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Persons into whose possession this Prospectus comes are required by the Sole Issue Manager, Sole Underwriter, and Sole Bookrunner and the Company to inform themselves about and to observe any restriction applicable in such jurisdictions. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstance, create any implication that the information contained herein is correct as of any date subsequent to the date hereof, or that there has been no change in the affairs of the Company since such date.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Company or the Sole Issue Manager, Sole Underwriter and Sole Bookrunner to subscribe for or purchase any of the Offer Shares. Neither may this Prospectus be used as an offer to, or solicitation by, anyone in any jurisdiction or in any circumstance in which such offer or solicitation is not authorized or lawful. The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law. Persons who come into possession of this Prospectus are required by the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner to inform them about, and to observe any such restrictions.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Sole Issue Manager, Sole Underwriter and Sole Bookruner make any representation as to the accuracy and completeness of such information.

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time, and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner reserves the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Sole Issue Manager, Sole Underwriter and Sole Bookrunner and certain related entities may acquire for their own account a portion of the Offer Shares.

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

Conventions used in the Prospectus

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "Company" and "RASLAG" are to RASLAG CORP. or to RASLAG CORP. and its subsidiaries, as the context requires. All references to the "Philippines" are references to the Republic of the Philippines. All references to

"SEC" are references to the Philippine Securities and Exchange Commission. All references to the "BSP" are references to the Bangko Sentral ng Pilipinas, the central bank of the Philippines. All references to "Philippine Peso", "Pesos", "Php", "PHP", or "₱" are to the lawful currency of the Philippines. A specific time of day means Philippine Standard Time.

The items expressed in the Glossary of Terms may be defined otherwise by appropriate government agencies or regulations from time to time, or by conventional or industry usage.

Presentation of Financial Information

The Company's financial statements are reported in Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("PFRS") issued by the Financial Reporting Standard Council of the Philippines. PFRS include statements named PFRS and Philippine Accounting Standards, and Philippines Interpretations from International Financial Reporting Interpretations Committee.

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

Basis for Market Data

Certain statistical information and forecasts in this Prospectus relating to the Philippines and other data used in this Prospectus were obtained or derived from internal surveys, industry forecasts, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. However, there is no assurance that such information is accurate or complete. Similarly, internal surveys, industry forecasts, market research, governmental data, publicly available information and/or industry publications have not been independently verified by the Company or the Sole Issue Manager and Sole Underwriter and Sole Bookrunner and may not be accurate, complete, up-to-date, balanced or consistent with other information compiled within or outside the Philippines.

Forward-Looking Statements

This Prospectus includes forward-looking statements, that are, by nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to: (i) known and unknown risks; (ii) uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from expected future results; and (3) performance or achievements express or implied by forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

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

The Sole Issue Manager, Sole Underwriter and Sole Bookrunner does not take any responsibility for, or give any representation, warranty or undertaking in relation to any such forward-looking statements.

This Prospectus includes statements regarding the Company's expectations and projections for future operating performance and business prospects. Words including, but not limited to "believe", "plan", "target", "may", "will", "estimates", "continues", "anticipates", "intends", "expects", and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances in this Prospectus may not occur. The Company’s actual results could differ significantly from those anticipated in the Company’s forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to our opinions, beliefs and intentions accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. All subsequent written or oral forward-looking statements attributable to the Company or those acting on our behalf are expressly qualified in their entirety by the above cautionary statements.

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GLOSSARY OF TERMS

AEC	Angeles Electric Corporation
Affiliate	Any corporation directly or indirectly controlled by it, whether by way of ownership of at least 20% of the total issued and outstanding capital stock of such corporation, or the right to elect at least 20% of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of management, contract or authority granted by said corporation to RASLAG CORP.
Applicant	A person, whether natural or juridical, who seeks to subscribe to the Offer Shares by submitting an Application under the terms and conditions prescribed in this Prospectus
Application	An application to subscribe to Offer Shares pursuant to the Offer
Banking Day	A day (except Saturdays, Sundays and legal holidays) on which banks and financial institutions are open for business in Makati City
Bayanihan Act	Republic Act No. 11469, otherwise known as the “Bayanihan to Heal As One Act”
Bayanihan Act 2	Republic Act No. 11494, otherwise known as the “Bayanihan to Recover as One Act”
Beneficial Owner	Any person (and “Beneficial Ownership” shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that, a person shall be deemed to have an indirect beneficial ownership interest in any security which is: i. held by members of his immediate family sharing the same household; ii. held by a partnership in which he is a general partner; iii. held by a corporation of which he is a controlling shareholder; or iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that, the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer: a. A broker dealer; b. An investment house registered under the Investment Houses Law; c. A bank authorized to operate as such by the BSP;

	d. An insurance company subject to the supervision of the Office of the Insurance Commission; e. An investment company registered under the Investment Company Act; f. A pension plan subject to regulation and supervision by the BIR and/or the Office of the Insurance Commission or relevant authority; and g. A group in which all of the members are persons specified above.
BIR	Bureau of Internal Revenue
BPI	Bank of the Philippine Islands
BSP	Bangko Sentral ng Pilipinas, the central bank of the Philippines
Capital Expenditure	All costs and expenses related to the development of the projects which shall be capitalized for accounting purposes.
China Bank Capital	China Bank Capital Corporation
COC	Certificate of Compliance
Common Shares or Shares	The Company's shares of common stock, each with a par value of ₱1.00 per share
Company	RASLAG CORP.
COVID-19	Coronavirus disease
Corporation Code	Batas Pambansa Blg. 68, otherwise known as "The Corporation Code of the Philippines"
CREATE	Republic Act No. 11534, otherwise known as "The Corporate Recovery and Tax Incentives for Enterprises Act"
CSP	Competitive Selection Process
DAR	Philippine Department of Agrarian Reform
DENR	Philippine Department of Environment and Natural Resources.
Directors or Board of Directors	Directors of the Company
DOE	Philippine Department of Energy
DU	Distribution Utility
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization.
EC	Electric Cooperative
ECC	Environmental Compliance Certificate
ECQ	Enhanced Community Quarantine
Eligible Investors	Applicants who are qualified to subscribe to the Offer Shares
EPC	Engineering, procurement and construction
EPIRA Law	Republic Act No. 9136, otherwise known as "The Electric Power Industry Reform Act of 2001"
ERC	Philippine Energy Regulatory Commission
Escrow Agent for the Lock-up Shares	BPI Securities Corporation
Escrow Agent for the Proceeds	China Banking Corporation – Trust and Asset Management Group
FIA	The 1991 Foreign Investment Act
Firm Shares	Up to [350,000,000] primary common shares
FIT	Feed-in-Tariff scheme
FIT-1	The Philippines' Feed-in-Tariff scheme for the Solar technology
FIT-2	Solar FIT Round 2

FIT-All	FIT Allowance
FIT-All Rate	FIT Allowance Rate
GCQ	General Community Quarantine
GDP	Gross domestic product
GWh	Gigawatt-hour
Hz	Hertz
IATF	Inter-Agency Task Force of Emerging Infectious Disease
IEMOP	Independent Electricity Market Operator of the Philippines
IPO	Initial Public Offering
IRR	Implementing Rules and Regulations
Issuer	RASLAG CORP. (the "Company")
JCEC	Joint Congressional Energy Commission
km	Kilometers
kWh	Kilowatt-hour
Listing Date	[March 28, 2022]
Local Small Investor or LSI	A share subscriber or purchaser who is willing to subscribe or purchase a minimum board lot or whose subscription or purchase does not exceed ₱[100,000.00]
m.	Meters
mn	Million
MECQ	Modified ECQ
MPO	Minimum Public Ownership
MWh	Megawatt hour
MWp	Megawatt-peak
NEA	National Electrification Administration
NGCP	National Grid Corporation of the Philippines
NPC	National Power Corporation
NTP	Notice-to-Proceed
Offer Price	Up to ₱ [2.00] per share
Offer Shares	The Firm Shares and the Option Shares
Option Shares	Up to [52,500,000] secondary common shares to be sold by the Selling Shareholder and purchased by the Stabilizing Agent upon exercise of the Overallotment Option
Overallotment Option	An option granted by the Selling Shareholder to the Stabilizing Agent
₱ or Php or PHP or Peso	Philippine Pesos, the lawful currency of the Republic of the Philippines
PAS	Philippine Accounting Standards.
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC.
P/E	Price-to-Earnings Ratio
PDTC	The Philippine Depository & Trust Corp., the central securities depositary of, among others, securities listed and traded on the PSE
PFRS	Philippine Financial Reporting Standards.
Philippine Nationals	The term shall mean any of the following: (1) a citizen of the Philippines or a domestic partnership or association wholly owned by citizens of the Philippines; or (2) a corporation organized under the laws of the Philippines at least 60% of the capital stock outstanding and entitled to vote of which is owned and held by citizens of the Philippines; or (3) a trustee of funds for pension or other employee retirement or separation benefits, where the

	trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of the Philippine nationals. Where a corporation and its non-Filipino stockholders own stocks in an SEC-registered enterprise, at least 60% of the capital stocks outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least 60% of the members of the Board of Directors of both corporations must be citizens of the Philippines, in order for the corporation to be considered Philippine nationals.
Prospectus	This Prospectus, together with all its annexes, appendices and amendments, if any
PSA or PPA	Power Supply Agreement or Power Purchase Agreement, used interchangeably but refers to the formal agreement that stipulates the sale of electricity by the power generator and the corresponding purchase of said electricity by the distribution utility / electric cooperative
PSALM	Power Sector Assets and Liabilities Management Corporation
PSE	The Philippine Stock Exchange, Inc.
PSE Edge	The PSE Electronic Disclosure Generation Technology
PSE Trading Participants or Trading Participants	Member brokers of the PSE who are also selling agents
PV	Solar Photovoltaic, the dominant solar generation technology being employed in the Philippines
Qualified Institutional Buyer or QIB	Qualified institutional buyer, as such term is defined in the SRC, which include The term refers to any of the following: mutual funds, pension or retirement funds, commercial or universal banks, trust companies, investment houses, insurance companies, investment companies, finance companies, venture capital firms, government financial institutions, trust departments of commercial or universal banks, non-bank quasi banking institutions, Trading Participants of the PSE for their dealer accounts, non-stock savings and loan associations, educational assistance funds and other institutions of similar nature determined as such by the SEC.
R&D	Research and development
RASLAG-1	The 10.046 Megawatt-peak (“MWp”) Pampanga Solar Power Project Phase I
RASLAG-2	The 13.141 MWp Pampanga Solar Power Project Phase II
RASLAG-3	The 18.011 MWp Pampanga Solar Power Project Phase III
RASLAG-4	The 35.159 MWp Pampanga Solar Power Project Phase IV
RASLAG-5	The approximately 60MW solar plant on a 44-hectare land located at Panipuan, Mexico, Pampanga
RE	Renewable energy
RE Law	Republic Act No. 9513 or the Renewable Energy Act of 2008
RE Market	Renewable Energy Market
RES	Retail electricity suppliers
Revised Corporation Code	Republic Act No. 11232, otherwise known as “The Revised Corporation Code of the Philippines”
RPS	Renewable Portfolio Standards

SCCP	Securities Clearing Corporation of the Philippines
SEC	The Philippine Securities and Exchange Commission
Selling Shareholder	J TEN Equities, Inc.
Sole Issue Manager, Sole Underwriter and Sole Bookrunner	China Bank Capital Corporation
sqm or sqm.	Square meters
SRC	Republic Act No. 8799, otherwise known as “The Securities Regulation Code”
Stabilizing Agent	[●]
Stock Transfer and Receiving Agent	Professional Stock Transfer, Inc.
Taxes	Any present or future taxes including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, and taxes on the overall income of the Underwriter or of the Bondholders.
Trading Day	Any day on which trading is allowed in the PSE
PSE Trading Participants or Trading Participants	Member brokers of the PSE who are also selling agents
TRAIN Law	Republic Act No. 10963, otherwise known as “The Tax Reform for Acceleration and Inclusion”
TransCo	National Transmission Corporation
TRO	Temporary restraining order
Underwriting Agreement	The agreement entered into by and among the Company, the Selling Shareholder and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, indicating the terms and conditions of the Offer and providing that the Firm Offer shall be fully underwritten by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner.
USD or US$	U.S. Dollars, the lawful currency of the United States of America
VAT	Value Added Tax
WESM	Wholesale Electricity Spot Market

PARTIES OF THE OFFER

The Issuer	**:**	**RASLAG CORP.**
Sole Issue Manager, Sole Underwriter and Sole Bookrunnner	**:**	China Bank Capital Corporation
Selling Agents	**:**	Trading Participants of The Philippine Stock Exchange, Inc.
Legal Counsel to the Issuer	**:**	Atty. Lyra Gracia Lipae-Fabella, CPA
Legal Counsel to the Sole Issue Manager, Sole Underwriter and Sole Bookrunnner	**:**	Picazo Buyco Tan Fider & Santos Law Offices
Financial Advisor to the Issuer	**:**	Sage Solutions Philippines, Inc.
Auditor	**:**	Punongbayan & Araullo
Stock Transfer Agent	**:**	Professional Stock Transfer, Inc.
Receiving Agent	**:**	Professional Stock Transfer, Inc.
Escrow Agent for the Lock-up Shares	**:**	BPI Securities Corporation
Escrow Agent for the Proceeds	**:**	China Banking Corporation – Trust and Asset Management Group
Stabilizing Agent	**:**	[●]

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Prospectus, including our audited financial statements and the notes thereto, included elsewhere in this Prospectus. Because it is a summary, it does not contain all the information that a prospective investor should consider before investing. Prospective investors of the Offer Shares must read the entire Prospectus carefully, including the section on Risk Factors and the financial statements and the related notes to those statements annexed to this Prospectus. Capitalized terms not defined in this summary are defined in the ―Glossary of Terms or elsewhere in this Prospectus.

BUSINESS OVERVIEW

Raslag Corporation ("RASLAG" or the "Company"), founded in 2013, is one of the pioneers of solar energy development in Central Luzon and the Philippines as a whole. True to its solar development goals, the term RASLAG is derived from the Pampango word "aslag", meaning "light". The Company is a brainchild of Engr. Peter G. Nepomuceno, a veteran of Central Luzon commerce and power industry and is currently the patriarch of the Nepomuceno family of Angeles City. The Company's co-founders and management team, likewise, boast decades of business development, operations and management experience in the power industry, covering both electric power distribution and electric power generation, as well as various adjacent industries including real estate and cold storage.

As a first mover during the nascent stages of the country's renewable energy history, the Company's maiden project, the 10.046 Megawatt-peak ("MWp") Pampanga Solar Power Project Phase I ("RASLAG-1") was the second solar project to be awarded by the Department of Energy ("DOE") eligibility for Round 1 of the Philippines' Feed-in-Tariff scheme for the Solar technology (the "FIT-1") in 2015. Its second project, the 13.141 MWp Pampanga Solar Power Project Phase II ("RASLAG-2") has likewise achieved an enviable milestone—it was the first solar project in the country to have been declared eligible by the DOE for the Solar FIT Round 2 (the "FIT-2").

Pursuant to the Republic Act 9513 or the Renewable Energy Act of 2008 (the "RE Law") and related issuances, the FIT scheme grants early adopters of renewable technologies the right to contract with the Government of the Philippines for twenty (20) years at a tariff structure that starts with a high base tariff and an escalation mechanism that protects investors from sudden volatility in inflation and foreign exchange. This offtake scheme is on top of numerous fiscal and non-fiscal incentives also contemplated in the RE Law, including, but not limited to, zero import duties, zero-rated VAT, preferential real property taxes, and a seven-year income tax holiday. As one of the foremost beneficiaries of both rounds of the Solar FIT, RASLAG was able to secure long-term contracts that would last almost the entire design lives of its first two utility-scale power projects as well as effectively attained sovereign guarantee on the health of its projects' investment returns.

Both FIT projects, with an aggregate capacity of 23.187 MWp, were erected in adjacent lots in Brgy. Suclaban, Mexico City, Pampanga, with a size totaling 26.29 hectares. RASLAG had engaged top-tier multinational engineering and manufacturing companies Conergy and Schema Konsult for the construction of RASLAG-1 and Conergy and Solenergy for the construction of RASLAG-2, both through an engineering, procurement and construction- ("EPC") basis, and construction of both plants were completed within six (6) months upon signing of the respective EPC contracts.

As of the date of this Prospectus, construction is ongoing for the Company's third venture, the 18.011 MWp Pampanga Solar Power Project Phase III ("RASLAG-3"). The Company has once again engaged Solenergy for the EPC of the project. Land acquisition and permitting have been successfully accomplished, the project has achieved financial close, and the Notice-to-Proceed ("NTP") to commence construction has been awarded to the EPC contractor last July 2021. Completion of RASLAG-3 will almost double the installed capacity of the Company to 41.198 MWp and it is expected to be operational by first quarter of 2022.

RASLAG-3 is situated in a 12.80-hectare property in Brgy. Bical, Mabalacat and Brgy. San Jose, Magalang, Pampanga. Economies of scale, global solar photovoltaic ("PV") costs, and more efficient design and technologies have allowed the Company to develop RASLAG-3 at almost half the per-MW-cost of RASLAG-1 and RASLAG-2 and to require almost half the land per-MW. These major factors allow RASLAG to achieve similar investment returns to RASLAG-1 and RASLAG-2 with significantly lower offtake tariffs.

While construction for the Company's single largest and most land-efficient solar project to date is still ongoing, RASLAG is currently on track to dwarf its already lofty accomplishments. Leveraging on the aforementioned advances in solar PV economics and technologies, RASLAG is in the advanced stages of land acquisition, permitting, and development work for its eventual largest plant, the 35.159 MWp Pampanga Solar Power Project Phase IV ("RASLAG-4"). This would be situated in a 27-hectare property in Brgy. Talimundoc, Magalang, Pampanga. Construction is targeted to commence in the second quarter of 2023 and is expected to follow a similar 8-month timetable before achieving commercial operations status in March 2024.

The Company plans to build an approximately 60-MW solar plant on a 44-hectare land located at Panipuan, Mexico, Pampanga ("RASLAG-5"). The land is already fully acquired by the Company. The acquisition cost for the land is at ₱321 million. The Company plans to build RASLAG-5 within the next five (5) years.

PROJECT	LOCATION	AREA (Sqm)	Capacity	Status
RASLAG-1	Suclaban, Mexico, Pampanga	129,438	10.046 MW	Operational
RASLAG-2	Suclaban & Gandus, Mexico, Pampanga	133,460	13.141 MW	Operational
RASLAG-3	Bical, Mabalacat/San Jose, Magalang, Pampanga	128,012	18.011 MW	Under Construction
RASLAG-4	Talimundoc, Magalang, Pampanga	269,987	35.159 MW	Land Payment as of September 2021 – ₱ 54.5mn
RASLAG-5	Panipuan, Mexico, Pampanga	435,574	60.0 MW	22 lots purchased May 2018 (Fully Paid)

RASLAG is wholly owned and managed by the Nepomuceno family of Pampanga, which has a long and well-established track record in the Angeles City area and holds various businesses throughout the Central Luzon region. With its start in the establishment of the Angeles Ice Plant a hundred years ago in 1922, the Nepomucenos have since ventured into multiple successful and diverse ventures in the region, most notably with:

- Angeles Ice Plant in 1922;
- Electric distribution utility Angeles Electric Corporation ("AEC") (previously Angeles Electric Light and Power Plant) in 1923;
- Educational institution Holy Angel Academy (now Holy Angel University) in 1933;
- Residential real estate development Villa Teresa Subdivision in 1965;
- Commercial hub development Nepo Mart Commercial Complex in 1968;
- Teresa WaterWorks, Inc. in 1985;
- Electric power generator Angeles Power, Inc. in 1993;
- Industrial real estate development Angeles Industrial Park, Inc. 1995;
- Pre-cast concrete manufacturing Durastress Corporation in 1997; and
- Solar developer and operator Raslag Corporation in 2013.

RASLAG is a private company registered under the laws of the Republic of the Philippines and was incorporated on April 30, 2013.

RASLAG's application for Certificate of Compliance ("COC") with Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (the "EPIRA Law") for RASLAG-1 and RASLAG-2 was approved by the Energy Regulation Commission ("ERC") on April 6, 2015 and February 29, 2016, respectively. Under the EPIRA Law, RASLAG is required to offer and sell to the public a portion of not less than 15% of their common shares of stock within a period of 5 years from the issuance by the ERC of their respective COCs. The Company is seeking to comply with the requirements of the EPIRA Law and simultaneously raise funds for the land acquisition and development of RASLAG-4 through the capital markets.

RISKS OF INVESTING

Before making an investment decision, investors are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing the potential risks associated with an investment in the Offer Shares. These include risks arising from the nature of the Company and its business, risks relating to the economic and political environment in the Philippines, and risks relating to the Offer Shares. Please refer to the section on "Risk Factors" in page 18 of this Prospectus for a discussion, which, while not meant to be exhaustive, should be considered in connection with an investment in the Offer Shares.

INVESTOR RELATIONS UNIT

The Investor Relations ("IR") Unit manages the constant communication between the corporate management and its investors through the release of relevant materials, ensuring accuracy and up-to-date information to help investors make informed investment decisions and proper valuation. The IR Unit also guarantees that the Company is compliant to all disclosure requirements of the PSE and the SEC at all times. To secure the accuracy of relevant materials prior to disclosure, the IR Unit oversees most aspects of shareholder's meetings, press conferences, investor briefings, and manages the Investor Relations section of the Company's website.

CORPORATE INFORMATION

The Company's principal office is at 1905 Robinsons Equitable Tower ADB Ave., cor. Poveda St., Ortigas, Pasig City, Philippines with telephone number (02) 8636 6486 to 88. The Company's website is https://www.raslag.com.ph. The Company can likewise be reached for inquiries on its Investor Relations Program through its Company Investor Relations Officer.

RISK FACTORS

Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Prospectus, including the Company's consolidated financial statements attached hereto and incorporated herein by reference, before making any investment decision relating to the Offer Shares. However, this section does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. Additional risk factors and uncertainties not at present known to the Company, or which the Company currently deems immaterial, may also adversely affect the Company's business, financial condition or results of operations. The Company's past performance is not an indication of its future performance. Investors deal in a range of investments, each of which may carry a different level of risk. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and cause the market price of the Offer Shares to fall significantly and investors may lose all or part of their investment.

The following are the risks related to the investment, listed by the order of importance.

GENERAL RISK WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities. An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his/her/its own research and study on the trading of securities before commencing any trading activity. Investors may request information on the securities and Issuer thereof from the SEC which are available to the public.

PROFESSIONAL ADVICE

Investors should seek professional advice regarding any aspect of the securities such as the nature of the risks involved in the trading of the securities, especially in the trading of high-risk securities. Each investor should consult his/her/its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Offer Shares.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

The Company's operation and profitability highly depend on government's existing regulation governing renewable energy, such the Feed-in-Tariff (FIT) and other related regulation.

Regulation with regards to FIT Collection

As a highly regulated entity, the Company is highly dependent on the Feed-in-Tariff for its operation. RASLAG-1 and RASLAG-2 are grantees of the FIT and all of its delivered energy are taken up.

Under the FIT programme, qualified renewable power plants are granted a 20-year entitlement. FIT-eligible power plants are guaranteed to receive a specified tariff that escalates on an annual basis. Initial pricing and settlement is done through the Wholesale Electricity Spot Market ("WESM") operated by the Independent Electricity Market Operator of the Philippines ("IEMOP") where FIT plants would sell to the electricity market at the prevailing spot market rate.

The difference between the guaranteed tariff and the spot market rate is referred to as the "FIT Differential" and this portion of the FIT plants' revenues are collected from the Philippine Government's transmission asset owner, the National Transmission Corporation ("Transco") through the FIT Allowance ("FIT-All") Fund. The Philippine Energy Regulatory Commission, on an annual basis, sets the FIT Allowance Rate ("FIT-All Rate") that will be collected from end-consumers' electricity bills through all of the country's distribution utilities ("DUs") and electric cooperatives ("ECs").

While revenues booked by the Company will not be affected by changes in the annual FIT-All Rate, future regulatory approvals of low FIT-All Rates that could render some periods of FIT-All Fund insufficiency may negatively impact the collection of the Company's FIT Differential portion. And while this is a risk, we would like to reiterate that the FIT Differential portion only forms part of the revenue collection of the Company's FIT-eligible projects and will not have a significant impact on the Company's ability to service its debt, declare dividends, or reinvest earnings for pipeline development projects.

As of the date of this Prospectus, except during certain parts of 2017-2018, RASLAG has mostly been able to collect its FIT Differential portion for RASLAG-1 and RASLAG-2 from Transco mostly within the sixty (60) calendar-day period prescribed in the Renewable Energy Payment Agreements signed between the Company and Transco. On the other hand, WESM portion revenues have consistently been collected on time within thirty (30) calendar days after the relevant billing periods since the start of commercial operations of both RASLAG-1 and RASLAG-2.

Regulation with regards to the approval of future projects

Key permits and contracts have to be obtained in various stages of development before the Company can proceed with the construction and eventual completion of power projects.

Key permits and contracts issued or signed by regulators, government agencies or government-related entities comprise a sizable portion of the Company's development resources, critical ones include, but are not limited to, the Solar Energy Service Contract ("SESC") issued by the DOE, the Environmental Compliance Certificate ("ECC") issued by the Department of Environment and Natural Resources ("DENR"), the Power Supply Agreement approval by the ERC (as applicable), the System / Distribution Impact and Facility Studies conducted by nominated contractors of the National Grid Corporation of the Philippines ("NGCP") or the respective DU, local government unit endorsements, Land Use Conversion Certificates issued by the Department of Agrarian Reform ("DAR") (as applicable), and land rights acquisition and transfer approvals as needed from the respective cities or municipalities, among others.

Delays in securing approvals, signatures or issuances from any of the above-mentioned agencies or entities may severely affect the development timetable of certain projects of the Company and may not necessarily be within the Company's control. While the Company exerts all necessary endeavors, given the availability of its resources, to comply with all the requirements to obtain these approvals as effectively and as swiftly as possible, material delays can still be caused by various circumstances or events outside the Company's influence, including, but not limited to, certain agencies' lack of manpower vis-à-vis number of applications for review and approval, workforce presence limitations caused by the pandemic, force majeure events, and potential adverse political affiliations of key individuals within certain agencies.

The Company mitigates potential delay risks by ensuring that they comply with all the requirements of these key agencies and maintain a good track record for compliance even in projects that have achieved completion and in other industries that the shareholders and management teams are involved in. The Company and its management team maintains good working relationships with these agencies and are invested in being involved and understanding any potential changes in rules and regulations with regards to its projects. The Company also conducts development work for multiple pipeline projects in different locations within the region simultaneously to further provide contingency and redundancy should any one project encounter a major development roadblock.

Regulation with regards to the feasibility of future projects

While RASLAG was able to swiftly secure FIT-eligible contracts for its first two solar projects, no further rounds of Solar FIT programmes are expected to be implemented for the foreseeable future.

The cost of solar, in particular, as opposed to other renewable energy technologies, is expected to reach grid parity within the short- to medium- term—which may lead regulators to believe that no further subsidies are required for solar. Grid parity may be achieved part and parcel to the significant decline in solar development and construction costs brought about by recent advances in photovoltaic manufacturing technology and manufacturers' massive economies of scale caused by the global proliferation of solar investment.

An additional hurdle to securing offtake agreements for solar projects is the Department of Energy's ("DOE") issuance of Department Circular No. DC2015-06-008: "Mandating All Distribution Utilities to Undergo Competitive Selection Process ("CSP") in Securing Power Supply Agreements ("PSA")" and, along with the ERC, its subsequent implementation and enforcement.

Before a power generator, in this case referred to as the original proponent, and a DU or EC can be granted ERC approval of its PSA, it must first undergo a CSP where competitors to the original proponent can challenge the original contract with a lower tariff structure or better overall terms and the original proponent will have the option whether or not to match that bid. While the aim of this process is to ensure that the DUs/ECs get the lowest contracts possible to help reduce end-consumers' electricity bills, this process exposes the original proponent to be extremely vulnerable to low-ball bids, predatory pricing, among others, or, if the original proponent decides to match, leave its investors with a project that may not be economically feasible or not be able attain certain investor return hurdle rates.

As reprieve to investors and also in compliance to the RE Law, the DOE has also issued Department Circular Nos. DC2017-12-0015 and DC2018-08-0024 or the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards ("RPS") for On-Grid Areas and Off-Grid Areas, respectively.

The RPS is a market-based policy that mandates DUs, ECs and retail electricity suppliers ("RES") to source an agreed portion of their energy supply from eligible renewable energy facilities. The RPS Rules established a minimum annual RPS requirement. This pertains to the RE share of electricity coming from RE resources in the energy mix based on an aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE.

Other government initiatives and incentives contemplated under the RE Law and under different stages of legislation are the green energy option and net metering. Implementation of these RE Law staples could further benefit RASLAG's offtake prospects.

With possible changes in legislation and regulation being beyond the control of the Company, all efforts are undertaken to ensure compliance with existing regulation. The Company, meanwhile, remains vigilant and updated with any potential change in regulation that might affect existing operations and the feasibility of pipeline projects.

The Company may be adversely affected by WESM price fluctuations.

Supply and demand imbalances are inherent in power generation. Generated power storage is in its nascent stages of development so power generated by variable renewable energy, which is dependent on the renewable fuel source outside a generator's control, is immediately dispatched to the grid/DU/EC upon generation. Should the Company, in the future, venture into merchant solar without a long-term or a series of long-term offtake agreements or have contracts that are partially indexed to or settled through the WESM, these future projects will be exposed to the volatility of spot electricity market prices.

WESM price fluctuations fluctuate due to certain factors outside of the Company's control, including, but not limited to:

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

These factors may have a material adverse effect on the business, financial condition and operations of the Company, should the Company engage in future projects that generate a sizeable portion of its revenues solely through the WESM.

The Company is exposed to credit and collection risks.

Credit and collection risk is inherent in businesses, including the power business. The Company can never guarantee prompt payment on the part of its customers. As such, working capital should be earmarked to cover for liquidity gaps which may be created by customer defaults. This would likewise enable the Company to protect its resources intended to finance its operation and other expansion plans. While default payments on a minimal number of customers can be managed, a substantial number of defaulting customers will surely have an adverse effect on the business.

As discussed above on regulation, its two FIT-eligible plants, through the FIT programme, are contracted to the Government of the Philippines. While there may be collection delays on the subsidized portion of the Company's revenues, the Company collects a sizeable portion of its revenues from the WESM which has a shorter payment term and historically has settled on time.

Given the unavoidable risk of collection for the Company's future projects, the Company ensures that it follows a strict accreditation process for its potential offtake partners. All agreements and contracts are thoroughly reviewed and carefully drafted to ensure the proper provision on solid legal compulsion regarding timely payments.

The Company is subject to risks in the operation of its power plants.

The operation of power generation plants is subject to the following risks:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- issues with the quality or interruptions in the supply of key inputs, including fuel or water;
- operator error;
- performance below expected levels of output or efficiency;
- force majeure and catastrophic events including, but not limited to, fires, explosions, earthquakes, volcanic eruptions, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain the renewal of or the cancellation of required regulatory permits and approvals; and

- opposition from local communities and special interest groups.

The non-occurrence of the above risks cannot be guaranteed as these are inherent in the power generation industry.

At best, the Company ensures that suppliers cover portion of the risks, a proper insurance plan is in place and a highly competent operations team in charge of strict monitoring of the performance and maintenance of the power plants. The operations team shall always ensure the observance of strict maintenance and repair protocol.

Grid curtailments may limit the dispatch and sale of the generated electricity of its power plants.

From time-to-time, the NGCP/DUs/ECs curtail the energy generation for a number of reasons, including, but not limited to, demand and supply matching, limitations to transmission/distribution capacity in certain segments of their line network, technical maintenance, infrastructure upgrades, and transmission or distribution disruptions caused by force majeure events. Solar and wind technology, in particular, carry additional risks due to the variability and volatility of their generation profiles within the day. If connected to certain weaker segments of a transmission or distribution network's infrastructure, solar and wind may cause unwanted fluctuations or oscillations in the overall transmission or distribution system's electricity frequency and stability—which in turn could result to unplanned outages or failures in the system without the necessary support infrastructure in place.

In such circumstances, a power plant's access to the grid or distribution network and, consequently, its generation capacity will have to be reduced and curtailed. Depending on the offtake agreement structures of certain power projects, such curtailments may result in a corresponding decrease in revenue, which if prolonged or occur frequently could pose a material adverse effect on the Company's business, financial condition, results of operations and prospects.

To manage such risk, the Company ensures that there is adequate capacity on the transmission or distribution networks of the current and potential connection points of its power projects. Transmission and distribution capacity availability and capability to accept pipeline power projects, while normally are studied and confirmed by the nominated contractors of the NGCP/DUs/ECs prior to construction and installation of power projects, may still be miscalculated once operations commence due to unforeseen circumstances. The Company maintains that its operators be alert for any of these unforeseen circumstances, should they occur, and have established protocols to minimize any losses should network failures or curtailments occur and the Company itself has put in place forward-thinking contingency plans to ensure that such outages or curtailments are not prolonged.

The Company may not be able to obtain optimum terms for its financing which may result in adversely affecting the proper execution of its expansion plan.

As part of its expansion strategy, two other solar power projects are presently in the pipeline to cater the growing demand for renewable energy. RASLAG-3 is an 18.011 MWp Solar Project covering two barangays in Mabalacat and Magalang, Pampanga while RASLAG-4 is a 35.159 MWp Solar Project in Magalang, Pampanga. These would almost triple RASLAG's existing capacity from 23.187 MWp to 76.357 MWp.

Due to their size and the capital-intensive nature of power projects in general, these projects, as well as similar future pipeline projects, would require significant funding. While the Company has strong business relationship with financial institutions, there will always be a possibility that the Company will not be able to arrange financing on acceptable terms. Any such inability of the Company to obtain financing from banks and other financial institutions or from capital markets would adversely affect the Company's ability to execute its expansion and growth strategies.

The Company nonetheless is on track on enhancing its balance sheet: (i) it has low debt and debt servicing levels built on assets with proven track record of generating reliable cash returns; (ii) it invests into projects that are economically viable; and (iii) it anticipates potential impacts to future performance of the projects caused by changes on the regulatory environment that can have impact on the future performance of the projects and strives to be a partner of choice for potential investors to secure financing for its projects. It is well-managed by reputable finance professionals overseen by the Board of Directors, which enhances the credit profile of the Company as a borrower.

As of the date of this Prospectus, RASLAG has achieved financial close for the financing of 70% of the estimated project cost of RASLAG-3. Construction has correspondingly commenced and is expected to be completed in the first quarter of 2022.

In order to maintain good relationship with banks, the Company regularly communicates with the respective relationship managers of banks and other financial institutions as well as maintaining adequate, if not outright attractive, financial ratios.

The Company's operations may be affected by competition from other power generation companies.

The growth of the Philippine power industry and the corresponding legislations enacted to support its growth contribute to the growing number of new participants. New power generation facilities are being developed since the generation facilities owned and controlled by the National Power Corporation ("NPC") have been privatized in the years following the effectivity of the EPIRA Law. The competitive industry created by this development will inevitably result in the entry of competitors.

It is a possibility that new competitors may have substantially more financial resources and development and operational capabilities, thereby enabling them to adequately address financial, development, technological and other operational issues equally or more efficiently than the Company.

In terms of funding, it is a possibility that these competitors may have the ability to secure financing of their power generation facilities with better terms than that of the Company's. Likewise, the competitors' cost of producing electricity may be lower than the Company's should they take advantage of their resources to secure better economies of scale, preferential pricing from key suppliers, structure supply-and-install contracts instead of EPC wraps, or opt to engage lower-tiered contractors to cut down on costs.

These factors may adversely impact the financial condition and operation of the Company.

Nevertheless, the Company continues to expand its business by developing pipeline projects. Initial preparations have already been made. As of the date of this Prospectus, RASLAG-3 is under construction and development work for RASLAG-4 is in its advanced stages. In addition, the Company continuously updates itself on the developments in the industry in order to cope and be at par with potential competition.

The Company may encounter difficulties acquiring or completing the acquisition of land to follow through on its growth strategies and targets.

The ideal topography for solar farming are flat lands, or rolling hills at worst. However, land suitable for utility-scale solar power plants is limited in the Philippines given that the solar industry is competing with agriculture, commercial, and industrial real estate because flat lands and rolling hills are also suitable for these uses.

To maximize solar generation, land with more irradiance is preferred. Irradiance is the fuel used by solar power plants to generate electricity, measured in kilowatt-hour per meter squared (kWh/m^2) and while certain areas in the Philippines have more irradiance than others, these lands may not be readily available for acquisition. The Philippines has complex land laws after going through multiple land and agrarian reform laws in the past few centuries.

Land ownership is, at times, difficult to ascertain in the Philippines with certain lot titles having multiple pending issues that need to be resolved before they can be transferred, re-titled, or annotated. There are instances when expropriation will be needed in order to acquire land from unwilling owners. Land in the Philippines can be inherited by multiple generations leading to more owners for the same lot area. This becomes a problem especially if some of the owners are unwilling to sell, need the signature of spouses or guardians, are deceased, have illegitimate children, etc. ownership and transfer issues.

The Company is required to coordinate with, comply with the requirements of, and obtain the permits and approvals of multiple government and non-government entities. The Company also runs the risk of delaying projects if certain permits are not acquired, transfers of lots are not consummated, conversion of land remains pending, or registration of titles is delayed, among others.

Land acquisition is, therefore, both a labor-intensive and capital-intensive process due to, but not limited to the factors mentioned above. Delays in transfers, permitting, and conversion may not only delay the project's construction, financing, and eventual revenue generation but also cause the Company to incur more labor and development costs.

The Company has a very experienced land acquisition team, led by a management group with decades of experience in developing and operating businesses in various land-intensive industries such as residential, commercial, and industrial real estate. The Company, its land acquisition team, its management team, and its Related Parties also maintain good relations with local government units and regulators and, to the best of their abilities, comply with the requirements and regulations of said stakeholders.

New technologies may disrupt the development pipeline and growth prospects of the Company.

RASLAG has determined that solar PV is currently the best technology option for the Company moving forward given its renewable fuel source, strong local regulatory support, relatively low cost of generation, availability of top-tier and reputable suppliers and contractors, simple operations and maintenance, and overall compatibility with the Company's experience, capabilities, and risk profile, among others.

Competitors with larger scale and bigger balance sheets can fund, incubate, and bring to-market less-proven but more innovative technologies that can, in the future, compete with the levelized cost of electricity of solar PV or provide customers with a more compelling value proposition for the same cost level.

The Company may incur additional cost related to compliance with environmental regulations.

The power industry is subject to environmental laws and regulation intended to prevent pollution, protect human health and the environment from hazardous substances and wastes produced as a result of the operations of the power generation facilities.

Through time, requirements for compliance with these regulations have been revised to be more stringent which result in power generation companies incurring additional costs. While it is standard for power generation companies to have established protocols and procedures that enable it to be fully compliant as of the date of their development and construction, there is no guarantee that its processes and compliance will be acceptable to the regulatory agencies in the future. Additional requirements may be set within the 25-year designed operating lifespan of the Company's power plants and such changes are beyond the control of the Company.

It is notable that the effect of power generation facilities to the environment though time has a direct effect on the evolution of environmental regulation. As regulators require additional compliances, it is possible that compliance costs incurred may not be passed on the Company's customers as energy prices are likewise regulated.

To manage this risk, the Company ensures that it has a competent team which shall handle compliance with environmental regulations and formulate programs for efficient compliance of prospective changes in regulation. Its portfolio and pipeline made up entirely of solar plants also help hedge any risk exposures to changes in environmental regulations. The solar modules themselves are fixtures and feature no moving parts, unlike other most other renewable technologies like wind, biomass and geothermal. Unlike conventional thermal plants, solar plants do not require the transport and feeding of potentially environmentally harmful fuels or feedstock, they don't produce emissions, they do not require cooling water which removes the need to re-inject potentially contaminated liquids into nearby bodies of water, and maintaining them do not pose any hazards to the employees and the environment.

The Company's success is dependent upon its ability to attract and retain key personnel.

The Company depends on its senior executives and key management members to implement the Company's projects and business strategies. If any of these individuals resigns or discontinues his or her service, it is possible that a suitable replacement may not be found in a timely manner or at all. If this were to happen, there could be a material adverse effect on the Company's ability to successfully operate its power projects and implement its business strategies.

Power generation involves the use of highly complex machinery and processes and the Company's success depends on the effective operation and maintenance of equipment for its power generation assets. Although the Company is circumspect in its selection of its key personnel, any failure on the part of such personnel could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate such risks, the Company structures the organization in such a way that there is development and advancement opportunities for each individual within the organization, maintains competitive benefits and compensation structure and ensures provision of training to its employees.

The Company's power project development operations and the operations of the power projects are subject to inherent operational risks and occupational hazards, which could cause an unexpected suspension of operations and/or incur substantial costs.

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

Given above risks, the Company procures proper insurance coverages, complies with various health and security measures, implements a culture of safety in the working environment, conducts proper and timely repairs and maintenance of the plants, and regularly trains employees on safety and security.

RISKS RELATING TO THE OFFER AND THE OFFER SHARES

There can be no guarantee that the Offer Shares will be listed on the PSE.

Subscribers of the Offer are required to pay the Offer Price of the Offer Shares so subscribed upon submission of their Applications during the Offer Period. Although the PSE has approved the Company's application to list the Offer Shares, because the Listing Date is scheduled after the Offer Period, there can be no guarantee that listing will occur on the anticipated Listing Date. Delays in the admission and the commencement of trading of shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares for listing on the PSE, the market for these will be illiquid and holders may not be able to trade the Offer Shares. However, they would be able to sell these by negotiated sale. This may materially and adversely affect the value of the Offer Shares.

There may be no liquidity in the market for the Offer Shares and the prices of these may fall.

The Shares will be listed and traded on the PSE. In general, transfers of the Offer Shares will be made solely through the PSE. The Philippines securities market is smaller and less liquid than the securities markets in the United States and in certain European and Asian countries. Although the Shares will be listed on the PSE, there is no assurance that an active trading market for the Offer Shares will be developed or sustained in the long run, nor that the price per share will not decline less than the Offer Price. The market price of the common shares and Philippine securities may experience significant price fluctuations and volatility in general. Until the Listing Date, the listing and trading of the Offer Shares on the PSE will not commence. During this intervening period, the investment in the Offers Shares will be illiquid.

While the Company does not have any guarantee on the share prices and its liquidity, it will follow transparent corporate practices to ensure that material information is available and delivered in a timely manner to all the relevant parties.

There has been a limited prior market for the Shares; hence, there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

Trading volumes on the PSE have historically been significantly smaller than other major securities markets in more developed countries and have also been highly volatile. There can be no assurance that an active market for the Offer Shares will develop following the Offer or if developed, that such market will be sustained.

The price at which the Offer Shares will trade on the PSE at any point in time during or after the Offer may vary significantly from the Offer Price, and the Company cannot provide assurance of effective mitigation to such risk.

Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer and Future sales of the Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of the Company's business and operations, the Company's Board of Directors will consider the funding options available to the Company at the time, which may include the issuance of new Common Shares. If additional funds are raised through the issuance of new equity or equity-linked securities by the Company other than on a pro rata basis to existing shareholders, the percentage ownership of the shareholders may be reduced, shareholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Common Shares. See section on "***Dilution***" on page 40 of this Prospectus.

Further, the market price of the Common Shares could decline as a result of future sales of substantial amounts of the Common Shares in the public market or the issuance of new Common Shares, or the perception that such sales, transfers or issuances may occur. This could materially and adversely affect the prevailing market price of the Common Shares or the Company's ability to raise capital in the future at a time and at a price it deems appropriate.

There is no restriction on the Company's ability to issue Common Shares, other than as provided in its Articles of Incorporation and the Revised Corporation Code, or the ability of any of its shareholders to dispose of, encumber or pledge, their Common Shares, and there can be no assurance that the Company will not issue Common Shares or that such shareholders will not dispose of, encumber or pledge their Common Shares.

Shareholders may be subject to limitations on minority shareholders rights.

Minority shareholders are not afforded special rights to protect their interests under Philippine law. The Revised Corporation Code of the Philippines, however, provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Revised Corporation Code of the Philippines also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

No guarantee that Issuer will pay any dividends.

Dividends declared by the Company on the Shares are payable in cash or in additional Shares. The Board of Directors has approved the Company's dividend policy to declare and pay dividends of 30%-50% based on prior year's core net income after tax, subject to applicable laws and regulations.

Nevertheless, the payment of dividends in the future will depend upon the Company's future results of operations and general financial condition, capital requirements, legal, regulatory and contractual restrictions, loan obligations and loan covenants and other factors the Board may deem relevant.

The Company's common shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution and related statutes restrict land ownership to Philippine nationals. The Company owns private land in the Philippines and therefore foreign ownership in the Company is limited to a maximum of 40% of the Company's issued and outstanding capital stock. The Company cannot allow the issuance or the transfer of shares to persons other than Philippine nationals and cannot record transfers in the books of the Company if such issuance or transfer would result in the Company ceasing to be a Philippine national for purposes of complying with nationality restrictions on land ownership. This restriction may adversely affect the liquidity and market price of the Offer Shares to the extent that international investors are restricted from purchasing these in normal secondary transactions.

RISKS RELATING TO THE PHILIPPINES

The Company is exposed to risks associated with the Philippines, including the performance of the Philippine economy.

The Philippine economy remains exposed to significant economic and political risks. The performance of the Philippine economy may influence, in general, the results of the Company's operations. Any deterioration in the economic conditions in the Philippines may adversely affect consumer sentiment. There can be no assurance that current or future Governments will adopt economic policies conducive to sustaining economic growth.

The Company's results of operations depend on the performance of the Philippine economy. Movement in interest rates will affect the Company's cost of capital as well as the financial viability of its projects. Any deterioration in the Philippine economy could materially and adversely affect the Company's financial condition and results of operations.

While the risks related to the Philippine economy in general and to the Philippine Power Sector in particular are uncontrollable, the Company practices prudent financial management to minimize their possible effects. Essentially all of the Company's current and pipeline developments in the near- to medium- term are also strategically located in the Central Luzon region—where flat lands are highly accessible relative to most other regions in the Philippines and where demand for electricity remains high vis-à-vis other regions in the country part and parcel to its close proximity to major and growing urban areas most notably in Metro Manila and Pampanga and the overall strength of the transmission infrastructure supporting those areas.

The Company's business could be significantly affected by the country's political or social instability.

Like any other country, it is materially significant to position the Philippines as an appealing place to put up an investment. Any political and terrorist threats could adversely affect the general conditions and business environment in the Philippines, which could have a material effect on the operations and financial performance of the Company.

The Philippines has from time to time experienced political, social and military instability and no assurance can be given that the future political environment in the Philippines will be stable. Political instability in the Philippines occurred in the late 1980's when Presidents Ferdinand Marcos and Corazon Aquino held office. In 2000, former President Joseph Estrada resigned from office after allegations of corruption led to impeachment proceedings, mass public protests and withdrawal of support of the military. In February 2006, President Gloria Arroyo issued Proclamation 1017 which declared a state of national emergency in response to reports of an alleged attempted coup d'etat. The state of national emergency was lifted in March 2006.

The country has also been subject to sporadic terrorist attacks in the past several years. The Philippine army has been in conflict with the Abu Sayyaf organization, a group alleged to have ties with the Al-Qaeda terrorist network, and identified as being responsible for kidnapping and terrorist activities. More recently, On 09 September 2013, a faction of the Moro National Liberation Front ("MNLF") under the leadership of Nur Misuari seized hostages in Zamboanga and attempted to raise the flag of the self-proclaimed Bangsamoro Republik, a state which declared its independence from the Philippines earlier in August, in Talipao, Sulu. This armed incursion has been met by the Armed Forces of the Philippines, which sought to free the hostages and expel the MNLF from the city. The standoff has degenerated into urban warfare, and brought parts of the city under standstill for days. On 28 September 2013, the government declared the end of military operations in Zamboanga City.

Political instability in the Philippines could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material impact on the Company's business, financial condition and results of operation. The Company has no control over this risk.

Natural calamities could adversely affect the business of the Company.

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions and earthquakes.

In 2013 alone, the country suffered the brunt of a monster typhoon and a deadly earthquake that killed thousands and left billions of pesos in damage to infrastructure and properties. In October 2013, an earthquake with 7.2 magnitude struck the provinces of Bohol and Cebu, killing more than 200 people and displacing tens of thousands of residents. Less than a month after, Typhoon Yolanda, the strongest and most destructive typhoon to ever hit the country in four decades, slammed Tacloban City, Leyte, Samar, and other provinces in Eastern Visayas killing more than 6,000 people.

Natural catastrophes will continue to affect the Philippines and the Company may incur losses for such catastrophic events which could materially and adversely affect its business, financial condition and results of operations.

The Company maintains sufficient insurance against natural catastrophes to cover its various developments.

Foreign Exchange Risk

Any change in the value of the peso against the U.S. dollar could affect the dollar value of a foreign investor's return on an investment in the Offer Shares. Foreign exchange required for the repatriation of capital or remittance of dividends may be sourced from the Philippine banking system provided that the foreign investor registers his investment with the Bangko Sentral ng Pilipinas. In certain instances, the Bangko Sentral ng Pilipinas, with the approval of the President of the Philippines, may restrict the availability of foreign exchange. No assurances can be given that exchange controls and regulations in the future will not be changed.

As the revenues and expenses of the Company are in Peso denomination, it is not directly affected by foreign exchange risk. The Company's foreign exchange risk exposure is limited to the cost of materials which, although locally sourced, may be imported.

Acts of terrorism could destabilize the country and could have a material adverse effect on our assets and financial condition.

Acts of Terrorism are intended to cause widespread and even countrywide mass casualties, general panic and even loss of critical resources that would have the effect of disrupting vital services and the economy. As terrorists may cause such damage, the operations, assets and financial condition of businesses including that of the Company will be severely affected.

While the Company may have its security system in place, it is not a complete assurance that it can insulate itself from all acts of terrorism. Nevertheless, it is in constant contact with local and national law enforcement agencies in order to ensure the safety and security of its assets and operations.

Territorial disputes among the Philippines and its neighboring nations may adversely affect the Philippine economy and the Company's business.

China and other Southeast Asian nations, such as Brunei, Malaysia, and Vietnam, have been engaged in competing and overlapping territorial disputes over islands in the West Philippine Sea (also known as the South China Sea). This has produced decades of tension and conflict among the neighboring nations. The West Philippine Sea is believed to house unexploited oil and natural gas deposits, as well as providing home to some of the biggest coral reefs in the world. China, in recent years, has been vocal in claiming its rights to nearly the whole of the West Philippine Sea – as evidenced by its increased military presence in the area. This has raised conflict in the region among the claimant countries.

In 2013, the Philippines filed a case to legally challenge China's claims in the West Philippine Sea and to resolve the dispute under the United Nations Convention on the Law of the Sea. The case was filed on the Permanent Court of Arbitration, the international arbitration tribunal at The Hague, Netherlands. In July 2016, the tribunal ruled in favor of the Philippines and stated that China's claim was invalid. China rejected the ruling, claiming that it did not participate in the proceedings as the tribunal had no jurisdiction over the case. News reports have reported increased Chinese activity in the area, including the installation of missile systems and the deployment of bomber planes. Other claimants have challenged China's actions in the West Philippine Sea.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighboring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and the Company's business and financial standing may be adversely affected. The Company cannot provide assurance of effective mitigation to such systemic risk.

Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

The Philippines is currently rated investment grade by major international credit rating agencies such as Moody's S&P and Fitch. While in recent months these rating agencies have assigned positive or stable outlooks to the Philippines' sovereign rating, no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. As a systemic risk, the Company cannot provide assurance of effective mitigation. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

RISKS RELATING TO THE COVID-19 PANDEMIC

The Company's business may be materially and adversely affected by the COVID-19 outbreak and other adverse public health developments.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China, later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with thousands of confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As at the date of this Offering Circular, the COVID-19 disease has continued to spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially.

Governments and health authorities around the world have imposed sweeping measures designed to contain the pandemic, including, among others, travel restrictions, border closures, curfews, quarantines, prohibition of gatherings and events and closures of universities, schools, restaurants, stores and other business. The economic repercussions of the pandemic and the efforts around the world to contain it have been severe, and include reduced global trade, lower industrial production, broad reductions in general consumption and economic activity and major disruptions to international travel and global air traffic.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight), unless earlier lifted or extended as circumstances may warrant, and imposed an enhanced community quarantine ("ECQ") throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended as circumstances may warrant. On March 25, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act" ("Bayanihan Act"), was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On April 7, 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until April 30, 2020. On May 1, 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until May 15, 2020, while easing restrictions in other parts of the country. On May 11, 2020, the Inter-Agency Task Force of Emerging Infectious Disease ("IATF") placed high-risk local government units under modified ECQ ("MECQ") from May 16, 2020 until May 31, 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On May 27, 2020, the IATF reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on May 29, 2020, the Government placed Metro Manila under general community quarantine, allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. Because of the spike in COVID-19 cases, on August 4, 2020, the Government again placed Metro Manila under MECQ until August 18, 2020. Starting August 19, 2020, MECQ was lifted and Metro Manila and nearby areas were again placed under general community quarantine. As of the date of this Prospectus, Metro Manila is under GCQ with Alert Level 2 while other areas continue to be placed under other levels of community quarantine. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve. On September 11, 2020, the Bayanihan to Recover as One Act ("Bayanihan 2 Act") was signed into law by President Duterte. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until December 19, 2020. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. The moratorium on the collection of residential and commercial rents of lessees not permitted to operate or which have temporarily ceased operations under the Bayanihan 2 Act during and after the effectivity of quarantine measures may affect the Company and businesses that transact with it. Until the measures are finalized, its potential effects or duration remain uncertain.

The Philippine Government expects the country's gross domestic product to fall by 5.0% due to the economic effects of the outbreak, and the resulting domestic shutdowns, reduced tourism, disrupted trade and manufacturing and financial market spillovers. On May 7, 2020, the National Economic Development Authority reported that the Philippine economy had slowed down for the first time in twenty-two (22) years, contracting 0.2% in the first quarter of 2020, from a 5.6% growth rate in the first quarter of 2019. In early August 2020, the Philippine Statistics Authority revised the first quarter estimates, stating that the economy contracted by 0.7% compared to same period in the prior year, and that GDP for the second quarter of 2020 contracted by 16.5%, bringing the country to a technical recession. While the Philippines' GDP contracted by 9.6% in 2020, the World Bank expects it to grow 5.3% in 2021, 5.9% in 2022, and 5.7% in 2023. The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

The outbreak of COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business, financial condition and results of operations. These may include, temporary closures of the Company's Properties, or cause the hospitalization or quarantine of the Company's or its property managers' employees, delay or suspension of supplies from the Company's suppliers, disruptions or suspension of the Company's operational activities. Although the Company has taken certain measures to try and minimize the negative effect of COVID-19 on the Company's operations, there is no certainty that such measures will be sufficient or that the Company will not be required to incur additional expense to address the effect of COVID-19 on its operations.

In addition, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets. It is possible that the continued spread of COVID-19 could cause a global economic slowdown or recession. The deterioration of the regional economy and financial markets in general will have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, there is significant uncertainty relating to future developments of the outbreak of the COVID-19 and what actions the Philippine Government will take. The impacts of the outbreak of the COVID-19 on the Company's results of operations are highly uncertain.

The outbreak of a virus or any public health epidemic in the Philippines could have an adverse effect on the Philippine economy, and could materially and adversely affect the Company's, financial condition and results of operations. Furthermore, although an outbreak or epidemic could adversely affect demand for Magnetite Iron Sand, the Company intends to diversify its export markets to other countries, especially those in the Asian region.

DIVIDENDS AND DIVIDEND POLICY

Limitations and Requirements

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries, if any, depending on its business requirements.

The Philippine Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

The Philippine Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation, (ii) when distribution is prohibited under any loan agreement with any financial institution or creditor without its consent, and such consent has not been secured, (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies, or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date of declaration. In case no record date is specified, it is deemed to be fixed at fifteen (15) days after the company's declaration. For stock dividends, the record date should not be less than ten (10) nor more than thirty (30) days from the date of the shareholders' approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Dividend History

For the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, the Company has declared the following dividends:

YEAR	DIVIDEND PER SHARE (₱)	AMOUNT (₱)
2018	32.00/share	240,000,000.00
2019	10.00/share	75,000,000.00
2020	0.05/share	50,000,000.00
2021	0.15/share	150,000,000.00

These were all the dividends and no other prior dividends declared. The Company declared ₱0.15 per share or ₱150 million to stockholders of records as of May 20, 2021 and paid on May 25, 2021. Thereafter, in June 2021, this was brought back to the Company as additional capital stock subscription.

Dividend Policy

Pursuant to a Board of Directors' approval on December 6, 2021, the Company intends to maintain an annual cash dividend payment ratio for Common Shares of thirty to fifty percent (30-50%) of the core net income after tax for the preceding fiscal year, subject to the requirements of applicable laws and regulations.

The Board is authorized to declare dividends only from the Company's unrestricted retained earnings, and the Board may not declare dividends which will impair the Company's capital. Dividends may be payable in cash, shares or property of the Company, or a combination thereof, as the Board determines.

Dividends to be paid in cash by the Company are subject to approval by a majority of the Board and no further approval from the Company's stockholders is required. Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date that is neither less than ten (10) days nor more than thirty (30) days from the date the cash dividends are declared, provided, however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of cash dividend. In case no record date is specified, it is deemed to be fixed at fifteen (15) days from the Company's declaration.

The declaration of stock dividends is subject to the approval of stockholders representing at least two-thirds of the outstanding capital stock. In cases where the stock dividends shall be sourced from an increase in the authorized capital stock of the Company, such increase shall be subject to the required approvals of the SEC for the same. The record date with respect to stock dividends is to be neither less than ten (10) days nor more than thirty (30) days from the date of stockholders' approval, provided, however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In relation to foreign stockholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP.

USE OF PROCEEDS

At the Offer Price of up to ₱[2.00] per Offer Share, the Company expects to raise from the Offer of the Firm Shares gross proceeds of approximately up to ₱[700,000,000.00]. After deducting fees, taxes and other expenses related to the Offer and payable by the Company as set out below, the net proceeds of the Firm Offer will be approximately up to ₱[652,821,750.00]. The Company will not receive any proceeds from the sale of secondary common shares by the Selling Shareholder. Underwriting fees, costs and expenses pertaining to the sale of secondary common shares by the Selling Shareholder will be paid by the Selling Shareholder.

The costs and expenses to be incurred by the Company for the sale of the Primary Offer Shares will be approximately up to ₱[47,178,250.00].

	At the Offer Price of up to ₱[2.00] (in ₱)
Gross Proceeds	[700,000,000.00]
LESS:	
PSE filing fees	[3,416,000.00]
SEC registration fees	[1,032,250.00]
Underwriting fees	[19,390,000.00]
Fees to be paid to the PSE Trading Participants	[1,400,000.00]
Legal Counsels	[7,180,000.00]
Independent Auditor	[2,000,000.00]
Stock Transfer and Receiving Agent	[500,000.00]
Escrow fees	[600,000.00]
Estimated costs of printing and marketing	[5,000,000.00]
Documentary stamp tax	[3,500,000.00]
Miscellaneous expenses	[1,000,000.00]
Financial Advisory Fees	[2,160,000.00]
Total Offer Expenses	**[47,178,250.00]**
Estimated Net Proceeds	**[652,821,750.00]**

The actual underwriting fees and Offer-related expenses may vary from the estimated amounts. The estimated expenses set forth in the table above reflect the estimated expenses relating to the sale of the Firm Offer by way of primary sale of Common Shares and are presented in this Prospectus for convenience only. Underwriting fees, taxes, and certain other fees and expenses specifically pertaining to the sale of the Option Shares will be paid by the Selling Shareholder.

The Company will deposit in escrow the net proceeds of the Firm Offer to be released based on the schedule of disbursements in accordance with the work program disclosed herein.

The net proceeds from the sale of the Primary Offer Shares are intended to be used as follows:

Use of Proceeds	**Estimated Amount (In Php) at Offer Price of up to ₱ [2.00]**	**Estimated Timing of Disbursement**
Payment for the balance of RASLAG-4's land installment payments from April 2022 until October 2022	[30,438,350.00]	April 2022 to October 2022

Funding for the equity portion of RASLAG-4's development and construction	[330,000,000.00]	1H2023
Funding for pre-development work for pipeline solar projects	[250,000,000.00]	July 2022 to July 2024
For general corporate purposes	[42,383,400.00]	April 2022 to December 2022
Total Proceeds	**[652,821,750.00]**	

All the foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures, and the actual amount and timing of disbursement of the net proceeds from the Firm Offer will depend on various factors which include, among other factors, changing market conditions or new information regarding the cost or feasibility of the Company's expansion plans and projects. Other than as described above, no part of the net proceeds from the sale of the Primary Offer Shares shall be used to acquire assets outside of the ordinary course of business or finance the acquisition of other businesses, or to reimburse any officer, director, employee or shareholder of the Company for services rendered, assets previously transferred, money loaned or advanced, or otherwise. No amount of the net proceeds from the sale of the Primary Shares will be lent to any of our affiliates. Actual allocation of net proceeds by the Company may vary from the foregoing discussion as the Company's management may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use such net proceeds for other corporate purposes. Likewise, it is possible that the timeline for the implementation of the projects or otherwise the use of the proceeds as discussed above may be delayed. In the event that there is any change in the Company's development plan, including *force majeure* and circumstances, such as (i) failure to obtain requisite approvals (ii) changes in government policies that would render any of the above plans not commercially viable, and (iii) changes in economic or market conditions, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments and/or hold such funds on short term deposit or other alternatives, whichever is better for the Company's and its shareholders' collective interest. The Company's cost estimates may change as we develop our plans, and actual costs may be different from our budgeted costs. In such event, the Company will issue a public disclosure if there is any change in the above proposed use of proceeds and shall accordingly inform the SEC, the PSE and its shareholders at least thirty (30) days prior to its implementation.

In the event that the actual expenses are more than the estimates, or the actual net proceeds are less than projected, the Company will utilize said net proceeds based on their order of priority as follows:
1 . Payment for the balance of RASLAG-4's land installment payments from April 2022 until October 2022;
2. Funding for the equity portion of RASLAG-4's development and construction;
3. Funding for pre-development work for pipeline solar projects; and
4. For general corporate purposes

Payment for the balance of RASLAG-4's land installment payments from April 2022 until October 2022.

The Company has purchased land for the development of RASLAG-4 in Mexico, Pampanga, with a land area of twenty-seven (27) hectares where it plans to build a solar power plant with a capacity of 35 MW. The total cost of the land is ₱216mn and the Company intends to use ₱[30.4mn] in proceeds from the IPO to pay off the balance of land through equal monthly installments during the period April 2022 to October 2022.

Funding for the equity portion of RASLAG-4's development and construction.

The Company has estimated the preliminary construction cost for RASLAG-4 to total ₱[1,500mn] and has allocated ₱[330mn] of the proceeds from the IPO towards funding its equity contribution towards the development and construction of RASLAG-4. The Company expects to fund its equity contribution for

RASLAG-4 towards the end of the first half of the year 2023 in time to commence construction of the new solar power plant in the second quarter of 2023. The construction of RASLAG-4 is expected to take between eight to nine months with the plant scheduled to be commissioned and begin commercial operations in March 2024.

Funding for pre-development work for pipeline solar projects.

The Company plans to allocate ₱[250mn] of the proceeds from the IPO towards funding for pre-development work for future pipeline solar projects. The Company has already secured land for its planned RASLAG-5 solar power plant which is located in Panipuan, Mexico, Pampanga. The land secured for RASLAG-5 comprises of twenty-two (22) lots which were purchased by the Company from May 2018 until March 2020, totaling an area of forty-four (44) hectares with the total purchase price of the land amounting to ₱321mn. The Company plans to build an approximately 60 MW solar power plant on this property with the initial construction cost of RASLAG-5 estimated to be ₱2,100mn. The Company intends to begin construction of RASLAG-5 in the second quarter of 2024 with completion and commercial commissioning expected to take place in March 2025.

General Corporate Purposes.

The balance of the proceeds of up to approximately ₱[43mn] shall be used for general corporate purposes, including but not limited to working capital requirements, corporate office overhead, administrative expenses, and other costs shouldered by the Company in the course of its normal business activities.

The Company will use internally-generated funds and bank loans to finance the shortfall, or delay or abandon one or more of the components of its plans. In such an event, the Company shall inform the SEC, the PSE and its shareholders at least thirty (30) days prior to its implementation.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed in this Prospectus. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans.

Debt Obligations

None of the proceeds from the IPO will be used to repay any of the Company's debt obligations with its Sole Issue Manager, Sole Underwriter and Sole Bookrunner.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and the PSE. The Company shall regularly disclose to the PSE, through the PSE Electronic Disclosure Generation Technology ("PSE EDGE"), any disbursements from the proceeds generated from the Offer. In addition, the Company shall likewise submit via the PSE EDGE the following disclosure to ensure transparency in the use of proceeds:

1. Any disbursements made in connection with the planned use of proceeds from the Offer;
2. Quarterly Progress Report on the application of the proceeds from the Offer on or before the first fifteen (15) days of the following quarter. The quarterly progress report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
3. Annual Summary of the application of proceeds on or before January 31 of the year following the initial public offering. The annual summary report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor; and
4. Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds; or of any change in the work program. The actual disbursement or implementation of such reallocation will be disclosed by the Company at least thirty (30) days prior to the said

actual disbursement or implementation.

The quarterly and annual reports of the Company as required in items 2 and 3 above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds section. Such detailed explanation will state the approval of the Board of Directors as required in item 4 above.

Except as otherwise disclosed in this Prospectus, none of the proceeds from the Primary Offer will be used to reimburse any officer, director, employee or shareholder of the Company for services, assets or money previously rendered, transferred, advanced or otherwise. Likewise, none of the proceeds from the Primary Offer will be used by the Company to prepay or repay any existing debt or liabilities of the Company to the Underwriter (save for fees and reimbursement of expenses relating to the Offer) or to banks which are under common control with such Underwriter.

Proceeds from the Sale of Secondary Common Shares

Assuming full exercise of the Overallotment Option, the total gross proceeds from the sale of Option Shares by the Selling Shareholder is estimated to approximately be ₱[105,000,000.00]. We estimate that the net proceeds is estimated to approximately be ₱[101,064,600.00] million after deducting the applicable underwriting fees, costs and expenses pertaining to the sale of secondary Common Shares payable by the Selling Shareholder. We will not receive any proceeds from the sale of secondary common shares by the Selling Shareholder. Underwriting fees, costs and expenses pertaining to the sale of secondary common shares by the Selling Shareholder will be paid for by the Selling Shareholder.

The costs and expenses to be incurred by the Selling Shareholder for the sale of the Option Shares is estimated to approximately be up to ₱[3,935,400.00].

	Estimated Amounts Assuming Full Exercise of the Overallotment Option (in ₱)
Estimated gross proceeds from the sale of the Option Shares (assuming Overallotment Option is fully exercised)	[105,000,000.00]
LESS:	
Underwriting and selling fees for the Option Shares being sold by the Selling Shareholder	[2,908,500.00]
Taxes to be paid by the Selling Shareholder (Stock Transaction Tax) and other Crossing Expenses	[1,026,900.00]
Total Estimated Expenses	**[3,935,400.00]**
Estimated Net Proceeds from the sale of the Option Shares (assuming Overallotment Option is fully exercised)	**[101,064,600.00]**

To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder and shall remain part of the issued and outstanding shares of the Company.

DETERMINATION OF THE OFFER PRICE

The Offer Price is up to ₱[2.00] per share, as determined through discussions among the Company, the Financial Advisor, and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. Prior to the Offer, there has been no public trading market for the Common Shares.

The Offer Price of up to ₱[2.00] per share is equivalent to the discounted share valuation of the Company per valuation study internally conducted. The factors considered in determining the Offer Price, among others, include the Company's ability to generate earnings, cash flow, and dividends, its prospects, the level of demand from institutional investors, overall market conditions at the time of the launch and the market price of listed comparable companies. The Offer Price does not have any correlation to the actual book value of the Offer Shares.

CAPITALIZATION AND INDEBTEDNESS

The following table sets out the Company's consolidated debt, shareholders' equity and capitalization as of September 30, 2021, and as adjusted to reflect the issuance and sale of a total of [350,000,000] Firm Shares at the Offer Price of up to ₱[2.00] per Offer Share. The table should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto, included elsewhere in this Prospectus.

	Actual as of	**As Adjusted**
	September 30 2021	**at Offer Price of ₱[2.00]**
	(in ₱)	**(in ₱)**
	(Audited)	**(Unaudited)**
Total debt	[1,172,286,589.00]	[1,172,286,589.00]
Equity:		
Capital stock	[1,150,000,000.00]	[1,500,000,000.00]
Additional paid-in capital	[0.00]	[306.,421,750.00]
Retained earnings	[230,842,910.00]	[227,842,910.00]
Total equity	[1,380,842,910.00]	[2,034,264,660.00]
Total capitalization	**[2,553,129,499.00]**	**[3,206,551,249.00]**

DILUTION

The Company will offer up to [350,000,000] Firm Shares and up to [52,500,000] Option Shares to the public at the Offer Price, which will be higher than or equal to the adjusted book value per share of the outstanding Common Shares and which will result in an immediate material dilution of new investors' equity interest in the Company. The tangible book value of the Company, based on its audited financial statements as of September 30, 2021 was ₱[1,380.8] Million or ₱[1.20] per share. The book value represents the amount of the Company's total assets less the sum of its liabilities. The Company's net tangible book value per share is computed by dividing the tangible book value by the 1,150,000,000 issued and outstanding Common Shares.[1]

Dilution in pro-forma book value per share to investors of the Offer Shares represents the difference between the Offer Price and the pro-forma book value per Share immediately following the completion of the Offer.

After giving effect to an increase in the Company's total assets to reflect the receipt of the net Offer proceeds of approximately up to ₱[2.00] from the sale of up to [350,000,000] Firm Shares at an Offer Price of up to ₱[2.00] per share, RASLAG's net tangible book value will be approximately ₱[2,034,264,660] or ₱[1.36] per Common Share. This represents an immediate increase in the net tangible book value from ₱[1.20] per share to existing shareholders.

The following table illustrates dilution on a per Common Share basis, at the Offer Price of up to ₱[2.00] per Offer Share:

Offer Price per Offer Share……………………………………………………………....	₱[2.00]
Net Tangible Book Value per Share as of December 31, 2020………………………..........	₱[1.20]
Increase in Net Tangible Book Value per Share attributable to the Offer Shares….….	₱[0.15]
Pro forma Net Tangible Book Value per Share after the Offer……………………...…..	₱[1.36]

Before the Offer	**At ₱[2.00] per Offer Share**
Net Tangible Book Value as of September 30, 2021	₱[1,380,842,910.00]
Total No. of Shares Issued and Outstanding as of September 30, 2021	1,150,000,000
Book Value Per Share	₱[1.20]
Net Proceeds	
Gross Proceeds	₱[700,000,000.00]
Less: Expenses	₱[47,178,250.00]
Net Proceeds	₱[652,821,750.00]
After the Offer	
Net Tangible Book Value plus Net Proceeds	₱[2,034,264,660.00]
Total No. of Shares Issued and Outstanding	[1,500,000,000]
Book Value Per Share	₱[1.36]

The following table sets forth the shareholdings of existing and new shareholders of the Company immediately after completion of the Offer:

[1]Post-offer, the Company will have 1,500,000,000 issued common shares.

	Pre- Offer		Post- Offer, Firm Offer only	
	Shares	**%**	**Shares**	**%**
Existing shareholders	1,150,000,000	100.00	[1,150,000,000]	[76.67]%
Public			[350,000,000]	[23.33]%
Total			**[1,500,000,000]**	**100.00%**

	Pre- Offer		Post- Offer, if Overallotment Option is exercised	
	Shares	**%**	**Shares**	**%**
Existing shareholders	1,150,000,000	100.00	[1,097,500,000]	[73.17]%
Public			[402,500,000]	[26.83]%
Total			**[1,500,000,000]**	**100.00%**

THE OFFER

The Company, through the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, is offering up to [350,000,000] primary common shares (the "Firm Shares") with an Overallotment Option of up to [52,500,000] secondary common shares (the "Option Shares", and together with the Firm Shares, the "Offer Shares", and with regards to the offer of such Offer Shares, the "Offer") at a price of up to ₱[2.00] per share (the "Offer Price"). The Offer Shares have a par value of ₱1.00 per share and are being made available for subscription and purchase in the Philippines. The Firm Shares will represent approximately [23.33]% of the Company's issued and outstanding capital stock of [1,500,000,000] common shares immediately after the completion of the Offer.

The Firm Shares shall be underwritten on a firm basis by China Bank Capital Corporation ("China Bank Capital" or the "Sole Issue Manager, Sole Underwriter and Sole Bookrunner") which shall receive issue management and underwriting fees equivalent to [2.77]% of the gross proceeds of the Offer.

The Offer Period will commence at 9:00 A.M. of [March 7, 2022] and will end at [12:00 P.M.] of [March 18, 2022].

The Offer Shares are expected to be listed on the Main Board of PSE under the symbol [ASLAG] on or about [March 28, 2022], or such other date that may be agreed upon by the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner.

Lock-Up

Under the revised listing rules of the PSE applicable to companies applying for listing in the PSE's Main Board, an applicant company shall cause its existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning or in any manner disposing of their shares for a period of:

i. One hundred eighty (180) days after the listing of said shares if the applicant company meets the track record requirements; or
ii. Three hundred sixty-five (365) days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements.

If there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or, prior to the listing date in the case of applicant companies listing by way of introduction, and the transaction price is lower than that of the offer price in the initial public offering or than that of the listing price in the case of applicant companies listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least three hundred sixty-five (365) days from the full payment of the aforesaid shares.

To implement this lock-up requirement, the PSE requires the Company and its relevant shareholders to lodge the shares with the PDTC through a participant of the PDTC system for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

SUMMARY OF THE OFFER

The following does not purport to be a complete listing of all rights, obligations and privileges attaching to or arising from the Offer Shares. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective investor must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy, accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis.

Issuer	Raslag Corp.
Sole Issue Manager, Sole Underwriter and Sole Bookrunner	China Bank Capital Corporation ("China Bank Capital")
Selling Shareholder	J Ten Equities, Inc.
The Offer	The Company, through the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, is offering up to [350,000,000] primary common shares (the "Firm Shares"), with an offer of up to [52,500,000] secondary common shares (the "Option Shares") by the Selling Shareholder pursuant to the Overallotment Option (as described below) and a par value of ₱1.00 per share and enjoy equal rank, preference and priority with the existing issued and outstanding capital stock of the Company.
Institutional Offer	At least [245,000,000] Offer Shares, or [70]% of the Firm Shares (subject to re-allocation as described below) (the "Institutional Offer Shares"), are being offered and sold to certain qualified buyers and other investors in the Philippines by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. The Option Shares will form part of the Institutional Offer.
Trading Participants and Retail Offer	Up to [105,000,000] Firm Shares are being offered to the PSE Trading Participants and Local Small Investors in the Philippines at the Offer Price (the "Trading Participants and Retail Offer Shares"). Up to [70,000,000] Offer Shares (or [20]% of the Firm Shares) are (subject to re-allocation) being allocated to all of the PSE Trading Participants at the Offer Price. Each PSE Trading Participant shall initially be allocated approximately [●] Firm Shares and be subject to re-allocation as may be determined by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. Based on the initial allocation for each PSE Trading Participant, there will be a total of [●] residual Firm Shares to be allocated as may be determined by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. Up to [35,000,000] Offer Shares (or [10]% of the Firm Shares) are (subject to re-allocation) being allocated to

local small investors. Each LSI applicant may subscribe up to a maximum of [●] Firm Shares at the Offer Price. LSIs shall subscribe through the PSE Electronic Allocation System ("PSE EASy"). An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed [₱●]. In the case of this Offer, the minimum subscription of LSIs shall be [5,000] Offer Shares or up to [₱●]. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Applications from LSIs shall be processed on a first-come, first-served basis. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Sole Issue Manager, Sole Underwriter and Sole Bookrunner shall allocate the Offer Shares ensuring equitable distribution by satisfying first the applications of investors with the smallest orders.

Offer Price	Up to ₱ [2.00] per Offer Share. The Offer Price was determined through a bookbuilding process and discussions amongst the Company, the Selling Shareholder, the Financial Advisor and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner.
Overallotment Option	Pursuant to the approval of the SEC, the Selling Shareholder has appointed [●] to act as the stabilizing agent (the "Stabilizing Agent"). The Company has granted the Stabilizing Agent an option, exercisable in whole or in part, to purchase the Option Shares at the Offer Price from the Selling Shareholder, on the same terms and conditions as the Firm Shares as set forth in this Prospectus, solely to cover overallotments, if any, and effect price stabilization transactions. The Overallotment Option is exercisable from time to time for a period which shall not exceed thirty (30) calendar days from and including the Listing Date. See "Overallotment Option" on page 57 of this Prospectus.
Price Stabilization	The Option Shares may be over-allotted and the Stabilizing Agent may effect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than thirty (30) calendar days from and including the Listing Date. The Stabilizing Agent may purchase Common Shares in the open market only if the market price of the Common Shares falls below the Offer Price. Such activities may stabilize, maintain or otherwise affect the market price of the Common Shares, which may have the effect of preventing a decline in the market price of the Common Shares and may also cause the price of the Common Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter

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

Once the Overallotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Common Shares in the open market for the conduct of stabilization activities. To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder and shall remain part of the issued and outstanding shares of the Company.

Eligible Investors and Restrictions on Ownership

The Trading Participants and Retail Offer Shares may be subscribed or held by any natural person of legal age regardless of nationality or any corporation, association, partnership, trust account, fund or entity residing in and organized under the laws of the Philippines or licensed to do business in the Philippines, regardless of nationality, subject to the Company's right to reject an Application or reduce the number of its Firm Shares applied for subscription.

The Institutional Offer Shares are being offered for sale to certain qualified buyers and other investors in the Philippines, by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner.

However, the Philippine Constitution and related statutes set forth restrictions on foreign ownership of Philippine companies engaged in certain activities.

The Philippine Constitution also limits foreign equity ownership in companies owning land or operating a public utility to 40% of the companies' capital stock. Thus, any subsequent transfer of Shares must comply with the nationality restrictions. In the event that foreign ownership of the Company's issued and outstanding capital stock will exceed the permissible level, the Company has the right to reject a transfer request by persons other than Philippine Nationals and has the right not to record such purchases in the books of the Company.

Purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their

	nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.
Use of Proceeds	Net proceeds of the Firm Offer will be used primarily for (i) payment for the balance of RASLAG-4's land installment payments from April 2022 until October 2022; (ii) funding for the equity portion of RASLAG-4's development and construction; (iii) funding for pre-development work for pipeline solar projects; and (iv) general corporate purposes.
Minimum Subscription	Applications shall be for a minimum of [5,000] Firm Shares. Applications in excess of this minimum shall be in multiples of [1,000] Firm Shares. Applications for multiples of any other number of Firm Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.
Reallocation	The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Firm Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the other one hand, and the Institutional Offer, on the other hand. The Sole Issue Manager, Sole Underwriter and Sole Bookrunner shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer or otherwise not taken up by the Trading Participants, LSIs or clients of the Sole Issue Manager, Sole Underwriter and Sole Bookrunner or the general public in the Philppines pursuant to the terms and conditions of the Underwriting Agreement.
Lock-Up	Under the PSE's Revised Listing Rules, existing shareholders of the Company who own an equivalent of at least 10% of the issued and outstanding Common Shares as of the Listing Date cannot sell, assign or in

any manner dispose of their shares for a period of one hundred eighty (180) days after the Listing Date. Thus, the following shall be subject to such lock-up period:

Assuming the Overallotment Option is not exercised, the following are covered by the 180-day lock-up requirement:

Shareholder	Subject to 180-day Lock-up Period
J Ten Equities, Inc.	[865,370,995]
Angeles Power, Inc.	[284,625,000]
Total	**[1,149,995,995]**

Assuming the Overallotment Option is fully exercised, the following are covered by the 180-day lock-up requirement:

Shareholder	Subject to 180-day Lock-up Period
J Ten Equities, Inc.	[812,870,995]
Angeles Power, Inc.	[284,625,000]
Total	**[1,097,495,995]**

To implement the lock-up of all issued and outstanding shares prior to the Offer, the Company and the Shareholders shall enter into an escrow agreement with the Escrow Agent for the Lock-up Shares.

The Company and the Shareholders have agreed with the Sole Issue Manager, Sole Underwriter and Sole Bookrunner that they will not, without the prior written consent of the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, issue, offer, pledge, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Shares or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 180 days after the Listing Date.

Procedure for Application for the Trading Participants and Retail Offer

The Offer Period shall commence on [9:00 A.M.] on [March 7, 2022] and end at [12:00 P.M.] on [March 18, 2022]. If, for any reason, any day of the Offer Period is a non-Banking Day, then the Offer Period may be extended to the next immediately succeeding Banking Day, or such other date as may be agreed upon by the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. The Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner reserve the right to extend, shorten or terminate the Offer Period, subject to the prior approval of the SEC and the PSE.

Applications must be received by the Receiving Agent for PSE Trading Participant applications or through PSE EASy for LSI applications, as applicable, not later than [12:00 P.M.] on [March 18, 2022] and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the Application. Applications received thereafter or without the required documents will be rejected.

<u>For PSE Trading Participants:</u>

Application forms to purchase the Trading Participants Offer Shares and signature cards may be obtained from the Sole Issue Manager, Sole Underwriter and Sole Bookrunner or any participating PSE Trading Participant. Application forms will also be made available for download on the Company website.

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

Applications must be received by the Receiving Agent not later than [12:00 P.M.] on [March 18, 2022]. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to the Sole Issue Manager, Sole Underwriter and Sole Bookrunner or a PSE Trading Participant, and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the Application. The actual subscription and/or purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Sole Issue Manager, Sole Underwriter and Sole Bookrunner under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement.

All Applications shall be evidenced by the application to purchase form prescribed, in quadruplicate, duly executed in each case by an authorized signatory of the Applicant and accompanied by one completed signature card, which for applicants who are corporations, partnerships or trust accounts, should be authenticated by the corporate secretary or equivalent corporate officer (or managing partner in the case of a partnership), and the corresponding payment for the

Trading Participants Offer Shares covered by the application and all other required documents.

If the applicant is a corporation, partnership or trust account, the application must be accompanied by the following documents:

- A certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership, in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership);

- A certified true copy of the applicant's SEC certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership); and

- A duly notarized corporate secretary's certificate (or certificate of the managing partner in the case of a partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Trading Participants Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying to the percentage of the applicant's capital or capital stock held by Philippine nationals.

Foreign corporate and institutional applicants who qualify as eligible investors, in addition to the documents listed above, are required to submit in quadruplicate, a representation and warranty stating that their purchase of the Trading Participants Offer Shares to which their application relates will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed, under such laws, to acquire, purchase and hold the Trading Participants Offer Shares.

This should be read in conjunction with the Company's Implementing Guidelines for PSE Trading Participants which will be published on the PSE EDGE website prior to the start of the Offer Period.

<u>For Local Small Investors:</u>

With respect to the LSIs, applications to purchase the Retail Offer Shares must be done online through the PSE EASy. The system will generate a reference number and payment instruction. LSI applications and payments must be completed and settled, respectively, by [12:00 P.M.] on [March 18, 2022] (the "Retail Settlement Date").

Further information about the Company, details about the Offer, instructions for subscribing through PSE EASy, payment terms and the list of PSE Trading Participants where LSI applicants may open trading accounts for the lodgement of the LSI applicant's Retail Offer Shares will be made available in the online IPO information center. The link to the online information center will be made available on the Company's website in due course and in the Company's Implementing Guidelines for LSIs which will be published on the PSE EDGE website prior to the start of the Trading Participants and Retail Offer.

LSI applications will be processed on a first-come first-served basis, while final allocation of the Retail Offer Shares will be determined pursuant to allocation mechanics. This section should be read in conjunction with the Company's Implementing Guidelines for LSIs which wil be published on the PSE EDGE website prior to the start of the Offer Period.

Payment Terms for the Trading Participants Offer Shares Purchased through PSE Trading Participants	The purchase price must be paid in full in Pesos upon the submission of the duly accomplished and signed application form and signature card together with the requisite attachments. Payments for the Trading Participants Offer Shares must be cleared before [12:00 P.M.] on [March 18, 2021] (the "Trading Participants Settlement Date"). The modes of payment and instructions will be specified in the Company's Implementing Guidelines for PSE Trading Participants which will be published on the PSE EDGE website prior to the start of the Offer Period.
Acceptance/Rejection of Applications	Applications for the Trading Participants and Retail Offer Shares are subject to the confirmation of the Sole Issue Manager, Sole Underwriter and Sole Bookrunner and the approval of the Company. The Company, in consultation with the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, reserve the right to accept, reject or scale down the number and amount of Trading Participants and Retail Offer Shares covered by any application. The Sole Issue Manager, Sole Underwriter and Sole Bookrunner and the Company have the right to reallocate available Trading Participants and Retail Offer Shares in the event that the Trading Participants and Retail Offer Shares are insufficient to satisfy the total applications received. The Trading Participants and Retail Offer Shares will be allocated in such a manner as the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner may, in their sole discretion, deem appropriate, subject to the distribution guidelines of the PSE. Applications received after the expiration of the Offer Period or extension thereof or Applications with incomplete requirements shall be rejected. Applications

	where checks are dishonored upon first presentation and Applications which do not comply with the terms of the Offer shall be rejected. Moreover, any payment received pursuant to the Application does not mean approval or acceptance by the Company of the Application. An Application, when accepted, shall constitute an agreement between the Applicant and the Company for the subscription to the Trading Participants and Retail Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application and those described in this Prospectus. Notwithstanding the acceptance of any Application by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner or its duly authorized representatives, acting for or on behalf of the Company, the actual subscription and purchase by the applicant of the Trading Participants and Retail Offer Shares will become effective only upon listing of the Trading Participants and Retail Offer Shares on the PSE.
Refunds of the Trading Participants and Retail Offer	In the event that the number of Trading Participants and Retail Offer Shares to be received by an Applicant, as confirmed by the Company, the Receiving Agent and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, is less than the number covered by its Application, or if an Application is rejected, then the Applicant is entitled to a refund, without interest, within five (5) Banking Days from the end of the Offer Period or on [March 18, 2022], of all, or a portion of the Applicant's payment corresponding to the number of Trading Participants and Retail Offer Shares wholly or partially rejected. [Such refund checks shall be made available for pick-up at the Receiving Agent's offices five (5) Banking Days after the end of the Offer Period. Refund checks that remain unclaimed after thirty (30) Banking Days from the date such checks are made available for pick-up shall be mailed, at the Applicant's risk, to the address indicated in the Application.]
Registration and Lodgment of Shares with PDTC	The Offer Shares are required to be lodged with the PDTC. The applicant must provide the information required for the PDTC lodgment of Offer Shares. The Offer Shares will be lodged with the PDTC on Listing Date. The Applicant may request for the upliftment of their shares and to receive stock certificates evidencing their investment in the Offer Shares through his/her trading participant after the Listing Date. Any expense to be incurred from such issuance of certificates shall be borne by the Applicant.

Registration of Foreign Investments	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the banking system. The registration with the BSP of all foreign investments in the Offer Shares will be the responsibility of the foreign investors. See discussion on "Philippine Foreign Investment, Exchange Controls and Foreign Ownership" on page 166 in this Prospectus.
Restriction on Issuance and Disposal of Shares	See "Lock-up" above.
Taxation	See "Philippine Taxation" for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares.
Listing and Trading	The Company has filed an application with the SEC for the registration and an application with the PSE for the listing of the Common Shares. The PSE has approved the listing application in a Notice of Approval dated [●] subject to compliance with certain conditions and the SEC is expected to issue the Order of Effectivity and Permit to Sell on or about [●]. All of the Common Shares in issue, or to be issued including the Firm Shares, are expected to be listed on the Main Board of the PSE under the symbol "ASLAG" on or about [●], or such other date that may be agreed by the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. Notice of any adjustment to the Listing Date shall be made by publication by the Company in two (2) newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the PSE. Trading of the Common Shares of the Company, excluding those subject to lock-up, is expected to commence on the same date.
Dividends and Dividend Policy	The Company is authorized to declare dividends. A cash dividend declaration requires approval from the Board. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from available unrestricted retained earnings. Under its current dividend policy, the Company intends to maintain an annual cash dividend payment ratio for Common Shares of thirty to fifty percent (30% to 50%) of the core net income after tax for the preceding fiscal year, subject to the requirements of applicable laws and regulations.
Expected Timetable	The timetable of the Offer is expected to be as follows:

Receipt of SEC Pre-effective clearance	[February 15, 2022]
Receipt of PSE Board approval	[February 23, 2022]
Bookbuilding Period	[February 23, 2022 to March 1, 2022]
Pricing	[March 1, 2022]
Notice of final Offer Price to the SEC and PSE	[March 1, 2022]
Receipt of the Permit to Sell from the SEC	[March 3, 2022]
Offer Period	[March 7, 2022 to March 18, 2022]
PSE Trading Participants' Commitment Period	[March 7, 2022 to March 11, 2022]
Submission of Firm Order and Commitments by PSE Trading Participants	[March 11, 2022, 11:00 AM]
Trading Participants Settlement Date	[March 18, 2022]
Retail Settlement Date	[March 18, 2022]
Institutional Offer Settlement Date	[March 23, 2022]
Listing Date and commencement of trading on the PSE	[March 28, 2022]

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

If, for any reason, any day of the above periods or dates is not a Banking Day, then such period or date may be extended or moved, as the case may be, to the immediately succeeding Banking Day, or such other date as may be agreed upon by the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. Notice of any adjustment to the Listing Date shall be made by publication by the Company in two (2) newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the SEC and PSE.

Risks of Investing

In making an investment decision, investors are advised to carefully consider all the information contained in this Prospectus, including the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section "Risk Factors".

Receiving Agent

Professional Stock Transfer, Inc.

Stock Transfer Agent

Professional Stock Transfer, Inc.

Escrow Agent for the Lock-up Shares

BPI Securities Corporation

Escrow Agent for the Proceeds	China Banking Corporation – Trust and Asset Management Group
Counsel for the Issuer	Atty. Lyra Gracia Y. Lipae-Fabella, CPA
Counsel for the Sole Issue Manager, Sole Underwriter and Sole Bookrunner	Picazo Buyco Tan Fider & Santos
Independent Auditors	Punongbayan & Araullo (Grant Thornton Philippines)
Stabilizing Agent	[●]

PLAN OF DISTRIBUTION

DISTRIBUTION OF THE OFFER

Up to [105,000,000] Firm Shares (the "Trading Participants and Retail Offer Shares"), or [30]% of the Firm Shares, are (subject to re-allocation as described below) being offered and sold by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner at the Offer Price to all of the PSE Trading Participants and local small investors ("LSIs") in the Philippines (the "Trading Participants and Retail Offer").

At least [245,000,000] Offer Shares, or [70]% of the Firm Shares (the "Institutional Offer Shares"), are (subject to re-allocation as described below) being offered for sale to certain qualified buyers and other investors in the Philippines by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner (the "Institutional Offer"). The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner.

The Firm Offer will be firmly underwritten by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. The Trading Participants shall act as Selling Agents for the Offer, pursuant to the distribution guidelines of the PSE.

The Company shall pay the Sole Issue Manager, Sole Underwriter and Sole Bookrunner an underwriting fee, equivalent to [2.77]% of the gross proceeds from the sale of the Offer Shares, upon receipt by the Company of the Offer proceeds pursuant to the provisions in the Underwriting Agreement.

There is no arrangement for the Sole Issue Manager, Sole Underwriter and Sole Bookrunner to return any of the Offer Shares relating to the Trading Participants and Retail Offer or the Institutional Offer to the Company or the Selling Shareholder.

The Sole Issue Manager, Sole Underwriter and Sole Bookrunner is authorized to solicit dealers and/or lead selling agents for the purpose of the Offer. In connection with the foregoing, the Sole Issue Manager, Sole Underwriter and Sole Bookrunner may enter into agreements, participation agreements, or like agreements with other lead selling agents, as necessary. There is nothing in such agreements that allow the Sole Issue Manager, Sole Underwriter and Sole Bookrunner to return to the Company any unsold Trading Participants and Retail Offer Shares and Institutional Offer Shares.

THE TRADING PARTICIPANTS AND RETAIL OFFER

The Trading Participants and Retail Offer Shares shall (subject to re-allocation as described below) initially be offered by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner to the PSE Trading Participants and LSIs in the Philippines. Up to [70,000,000] Firm Shares, or [20]% of the Firm Offer, shall be allocated among the PSE Trading Participants. Each PSE Trading Participant shall initially be allocated up to [●] Offer Shares (computed by dividing the Trading Participants Offer among the [125] PSE Trading Participants) and subject to reallocation as may be determined by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. The balance of [●] Firm Shares shall be allocated by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner to the PSE Trading Participants.

Up to [35,000,000] Firm Shares, or [10]% of the Firm Shares, shall be allocated to the LSIs through the PSE Electronic Allocation System or "PSE EASy". An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed [₱●]. In the case of this Offer, the minimum subscription of LSIs shall be [5,000] Offer Shares, and thereafter, in multiples of [1,000] Offer Shares, while the maximum subscription shall be [●] Offer Shares or up to [₱●]. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Applications from LSIs shall be processed on a first-come, first-served basis. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Sole Issue Manager, Sole Underwriter and Sole Bookrunner shall allocate the Offer Shares ensuring equitable distribution by satisfying first the applications of investors with the smallest orders.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. Trading Participants and Retail Offer Shares not taken up by the PSE Trading Participants or LSIs and which are not reallocated to the Institutional Offer, or taken up by the clients of the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, or the general public, shall be purchased by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner pursuant to the terms and conditions of the Underwriting Agreement (as defined below). Nothing herein or in the Underwriting Agreement shall limit the rights of the Sole Issue Manager, Sole Underwriter and Sole Bookrunner from purchasing the Offer Shares for its own account.

THE SOLE ISSUE MANAGER, SOLE UNDERWRITER AND SOLE BOOKRUNNER

To facilitate the Trading Participants and Retail Offer, the Company and the Selling Shareholder has appointed China Bank Capital Corporation to act as the Sole Issue Manager, Sole Underwriter and Sole Bookrunner. The Company, the Selling Shareholder and the Sole Issue Manager, Sole Underwriter and Sole Bookrunner entered into an Underwriting Agreement dated [●] (the "Underwriting Agreement"), whereby the Sole Issue Manager, Sole Underwriter and Sole Bookrunner agreed to underwrite, on a firm commitment basis, the Institutional Offer Shares and the Trading Participants and Retail Offer Shares.

China Bank Capital Corporation is the wholly-owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions, which include arranging, managing, and underwriting bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. China Bank Capital also provides financial advisory services, such as structuring, valuation, and execution of M&A deals, joint ventures and other corporate transactions.

The Sole Issue Manager, Sole Underwriter and Sole Bookrunner and its affiliates have engaged in transactions with, and have performed various investment banking, commercial banking and other services for the Company or the Selling Shareholder in the past, and may do so for the Company, the Selling Shareholder and their respective subsidiaries and affiliates from time to time in the future. However, all services provided by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, including in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to the Company or the Selling Shareholder. The Sole Issue Manager, Sole Underwriter and Sole Bookrunner does not have any right to designate or nominate a member to the Board of Directors of the Company. The Sole Issue Manager, Sole Underwriter and Sole Bookrunner has no direct relationship with the Company in terms of share ownership and, other than as the Sole Issue Manager, Sole Underwriter and Sole Bookrunner for the Offer, does not have any material relationship with the Company or the Selling Shareholder.

On or before [11:00AM] on [March 11, 2022], each PSE Trading Participant shall submit to the [representatives of the Receiving Agent at the office of the Receiving Agent], its firm orders and commitments to purchase the Trading Participants Offer Shares the ("TP Undertaking"). The payment for the Trading Participants Offer Shares allocated shall be made no later than [12:00 P.M. on March 18, 2022]. In no case shall a PSE Trading Participant be awarded more than the Offer Shares indicated in its TP Undertaking and covered by its payment.

The Company shall pay underwriting fees to the Sole Issue Manager, Sole Underwriter and Sole Bookrunner upon receipt by the Company of the proceeds of the Offer, equivalent to [2.77%] of gross proceeds of the Offer, inclusive of amounts to be paid to other underwriters and other selling agents, if any, and exclusive of the amounts to be paid to the PSE Trading Participants.

PSE Trading Participants who take up Trading Participants Offer Shares shall be entitled to a selling fee of 1.00%, inclusive of VAT, of the Trading Participants Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling fee, less a withholding tax of 15%, will be paid by the [Company] to the PSE Trading Participants within [ten (10)] banking days from the Listing Date.

All of the Trading Participants and Retail Offer Shares are or shall be lodged with the PDTC and shall be issued to the PSE Trading Participants and LSIs in scripless form. Purchasers of the Trading Participants and Retail Offer Shares may maintain the Trading Participants and Retail Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Trading Participants and Retail Offer Shares from the PDTC's electronic system after the Listing Date.

THE INSTITUTIONAL OFFER

At least [245,000,000] Offer Shares, or [70]% of the Firm Shares shall be offered for sale by the Sole Issue Manager, Sole Underwriter and Sole Bookrunner to certain qualified buyers and other investors in the Philippines

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

The Institutional Offer Shares are being offered solely to certain qualified buyers and other investors in the Philippines. The SEC shall be advised accordingly in the event that a portion of the Institutional Offer Shares are allocated to a cornerstone investor.

THE OVERALLOTMENT OPTION

In connection with the Offer, subject to the approval of the SEC, the Selling Shareholder has granted the Stabilizing Agent an Overallotment Option, exercisable in whole or in part, to purchase the Option Shares at the Offer Price from the Selling Shareholder on the same terms and conditions as the Firm Shares as set forth herein, from time to time for a period which shall not exceed thirty (30) calendar days from and including the Listing Date. In connection therewith, the Selling Shareholder has entered into a Greenshoe Agreement with the Stabilizing Agent to utilize up to an additional [52,500,000] Option Shares to cover over-allocations under the Institutional Offer.

Any Common Shares that may be delivered to the Stabilizing Agent under the Greenshoe Agreement will be re-delivered to the Selling Shareholder either through the purchase of Common Shares in the open market by the Stabilizing Agent in the conduct of stabilization activities or through the exercise of the Overallotment Option by the Stabilizing Agent. The Option Shares may be over-allotted and the Stabilizing Agent may effect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than thirty (30) calendar days from and including the Listing Date. The Stabilizing Agent may purchase Common Shares in the open market only if the market price of the Common Shares falls below the Offer Price. The initial stabilization action shall be at a price below the Offer Price. After the initial stabilization action, (i) if there has not been an independent trade (i.e. a trade made by a person other than the Stabilizing Agent for itself or on behalf of its clients) in the market at a higher price than the initial stabilization trade, the subsequent trade shall be below the initial stabilization price, or (ii) if there has been an independent trade in the market at a higher price than the initial stabilization trade, the subsequent trade shall be at the lower of the stabilizing action price or the independent trade price.

Such activities may stabilize, maintain or otherwise affect the market price of the Common Shares, which may have the effect of preventing a decline in the market price of the Common Shares and may also cause the price of the Common Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter disposing of or selling the Common Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Common Shares will not decline significantly after any such stabilizing activities end.

Once the Overallotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Common Shares in the open market for the conduct of stabilization activities. To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder and shall remain part of the issued and outstanding shares of the Company.

LOCK-UP

Under the revised listing rules of the PSE applicable to companies applying for listing in the PSE's Main Board, an applicant company shall cause its existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning or in any manner disposing of their shares for a period of:

i. One hundred eighty (180) days after the listing of said shares if the applicant company meets the track record requirements; or
ii. Three hundred sixty-five (365) days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements.

If there is any issuance or transfer of Common Shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of Common Shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offer Period and the transaction price is lower than that of the Offer Price, all such Common Shares issued or transferred shall be subject to a lock-up period of at least three hundred sixty-five (365) days from the full payment of the aforesaid Common Shares.

The Company and the Selling Shareholder have agreed with the Sole Issue Manager, Sole Underwriter and Sole Bookrunner that, except in connection with the Overallotment Option, they will not, without the prior written consent of the Sole Issue Manager, Sole Underwriter and Sole Bookrunner, issue, offer, pledge, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Common Shares or securities convertible or exchangeable into or exercisable for any Common Shares or warrants or other rights to purchase Common Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of one hundred eighty (180) days after the Listing Date.

DESCRIPTION OF SHARES

Information relating to the Common Shares is set forth below. The description is only a summary and is qualified by reference to Philippine law and the Company's Articles of Incorporation ("Articles") and By-Laws ("By-Laws"), both as amended, copies of which are available at the SEC.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in its Articles of Incorporation and the By-laws.

The Company was registered with the SEC on April 30, 2013 under the name RASLAG CORP. with an initial authorized capital stock of ₱400,000,000.00 divided into 4,000,000 common shares with par value of ₱100.00.

On August 10, 2016, the SEC approved the Company's application for increase in authorized capital stock from ₱400,000,000.00 to ₱1,000,000,000.00 divided into 10,000,000 common shares with par value P100.00.

On August 29, 2019, the SEC approved the Company's application for increase in capital stock from ₱1,000,000,000.00 to ₱2,000,000,000.00 divided into 2,000,000,000 common shares with par value of ₱1.00.

Immediately prior to the Offer, the Company has a total of 1,150,000,000 issued and outstanding common shares. Upon completion of the Offer, the Company will have a total of [1,500,000,000] issued and outstanding common shares.

Prior to the Offer, there has been no public trading market for the Company's Common Shares.

Rights Relating to the Common Shares

Voting Rights

The Company has only one class of shares; all of its shares are Common Shares. Each Common Share is equal in all respects to every other Common Share. All the Common Shares have full voting and dividend rights. The rights of the Company's shareholders include the right to notice of shareholders' meetings, the right of inspection of the Company's corporate books and other shareholders' rights contained in the Corporation Code of the Philippines.

Fundamental Matters Requiring Stockholder Approval

The Corporation Code considers certain matters as significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require Board approval and the approval of shareholders representing at least 2/3 of the issued and outstanding capital stock of the Company in a meeting duly called for the purpose (except for the amendment of By-Laws and approval of management contracts in general, which require approval of shareholders representing a majority of the Company's outstanding capital stock), include:

i. Amendment of the Articles;
ii. Extension or shortening of corporate term;
iii. An increase or decrease of capital stock and incurring, creating or increasing bonded indebtedness;
iv. Delegation to the Board of the power to amend or repeal or to adopt new By-Laws;
v. Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the Company's assets;
vi. Merger or consolidation of the Company with another corporation or corporations;
vii. Investment of corporate funds in any other corporation or for a purpose other than the primary purpose for which the Company was organized;
viii. Dissolving the Company;
ix. Declaration or issuance of stock dividends;

x. Ratifying a contract between the Company and a Director or officer where the vote of such Director or officer was necessary for approval;
xi. Entering into a management contract where (a) a majority of Directors of the managing corporation constitutes the majority of the board of the managed company or (b) stockholders of both the managing and managed corporations represent the same interest and own or control more than one third of the outstanding capital stock entitled to vote;
xii. Removal of Directors;
xiii. Ratification of an act of disloyalty by a Director; and
xiv. Ratification of contracts with corporations in which a Director is also a member of the board, where the interest of the Directors is substantial in one corporation and nominal in the other.

Pre-emptive Rights

The Corporation Code confers pre-emptive rights in shareholders of a Philippine corporation entitling such shareholders to subscribe to all issues or other dispositions of equity related securities by the corporation in proportion to their respective shareholdings, regardless of whether the equity related securities proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may provide for the denial of these pre-emptive rights in its article of incorporation. The Company's Articles of Incorporation currently contains such a denial of pre-emptive rights on all classes of shares issued by the Company and therefore further issues of shares (including treasury shares) can be made without offering such shares on a pre-emptive basis to the existing shareholders.

Derivative Suits

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

Appraisal Rights

The Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

i. An amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
ii. The sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
iii. The investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized; and
iv. A merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. In the event of a dispute, the Philippine SEC will resolve any question relating to a dissenting shareholder's entitlement to exercise the appraisal rights. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Subject to the approval of the Board of Directors, a company may acquire its own common shares, provided that, it has unrestricted retained earnings to pay for the common shares and such acquisition was made for legitimate corporate purposes.

Common shares repurchased by the Company shall become treasury shares that may be disposed of at a price approved by the Board of Directors. These treasury shares have neither voting rights nor dividend rights but may be re-issued subject to the approval of the Board of Directors.

Dividends

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which has not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property, or by the issuance of shares. The Board of Directors' approval is required for the payment of cash and property dividends. Stock dividends may be paid and distributed only upon the approval of the shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

The Corporation Code generally requires a corporation with surplus profits in excess of 100% of its paid-in capital to declare and distribute such surplus to its shareholders in the form of dividends. Notwithstanding this general rule, a Philippine corporation may retain all or any portion of such surplus when: (i) justified by definite expansion plans approved by its Board of Directors; (ii) the required consent of any financing institution or creditor for the declaration of dividends pursuant to a loan agreement which prohibits such declaration without said creditor's consent has not yet been secured; (iii) it can be clearly shown that such retention is necessary under special circumstances; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Pursuant to a Board of Directors' approval on December 6, 2021, the Company intends to maintain an annual cash dividend payment ratio for Common Shares of thirty to fifty percent (30-50%) of the core net income after tax for the preceding fiscal year, subject to the requirements of applicable laws and regulations.

Disclosure Requirements / Right of Inspection

Philippine stock corporations are required to file a general information sheet which sets forth data on their management and capital structure and copies of their annual financial statements with the SEC. Corporations must also submit their annual financial statements to the BIR. Corporations whose shares are listed on the PSE are also required to file current, quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to require copies of the most recent financial statements of the corporation, which include a balance sheet as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year.

Change in Control

The Company's Articles and By-laws do not contain any provision that will delay, deter or prevent a change in control of the Company.

Other Features and Characteristics of Common Shares

The Common Shares are neither convertible nor subject to mandatory redemption. All of the Company's issued Common Shares are fully paid and non-assessable and free and clear from any and all liens, claims and encumbrances. All documentary stamp tax due on the issuance of all Common Shares has been fully paid.

Stock Transfer Agent

Professional Stock Transfer, Inc. shall act as the Stock Transfer Agent for the purpose of authenticating and registering transfer of the Offer Shares as set forth in the Stock Transfer Agreement.

Other Securities and Options

The Company has not issued any other form of securities other than its Common Shares nor has it granted or issued any options to any person.

RECENT ISSUANCE OF EXEMPT SECURITIES

The Company has not issued any securities within a twelve (12) month period prior to the date of this Prospectus.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present the summary of financial information and should be read in conjunction with the independent auditors' reports and RASLAG's financial statements, including the notes thereto, appearing in Appendix A and Appendix B of this Prospectus, and the section entitled "Management's Discussion and Analysis of Financial Condition and Plan of Operations". The summary financial information as of and for the years ended December 31, 2018, 2019, and 2020 and for the nine months ended September 30, 2020 and 2021 were derived from RASLAG's audited financial statements, which were prepared in accordance with PFRS and were audited by Punongbayan & Araullo (Grant Thornton Philippines) in accordance with the Philippine Standards on Auditing.

The summary financial information below is not necessarily indicative of the results of future operations.

The previously-issued financial statements of the Company as of and for the years ended December 31, 2020, and 2019 dated April 8, 2021, have been withdrawn and replaced by these financial statements. The revision was necessary to amend the balances due to the recognition of additional revenues, receivables, deferred tax liabilities and deferred tax expense in 2020 arising from the ERC Resolution No. 6, Series of 2020, A Resolution Approving the Adjustment to the Feed-In-Tariff (FIT) (the "Resolution") – effective in December 2020.

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31,			**For the nine-month periods ended September 30,**	
(in ₱ '000)	**2018**	**2019**	**2020 (as reissued)**	**2020**	**2021**
Sale of Electricity	**300,920**	**284,306**	**395,882**	**220,444**	**224,807**
Cost of Electricity Sold	95,016	97,430	100,307	73,636	70,126
Gross Profit	**205,904**	**186,875**	**295,575**	**146,808**	**154,680**
Other Operating Expenses	39,573	42,395	45,144	21,323	32,905
Other Operating Income	-	9,646	36	36	-
Operating Profit	**166,331**	**154,126**	**250,467**	**125,521**	**121,775**
Finance Costs	(45,253)	(66,920)	(62,834)	(31,466)	(22,102)
Finance Income	4,318	4,480	2,191	1,354	10,442
Profit Before Tax Profit	**125,396**	**91,686**	**189,823**	**94,409**	**110,115**
Tax Income (Expense)	(564)	308	(11,020)	(71)	(30)
Net Profit	**124,831**	**91,994**	**178,803**	**95,379**	**110,086**
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	**124,831**	**91,994**	**178,803**	**95,379**	**110,086**

SUMMARY STATEMENTS OF FINANCIAL POSITION

	As of December 31,			**As of September 30,**
(in ₱ '000)	**2018**	**2019**	**2020 (as reissued)**	**2021**
ASSETS				
Property, plant and equipment	1,803,626	1,781,620	1,730,059	2,042,137
Available-for-sale financial assets	-	-	-	-
Trade and other receivables	-	-	106,556	104,812
Total Non-Current assets	**1,803,626**	**1,781,620**	**1,836,615**	**2,146,949**
Cash and Cash Equivalents	80,771	43,878	290,411	294,765
Short Term Investments	10,000	-	-	-
Trade and other receivables	76,535	51,085	51,485	63,823

Financial assets at fair value through profit or loss	36,248	36,489	34,776	36,108
Advances to related parties	13,422	10,217	-	-
Prepayments and other current assets	15,357	17,034	19,136	11,484
Total Current assets	**232,333**	**158,705**	**395,807**	**406,180**
Total Assets	**2,035,959**	**1,940,325**	**2,232,422**	**2,553,129**
LIABILITIES AND EQUITY				
Interest-bearing loans and borrowings	954,318	821,364	695,909	682,818
Deposit for Future Stock Subscription	62,500	-	-	
Deferred tax liability	462	-	10,959	10,959
Post-employment benefit obligation	-	-	-	4,674
Total Non-Current Liabilities	**1,017,280**	**821,364**	**706,868**	**698,452**
Interest-bearing loans and borrowings	117,955	125,455	125,455	125,455
Trade and other payables	22,382	34,206	29,300	158,380
Advances from stockholders	3,341	4,805	100,000	190,000
Total Current Liabilities	**143,677**	**164,465**	**254,755**	**473,835**
Total Liabilities	**1,160,957**	**985,829**	**961,623**	**1,172,287**
Capital Stock	750,000	812,500	1,000,000	1,150,000
Retained Earnings	125,002	141,996	270,799	230,843
Total Equity	875,002	954,496	1,270,799	1,380,843
Total Liabilities and Equity	**2,035,959**	**1,940,325**	**2,232,422**	**2,553,129**

SUMMARY STATEMENTS OF CASH FLOW INFORMATION

	For the years ended December 31,			**For the nine-month periods ended September 30,**	
(in ₱ '000)	**2018**	**2019**	**2020 (as reissued)**	**2020 (as reissued)**	**2021**
CASH FLOW FROM OPERATING ACTIVITIES					
Profit Before Tax	**125,396**	**91,686**	**189,823**	**95,409**	**110,115**
Depreciation	82,247	82,282	82,774	61,942	60,310
Interest Expense	39,259	65,317	47,060	27,237	21,318
Unrealized foreign currency losses (gains) - net	(1,539)	1,603	1,947	1,638	(4,332)
Interest income from financial assets at FVTPL	(2,044)	(1,865)	(1,607)	1,354	(6,110)
Fair value gains on financial assets at FVTPL	5,994	(1,845)	(233)	2,590	784
Interest income from cash in banks	(125)	(232)	(190)	-	-
Interest income from short-term investments	(389)	(538)	(160)	-	-
Gain on redemption of short-term investments	(220)	-	-	-	-
Fair value gains on short-term investments	-	-	-	-	-
Operating profit before working capital changes	**248,578**	**236,408**	**319,414**	**187,463**	**182,085**
Decrease (increase) in trade and other receivables	132,159	25,450	(106,955)	(5,263)	(7,835)
Decrease (increase) in advances to related parties	(13,422)	3,204	10,217	10,217	-
Decrease (increase) in prepayments and other current assets	(1,945)	(1,677)	(2,102)	8,394	9,868
Increase (decrease) in trade and other payables	(6,003)	7,368	11,791	(38,289)	10,683
Increase in retirement benefit obligation	-	-	-	-	4,480
Operating profit After working capital changes	**359,368**	**270,753**	**232,365**	**162,523**	**199,282**
Interest Received	2,639	2,635	1,957	1,354	3,350
Cash paid for final tax	(103)	(154)	(61)	(30)	(71)

Net Cash from Operating Activities	**361,904**	**273,234**	**234,261**	**163,847**	**202,560**
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisitions of Property, plant and equipment	(186,472)	(60,276)	(42,850)	(25,765)	(245,653)
Proceeds from redemption of Short-Term Investments	20,479	10,000	-	-	720
Net cash from investing activities	**(165,992)**	**(50,276)**	**(42,850)**	**(25,765)**	**(244,933)**
CASHFLOW FROM FINANCING ACTIVITIES					
Proceeds from interest-bearing loans and borrowings	-	-	-	-	81,000
Repayments of interest-bearing loans and borrowings	(125,455)	(125,455)	(125,455)	(44,091)	(94,091)
Advances from stockholders	4,383	1,464	100,000	94,261	215,000
Interest paid	(39,259)	(60,860)	(52,120)	(52,120)	(30,181)
Cash dividends paid	(240,000)	(75,000)	(50,000)	-	(150,000)
Proceeds from issuance of capital stock	200,000	-	-	-	-
Proceeds from collection of subscription receivable	62,500	-	187,500	187,500	150,000
Repayments of advances from stockholders	(3,035)	-	(4,805)	(4,805)	(125,000)
Net cash from financing activities	**(140,866)**	**(259,851)**	**55,121**	**180,745**	**46,728**
Effects of Foreign exchange rates on Cash	**-**	**-**	**-**	**-**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**55,046**	**(36,893)**	**246,532**	**318,827**	**4,355**
CASH AND CASH EQUIVALENTS AT BEGINNING	25,725	80,771	43,878	43,878	290,411
CASH AND CASH EQUIVALENTS AT END	**80,771**	**43,878**	**290,411**	**362,705**	**294,765**

SUMMARY OF SELECTED OPERATING AND FINANCIAL INFORMATION

	As of December 31,			**As of September 30,**	
(in ₱ '000)	**2018**	**2019**	**2020 (as reissued)**	**2020 (as reissued)**	**2021**
Installed Capacity (kWp)	23,187	23,187	23,187	23,187	23,187
RASLAG-1 Annual Generation (kWh)	14,150,114	13,380,976	14,005,118	10,999,845	9,710,714
RASLAG-2 Annual Generation (kWh)	18,866,173	17,811,007	16,746,794	13,114,584	14,487,076
Total Annual Generation	**33,016,287**	**31,191,983**	**30,751,913**	**24,114,429**	**24,197,790**
Applicable FIT Rate, as confirmed by the ERC					
RASLAG-1	9.68	9.68	9.92	9.68	9.68
RASLAG-2	8.69	8.69	8.87	8.69	8.69

Revenues	300,920	284,306	395,882	220,444	224,806
Revenue Growth	4%	-6%	39%	n.a.	2%
EBITDA	248,578	226,762	333,205	197,628	182,081
EBITDA Margin	83%	80%	84%	90%	81%
Net Profit	124,831	91,994	178,803	95,379	110,086
Net Profit Margin	42%	32%	48%	49%	49%

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) AND PLAN OF OPERATION

Prospective investors should read this discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Selected Financial and Other Information" and with the audited financial statements as of and for the years ended December 31, 2018, 2019, and 2020 ("audited financial statements") and the interim audited financial statements as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020 ("September 30, 2021 interim financial statements") in each case, including the notes relating thereto, appearing in Appendix A and Appendix B of this Prospectus.

Our audited financial statements and the September 30, 2021 interim financial statements included in this Prospectus were prepared in compliance with PFRS.

We appointed Punongbayan & Araullo as our independent auditors on [July 7, 2021]. Punongbayan & Araullo issued a report on our financial statements as of and for the years ended December 31, 2018, 2019 and 2020 on April 8, 2021.

The discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" on page 18 of this Prospectus. See "Forward-Looking Statements" on page vi of this Prospectus.

HISTORICAL PERFORMANCE

Result of Operations

The tables below present the summary of financial operations of the Company for calendar years ended December 31, 2018, 2019 and 2020 and for the nine month periods ended September 30, 2020, and 2021, and its financial position as of December 31, 2018, 2019, 2020 and September 30, 2021.

Summary of Financial Performance

(in ₱ '000)	For the years ended December 30,			For the nine-month periods ended Sept. 30,	
	2018	2019	2020 (as reissued)	2020 (as reissued)	2021
Revenues	**300,920**	**284,306**	**395,882**	**220,444**	**224,806**
Growth (%)	*4%*	*-6%*	*39%*	*n.a.*	*2%*
Gross Profit	**205,904**	**186,875**	**295,575**	**146,808**	**154,676**
Growth (%)	*6%*	*-9%*	*58%*	*n.a.*	*5%*
EBITDA	**248,578**	**226,762**	**333,205**	**197,628**	**182,081**
Growth (%)	*4%*	*-9%*	*47%*	*n.a.*	*-8%*
Net Profit / (Loss) before tax	**125,396**	**91,686**	**189,823**	**95,409**	**110,040**
Growth (%)	*2%*	*-27%*	*107%*	*n.a.*	*1%*
Recurring Net Income	**125,396**	**91,686**	**178,803**	**95,379**	**110,040**
GPM (%)	*68%*	*66%*	*75%*	*67%*	*69%*
EBITDA margin (%)	*83%*	*80%*	*84%*	*90%*	*81%*
NPBT (%)	42%	32%	48%	49%	49%

Source: Information provided by RASLAG Corp.

The Company reported an increase of 39% in revenues to ₱395.9mn in 2020 which is significantly higher than the Company's average historical revenues as the Company recognized additional accrued revenue, net of finance discount, amounting to ₱106.8mn during the year. The accrued revenue is presented as part of the Sale of Electricity in the 2020 statement of comprehensive income while the outstanding balance is presented as Receivable from FIT rate adjustment under Trade and Other Receivables in the 2020 statement of financial position. On May 26, 2020, ERC approved the Resolution wherein the FIT adjustments used 2014 as the base year period calendar for the Consumer Price Index and foreign exchange variations through Discounted Cash Flows Model per Renewable Energy technology, covering the years 2016, 2017, 2018, 2019 and 2020. The Resolution also states that the incremental FIT rate shall be recovered for a period of five years starting 2021. Until the ERC releases a new resolution covering FIT rate adjustments for the year 2021 onwards, the Company shall not recognize incremental FIT rate escalation adjustment revenues.

The Company commenced commercial operations with the commissioning of RASLAG-1 in February 3, 2015 and later in the year commissioned RASLAG-2 and reported first year revenues in 2015. Between RASLAG-2's commissioning date on December 23, 2015 and date of COC issuance by the ERC on February 29, 2016, RASLAG-2 earned revenues by receiving payments directly from the WESM at WESM prices. With the full operation of both RASLAG-1 AND RASLAG-2 in 2016, revenues rose to ₱300.1mn in 2018 and ₱284.3mn in 2019. Actual revenues from the Sale of Electricity in 2020 amounted to ₱287.4mn, in-line with average historical yearly revenues, with total revenues of ₱395.6mn in FY2020 substantially higher as a result of the Company recognizing additional accrued revenues in-line with the ERC's Resolution approving the adjustments to the FIT rates.

The Company has reported high gross profit margins averaging 69.6% during the past three (3) years, having reported a low of 65.7% in 2019 and a high 74.7% in 2020. Adjusting for depreciation charges on the Company's fixed assets EBITDA margins have averaged a high 82.2% over the past three (3) years as a result of high gross profit margins and minimal manpower requirements needed to operate a solar power plant. The 47% increase in EBITDA in 2020 to ₱ 333.2mn is due to the booking of accrued revenues resulting from the ERC's adjustments to the FIT rates for the period 2016 to 2020. Pre-tax margins reflect the servicing of a typical debt to equity mix of 70-30 and have averaged 40.6% over the past three (3) years, having reached a high of 47.9% in 2020 and a lower 32.2% in 2019. The Company has a seven-(7) year Income Tax Holiday (ITH) from commercial operations of RASLAG-1 and RASLAG-2 with net profit margins approximating pre-tax margins and net profits have increased to a high of ₱189.8mn in 2020, which as discussed includes the accrued ERC approved FIT rate adjustments covering the periods 2016, 2017, 2018, 2019 and 2020.

The Company reported a 2.0% increase in revenues to ₱224.8mn for the first nine months of 2021 with gross profits rising by 5.4% for the nine-month period to ₱154.7mn from ₱146.8mn for the first nine months of 2020. Whilst EBITDA declined by 7.9% to ₱182.1mn for the first nine months of 2021, net profits for the nine-month period increased by 1.3% to ₱110mn. The statements of comprehensive income for the nine-month periods ended September 2021 and September 2020, do not include the ERC approved FIT rate adjustments, as the FIT adjustment from 2016 to 2020 were deemed recognized at the end of the year 2020 and, as mentioned above, no incremental FIT adjustments will be recognized prior to ERC's confirmation through a resolution.

Summary of Financial Position

(in ₱ '000)	As of December 31,			As of September 30,
	2018	**2019**	**2020 (as reissued)**	**2021**
Current assets	232,333	158,705	395,807	406,180
Non-current assets	1,803,626	1,781,620	1,836,615	2,146,949
Total Assets	**2,035,959**	**1,940,325**	**2,232,422**	**2,553,129**
Current liabilities	143,677	164,465	254,755	473,835
Non-current liabilities	1,017,280	821,364	706,868	698,452
Total Liabilities	**1,160,957**	**985,829**	**961,623**	**1,172,287**
Equity	750,000	812,500	1,000,000	1,150,000
Retained earnings	125,002	141,996	270,799	230,843
Total Equity	**875,002**	**954,496**	**1,270,799**	**1,380,843**

Source: Information provided by RASLAG Corp.

Total assets of the Company have increased to ₱2,232.4mn in 2020 and to ₱2,553.1mn as of September 30, 2021 with the majority of these assets being non-current assets, primarily the RASLAG-1 and RASLAG-2 solar power plants as well as the Company's land holdings. The most significant asset of the Company is comprised of the two solar plants which have depreciated on the books of the Company from ₱1,096.7mn in 2020 to ₱1,039.9mn as of September 30, 2021 through a straight-line method on the basis of an estimated useful life of twenty (20) years in accordance with acceptable accounting standards. The next significant asset of the Company is its land—with the Company's land holdings increasing from ₱510.1mn in 2018 to ₱574.5mn in 2020 and further to ₱751.9mn as of September 30, 2021.

The Company's business generates substantial free cashflows which have supported the development of the Company's solar power plants and excess cash being released as dividends to shareholders. Since 2018, the Company has paid out total cash dividends of ₱515mn, with ₱150.0mn paid out in 2021. The shareholders of the Company applied dividend payments in 2021 towards re-invested this ₱150.0mn as fresh equity in the Company to support the development of the Company's third solar power plant, the RASLAG-3. The Company reported a cash at bank balance of ₱294.7mn as of September 30, 2021, little changed from the ₱290.4mn reported as of end-2020.

The largest liability of the Company is the ₱1,300mn in debt provided by the Bank of the Philippine Islands (BPI) for the construction of RASLAG-1 and RASLAG-2 in 2014 and 2016, respectively, with the Company paying the debt down to ₱821.4mn as of December 31, 2020 and to ₱808.3mn as of September 30, 2021. The paid-up capital stock of the Company has increased from ₱1,000mn in 2020 to ₱1,150mn as of September 30, 2021.

On September 29, 2021, the Company has received ₱81mn as initial drawdown from its ₱600mn term loan for RASLAG-3, which was used by the Company to pay-off the local contractor for the said project.

Summary of Cashflows

(PhP, 000)	**For the years ended December 31,**			**For the nine-month periods ended September 30,**	
	2018	**2019**	**2020 (as reissued)**	**2020 (as reissued)**	**2021**
Profit Before Tax	**125,396**	**91,686**	**189,823**	**95,409**	**110,115**
Adjustments	123,182	144,722	129,591	92,054	71,970
Cashflow before Changes in WC	**248,578**	**236,408**	**319,414**	**187,463**	**182,085**
Change in Working Capital	110,790	34,345	(87,048)	(24,940)	17,196
Cashflow from Operations	**359,368**	**270,753**	**232,365**	**162,523**	**199,282**
Interest Received	2,639	2,635	1,957	1,354	3,350
Cash paid for final tax	(103)	(154)	(61)	(30)	(71)
Net Cashflow from Operations	**361,904**	**273,234**	**234,261**	**163,847**	**202,560**
Acquisitions of Property, plant and equipment	(186,472)	(60,276)	(42,850)	(25,765)	(245,653)
AFS financial assets and Short Term Investments	20,479	10,000	-	-	720
Cashflow from Investing	**(165,992)**	**(50,276)**	**(42,850)**	**(25,765)**	**(244,933)**
Proceeds from Capital Stock	200,000	-	-	-	-
Repayments of advances from Stockholders	-	-	-	(4,805)	(125,000)
Advances from Shareholders	1,348	1,464	95,196	94,261	215,000
Interest paid	(39,259)	(60,860)	(52,120)	(52,120)	(30,181)
Repayment of loans	(125,455)	(125,455)	(125,455)	(44,091)	(94,091)
Proceeds from loans	-	-	-	-	81,000
Future stock subscriptions	62,500	-	187,500	187,500	150,000
Cash dividends paid	(240,000)	(75,000)	(50,000)	-	(150,000)
Cashflow from Financing	**(140,866)**	**(259,851)**	**55,121**	**180,745**	**46,728**
Net Cashflow	**55,046**	**(36,893)**	**246,532**	**318,827**	**4,355**
Effect of Forex changes on cash	-	-	-	-	-

Cash, beg	25,725	80,771	43,879	43,878	290,411
Cash, end	**80,771**	**43,879**	**290,411**	**362,705**	**294,765**

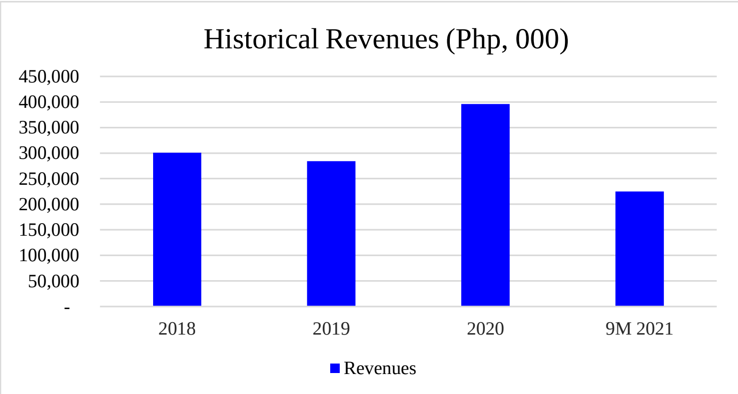
Source: Information provided by RASLAG Corp.

The Company financed its first two solar power plants through Debt (70%) / Equity (30%) with loans from BPI of ₱1,300mn and shareholders' equity of ₱550mn, with the first debt drawdown of ₱500mn made in 2014 and the final drawdown of ₱800mn in 2015. Shareholders' equity amounted to ₱750mn in 2018, ₱812.5mn in 2019, ₱1,000mn in 2020 and further to ₱1,150mn as of September 30, 2021.

Since the commissioning of RASLAG-2 in late-2015, cash used in investing activities have declined to ₱50.3mn in 2019 and ₱42.8mn in 2020. For the nine months ending September 30, 2021, cash used in investing activities increased to ₱244.9mn as the Company expanded its land holdings for future development and construction-in-progress assets increased due to the start of the construction activities for RASLAG-3.

Historical Full year Revenue Trends and Performance

The following chart shows the trend in revenues for the past three (3) full financial years from 2018 to 2020 and including the nine months ending September 2021.



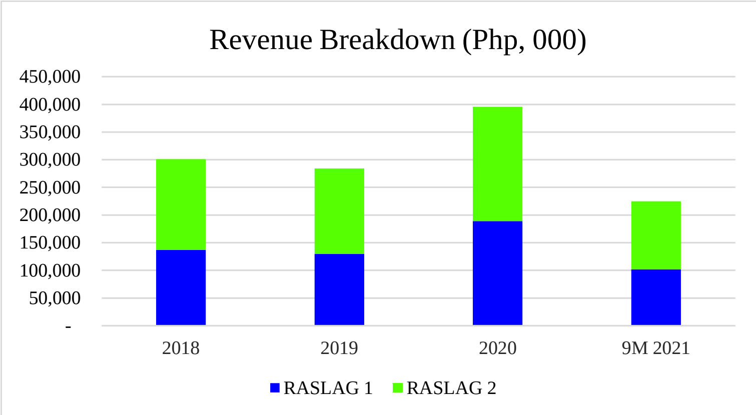
Source: Information provided by RASLAG Corp.

Over the past three (3) full financial years, the Company's revenues reached a high of ₱395.8mn in 2020, with 2020 including additional accrued revenues of ₱108.4mn from the ERC's resolution approving the escalated Feed-In-Tariff (FIT) rates. Excluding the additional accrued FIT adjustment revenues in 2020, the Company would have reported recurring revenues in 2020 of ₱287.4mn, which is in-line with historical revenues.

The Company's revenues for the first nine months of 2021 have increased to ₱224.8mn from ₱220.4mn during the same period in 2020.

The Company's revenues are directly proportional to the approved FIT rate during the period as well as the volume of power exported to the grid, with FIT rates regulated by the ERC and the volume of exported power to the National Grid related entirely dependent on the performance and operations of the solar power plants.

The following chart shows the trend in revenues for the past three (3) full financial years from 2018 to 2020 and including the nine months ending September 2021.

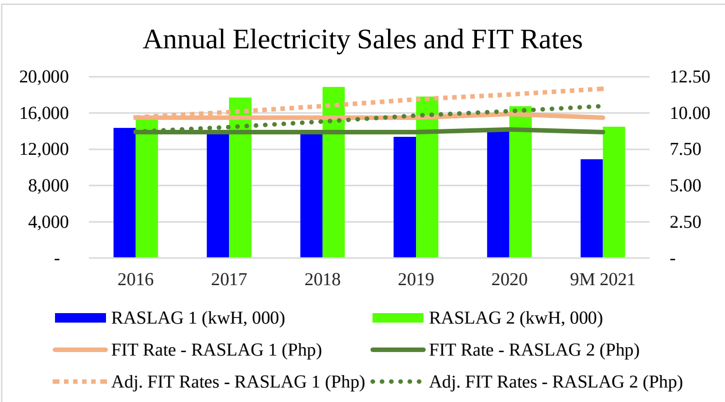


Source: Information provided by RASLAG Corp.

During the period of 2018 to 2020, RASLAG-1 has generated average yearly revenues of ₱151.8mn on average yearly sales of electricity of 13.8 GWh and the slightly larger RASLAG-2 has achieved average yearly revenues of ₱175.3mn on average yearly sales of electricity of 17.8 GWh. While RASLAG-1 has a higher base FIT rate of ₱9.68/kWh compared to the RASLAG-2 FIT rate of ₱8.69/kWh, the contribution to total revenues of the Company from RASLAG-2 remains higher than RASLAG-1 as the larger RASLAG-2 solar power plant delivers to the grid an average of 4 GWh of additional electricity per year than RASLAG-1.

For the first nine months of 2021, the Company reported a total revenue of ₱224.8mn with revenues contributed by RASLAG-1 and RASLAG-2 of ₱102.1mn and ₱122.7mn, respectively.

The following chart shows the breakdown in annual electricity sales and the applicable FIT rates for the past five (5) full financial years from 2016 to 2020 including nine months ending September 2021.



Source: Information provided by RASLAG Corp.

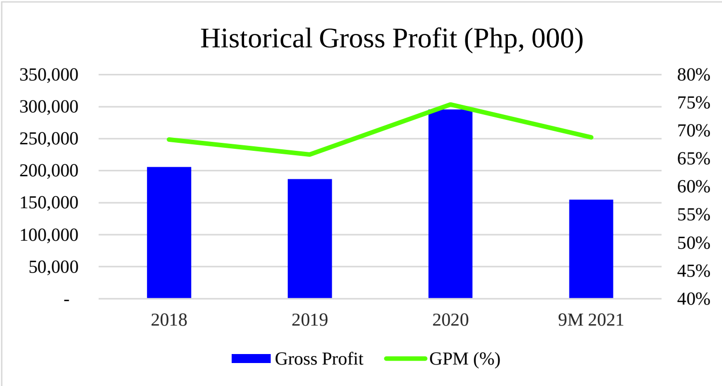
During the past five (5) years both RASLAG-1 and RASLAG-2 have delivered an average of 31.3 GWh of electricity to the national grid, having a reached a high of 33.0 GWh in 2018. The slightly smaller RASLAG-1 solar power plant generated total electricity sales from 2016 to 2020 of 69.8 GWh, accounting for 44.6 % of the Company's total electricity sales of 156.6 GWh between 2016 and 2020, with RASLAG-2 electricity sales totaling 86.8 GWh, and accounting for 55.4% of the Company's total electricity sales.

For the first nine months of 2021, electricity sales generated by the Company's power plants totaled 25.4 GWh, with RASLAG-1 and RASLAG-2 contributing 10.9 GWh and 14.5 GWh, respectively.

Key Cost Factors and Trends

Gross Profit Margin

The following chart shows the overall trend in gross profit margins for the past three (3) full financial years from 2018 to 2020 and including the nine months ending September 2021.



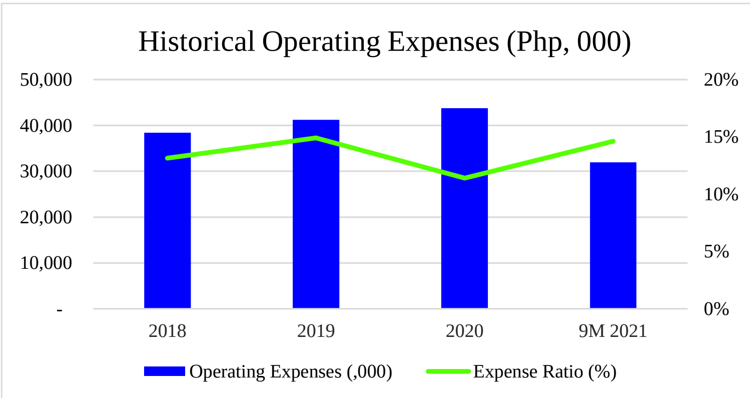
Source: Information provided by RASLAG Corp.

The Company has reported high gross profit margins over the past three (3) years, averaging 69.6% and ranging from a low of 65.7% in 2019 to a high of 74.7% in 2020. The Company's gross profit margins are high in contrast to non-renewable electricity generators that incur direct fuel costs. The most significant component of the cost of electricity sales for the Company is the depreciation of the solar power plant itself, accounting for, on average, 83.2% of the total cost of electricity sold. The balance of the direct costs of sales for the Company are from operating and maintenance fees which have increased from ₱13.6mn in 2018 to ₱18.7mn in 2020.

Nine months to September 2021, the Company's gross profit stood at ₱154.7mn, with a gross profit margin of 68.8%.

Operating Expenses

The following chart shows the overall trend in operating expenses for the past three (3) full financial years from 2018 to 2020 and including the nine months ending September 2021.

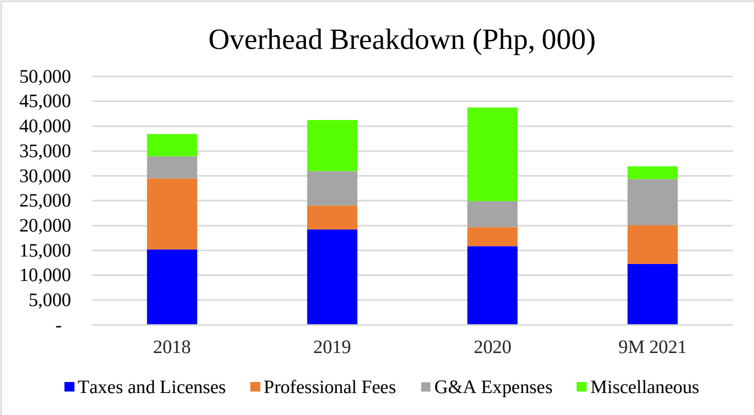


Source: Information provided by RASLAG Corp.

The Company's operating expenses have increased to ₱45.1mn in 2020. The largest operating expenses are Taxes and Licenses and these have decreased to ₱15.9mn in 2020 from ₱19.2mn in 2019. The next largest operating expense of the Company are professional fees and these have decreased significantly from a high of ₱14.3mn in 2018 to ₱4.8mn in 2019 and to ₱3.8mn in 2020. The next largest operating expense of the Company relates to insurance and utility expenses which amounted to ₱2.1mn and ₱1.7mn in 2020, down slightly from ₱2.8mn and ₱1.8mn, respectively, in 2019.

The total operating expenses of the Company for the nine months ending September stood at ₱32.9mn from ₱21.3mn during the same period in 2020.

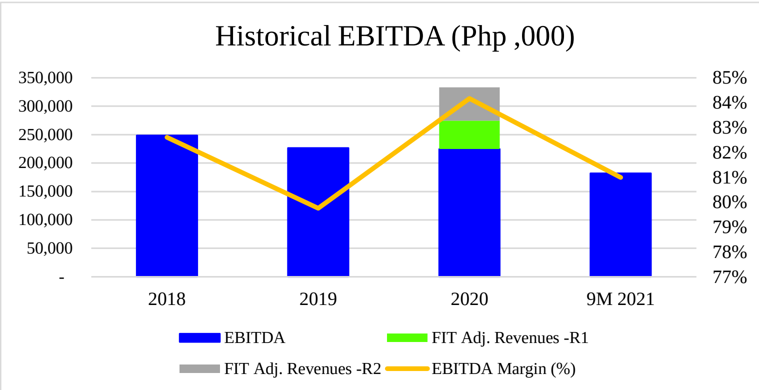
The following chart shows the breakdown of operating expenses for the past three (3) full financial years from 2018 to 2020 and including the nine months ending September 2021.



Source: Information provided by RASLAG Corp.

EBITDA

The following chart shows the overall trend in EBITDA and EBITDA margins for the past three (3) full financial years from 2018 to 2020 and including the nine months ending September 2021.



Source: Information provided by RASLAG Corp.

The Company generates a high level of Earnings before Interest, Tax and Depreciation and Amortization ("EBITDA") and this has remained stable during the past three (3) years excluding 2020—ranging from a low of ₱227mn in 2019 to a recent high of ₱333.2mn in 2020. The significant increase in 2020 was due to the booking of accrued revenues from the FIT adjustment which amounted to ₱108.4mn for the year. The Company has achieved high EBITDA margins which have generally ranged between a low of 79.8% in 2019 to a high of 84.2% in 2020.

The Company reported an EBITDA of ₱182.1mn for the first nine months of 2021 with an EBITDA margin of 81%.

Key Financial Ratios

The following table shows the key financial ratios for the past three (3) full financial years from 2018 to 2020 and including the nine months ending September 2021.

(in ₱ '000)	For the years ended December 31,			For the nine month periods ended September 30,
	2018	**2019**	**2020 (as reissued)**	**2021**
Profitability				
Gross Profit Margin (%)	68%	66%	75%	69%
Expenses Ratio (%)	13%	15%	11%	15%
EBITDA Margin (%)	83%	80%	84%	81%

EBIT Margin (%)	55%	51%	63%	54%
Net Profit Margin (%)	41%	32%	45%	49%
Return on Assets (%)	6%	5%	9%	4%
Return on Equity (%)	15%	10%	16%	8%
Risk				
Current Ratio (x)	1.6	1.0	1.6	0.9
Quick Ratio (x)	1.4	0.8	1.5	0.8
Efficiency				
Asset Turnover (x)	6.8	6.8	5.6	11.4
Collection Period (days)	91.6	64.7	46.6	102.2
Payment Period (days)	26.8	43.3	26.6	253.6

The Company's gross profit margin has ranged from 65.7% to 74.7% and the EBITDA margins have averaged 82.2% with little variation from year to year due to the comparatively fixed nature of the Company's major costs, such as operations and maintenance as well as depreciation of the solar plant. Gross Profit, EBIT and Net Profit margins are significantly lower than the Company's EBITDA margins due to the capital-intensive nature of power generation which requires debt financing and generates comparatively high debt service costs.

The Company's current and quick ratios have improved significantly while asset turnover has remained consistently high. Collection periods have shown improvement over the past three full financial years.

Nine months ended September 30, 2021 compared to nine months ended September 30, 2020.

Material Changes to the Statement of Comprehensive Income for the Nine (9)-months ended September 30, 2021, compared to the Statement of Comprehensive Income for the Nine (9)-months ended September 30, 2020 (increase/decrease of 5% or more)

(in ₱ '000)	For the nine month periods ended September 30,		Horizontal Analysis		Vertical Analysis	
			Increase/Decrease		Sep. 2021	Sep. 2020
	2021	2020 (as reissued)	*Amount*	*Percentage*		
RASLAG-1- Sale of Electricity	102,125	106,478	(4,353)	-4.1%	45.4%	48.3%
RASLAG-2 - Sale of Electricity	122,681	113,966	8,716	7.6%	54.6%	51.7%
Sale of Electricity	**224,807**	**220,444**	**4,363**	**2.0%**	**100.0%**	**100.0%**
Cost of Sales						
Operating and Maintenance Fees	9,116	12,535	(3,419)	-27.3%	17.0%	13.0%
Salaries and Employee benefits	1,451	-	1,451	n.a	0.0%	2.1%
Market fees	212	201	15	7.6%	0.3%	0.3%
Depreciation	59,347	60,900	(1,553)	-2.5%	82.7%	84.6%
Total Cost of Electricity Sold	**70,127**	**73,636**	**(3,505)**	**-4.8%**	**100.0%**	**100.0%**
Gross Profit	**154,676**	**146,808**	**7,868**	**5.0%**	**68.8%**	**66.6%**
Operating Expenses						
Depreciation	963	1,042	(79)	-7.6%	2.9%	4.9%
Taxes and Licenses	12,257	11,405	853	7.5%	37.3%	53.5%
Repairs and Maintenance	657	-	657	n.a	2.0%	0.0%
Professional Fees	7,819	2,594	5,225	201.4%	23.8%	12.2%
Salaries and Wages	2,970	-	2,970	n.a	9.0%	0.0%
Donations and Contributions	2,334	1,934	400	20.7%	7.1%	9.1%
Insurance	1,876	2,447	(571)	-23.3%	5.7%	11.5%
Communication, Light and Water	1,396	1,344	52	3.8%	4.2%	6.3%
Representation	39	130	(91)	-70.3%	0.1%	0.6%
Miscellaneous	2,589	427	2,162	506.1%	7.9%	2.0%

Total Operating Expenses	**32,901**	**21,323**	**11,578**	**54.3%**	**100.0%**	**100.0%**
Other Operating Income	-	36	(36)	-100.0%	0.0%	0.0%
Operating Profit	**121,775**	**125,521**	**(3,746)**	**-3.0%**	**54.2%**	**56.9%**
Finance Costs	(22,102)	(31,466)	9,364	-29.8%	-18.2%	-25.1%
Finance Income	10,442	1,354	9,088	671.3%	8.6%	1.1%
Profit Before Tax	**110,115**	**95,409**	**14,707**	**15.4%**	**49.0%**	**43.3%**
Tax Income (Expense)	(71)	(30)	42	-58.4%	0.0%	-0.1%
Net Income	**110,044**	**95,337**	**14,748**	**15.5%**	**49.0%**	**43.2%**

Source: Information provided by RASLAG Corp.

Operating and Maintenance Fees

Operating and maintenance fees decreased by 27.3% to ₱9.1mn for the first nine months of 2021 from ₱12.5mn during the same period in 2020 due to the lower charges by the Company's new operations and maintenance provider.

Gross Profit

Gross profit increased by 5.4% year-on-year to ₱154.7mn in the nine months ending September 30, 2021 following a 2% increase in sales of electricity to ₱224.8mn and a 4.8% decrease in the cost of electricity sold to ₱70.1mn.

Total Operating Expenses

(in ₱ '000)	**For the nine month periods ending September 30,**		**Percentage to Total Expenses**	**Y-o-Y Growth**
	2021	**2020 (as reissued)**		
Taxes and Licenses	12,257	11,405	7.5%	7%
Professional Fees	7,819	2,594	23.8%	201%
Donation and contributions	2,334	1,934	7.1%	21%
Insurance	1,876	2,447	5.7%	-23%
Representation	39	130	0.1%	-70%
Miscellaneous	2,589	427	7.9%	507%

Source: Information provided by RASLAG Corp.

The Company's total operating expenses increased by 54.3% to ₱32.9mn mainly due to the 7.5% increase in taxes and licenses booked at ₱12.3mn, mostly coming from the amortization of real property taxes for the year 2021. Depreciation expenses decreased by 7.6% to ₱0.96mn in relation to the disposal of a company vehicle in April 2021 and the full depreciation of some of the Company's office equipment and furniture and fixtures.

Other Operating Income

The Company recorded no other operating income as of end-September 30, 2021, from ₱0.036mn during the same period the previous year as the decrease was brought by non-occurrence of the same nature of other income, related to reimbursement for imported materials made by a contractor in 2020.

Finance Costs

Finance costs decreased by 29.8% to ₱22.1mn on account of lower outstanding loan balances due to regular principal repayments and decrease in interest rates to 4.25% throughout 2021 as part of the loans' regular repricing mechanism, from 6%, 6.125%, 5.75%, and 4.25%, in the first, second, third, and fourth quarters of 2020, respectively.

Finance Income

Finance income increased by 671.3% to ₱10.4mn after the Company recorded higher foreign exchange gains of ₱4.3mn, interest income from financial assets of ₱1.7mn, interest income from income from overdue accounts with Transco of ₱2.76mn and interest earned from bank deposits of ₱0.359mn. Interest income refers to interest income of the overdue accounts from TransCo that were not paid on time to the Company.

Profit Before Tax

In the nine months of 2021, the Company's profit before tax increased by 15.4% year-on-year to ₱110.1mn from ₱95.4mn in the nine months of 2020.

Net income

Net income for the first nine months of 2021 increased by 15.4% year-on-year to ₱110mn from ₱95.4mn during the same period in 2020.

Material Changes to the Statement of Financial Position as of September 30, 2021, compared to the Statement of Financial Position as of December 31, 2020 (increase/decrease of 5% or more)

(in ₱ '000)	As of September 30, 2021	As of December 31, 2020 (as reissued)	Horizontal Analysis		Vertical Analysis	
			Increase/Decrease			
			Amount	*Percentage*	Sep. 2021	Dec. 2020
ASSETS						
Property, plant and equipment	2,042,137	1,730,059	312,078	18.0%	80.0%	77.5%
Trade and other receivables	104,812	106,556	(1,743)	-1.6%	4.1%	4.8%
Total Non-Current assets	**2,146,949**	**1,836,615**	**310,335**	**16.9%**	**84.1%**	**82.3%**
Cash and Cash Equivalents	294,765	290,411	4,355	1.5%	11.5%	13.0%
Trade and other receivables	63,823	51,485	12,338	24.0%	2.5%	2.3%
Financial assets at fair value through profit or loss	36,108	34,776	1,332	3.8%	1.4%	1.6%
Prepayments and other current assets	11,484	19,136	(7,652)	-40.0%	0.4%	0.9%
Total Current assets	**406,180**	**395,807**	10,373	2.6%	**15.9%**	**17.7%**
Total Assets	**2,553,129**	**2,232,422**	**320,707**	**14.4%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Interest-bearing loans and borrowings	682,818	695,909	(13,091)	-1.9%	26.7%	31.2%
Post-employment benefit obligation	4,674	-	4,674	n.a	0.2%	0.0%
Deferred tax liability	10,959	10,959	-	0.0%	0.4%	0.5%
Total Non-Current Liabilities	**698,452**	**706,868**	**(8,416)**	**-1.2%**	**27.4%**	**31.7%**
Interest-bearing loans and borrowings	125,455	125,455	-	0.0%	4.9%	5.6%
Trade and other payables	158,380	29,300	129,080	440.5%	6.2%	1.3%
Advances from stockholders	190,000	100,000	90,000	90.0%	7.4%	4.5%
Total Current Liabilities	**473,835**	**254,755**	**219,080**	**86.0%**	**18.6%**	**11.4%**
Total Liabilities	**1,172,287**	**961,623**	**210,664**	**21.9%**	**45.9%**	**43.1%**
Capital Stock	1,150,000	1,000,000	150,000	15.0%	45.0%	44.8%
Retained Earnings	230,843	270,799	(39,956)	-14.8%	9.0%	12.1%
Total Equity	**1,380,843**	**1,270,799**	**110,044**	**8.7%**	**54.1%**	**56.9%**
Total Liabilities and Equity	**2,553,129**	**2,232,422**	**320,708**	**14.4%**	**100.0%**	**100.0%**

Source: Information provided by RASLAG Corp.

Trade Receivables

In the first nine months of 2021, the current portion of trade receivables have increased by 24% to ₱63.8mn from ₱51.5mn as of December 31, 2020 because of the ₱4.5mn increase in noncurrent FIT adjustment receivables and ₱6.4mn receivables from Angeles Power, Inc. in relation to the past service cost of transferred employees became due for payment within in 2021.

Other Receivables

In 2021, the Company fully collected interest receivables amounting to ₱0.03mn. As of September 30, 2021, this account is zero.

Other Assets

Other assets declined by 40% to ₱11.5mn as of September 30, 2021, from ₱19.1mn as of December 30, 2020 due to the ₱9.6mn decrease in prepaid expenses offsetting the ₱2mn increase in input VAT.

Property, Plant and Equipment – Net

(in ₱ '000)	**As of September 30, 2021**	**As of December 31, 2020 (as reissued)**	**Percentage to Total**	**Growth**
Land	751,940	574,544	36.8%	31%
Land improvements	18,905	22,365	0.9%	-15%
Control Building	13,124	13,858	0.6%	-5%
Machineries and Equipment	1,039,993	1,096,708	50.9%	-5%
Other Property, Plant & Equipment	292	272	0.0%	-99%
Construction-in-Progress	217,883	22,311	10.7%	876%.

Source: Information provided by RASLAG Corp.

Property, plant and equipment (net) increased by 18% to ₱2,042mn as of September 30, 2021, from ₱1,730mn as of December 31, 2020, mainly due to the ongoing construction of RASLAG-3 in Mabalacat and Magalang, Pampanga. The Company also acquired an additional parcel of land located in Talimundoc, Magalang, Pampanga for the RASLAG-4 Project, resulting to an increase in land holdings by 30.9% to ₱751.9mn.

Land improvements, control building, and solar farm decreased by 15.5% to ₱18.9mn, 5.3% to ₱13.1mn, and 5.2% to ₱1,040mn, respectively, due to depreciation. Other property, plant and equipment also decreased significantly by 98.7% to ₱0.29mn due to depreciation and the sale of a company vehicle which offset the additions of office equipment in 2021.

Trade and Other Payables

The Company recorded a 440.5% increase in trade and other payables which amounted to ₱158.4mn as of September 30, 2021 after it acquired a parcel of land located in Talimundoc, Magalang, Pampanga for the RASLAG-4 project. The Company made a 25% down payment for the land amounting ₱53.9mn, wherein post-dated checks for 11 months have been issued thereafter. The full payment on the 12th month will be released after the verification of zonal value.

Advances from Stockholders

Advances from stockholders increased by 90% to ₱ 90mn due to the net increase of advances from stockholders Angeles Power, Inc. of ₱ 30mn and J Ten Equities, Inc. of ₱60mn in 2021, and the ₱100mn advances from affiliate New Move Realty, Inc. in July 2021.

Post-Employment Benefit Obligation

The Company recorded a ₱4.7mn post-employment benefit obligation in 2021 in relation to the actuarial valuation of the multi-employer retirement plan and the transfer of seven (7) employees from Angeles Power, Inc. to the Company.

Capital Stock

Capital stock increased by 15% to ₱1,150mn in 2021 after stockholders J ten Equities, Inc. and Angeles Power, Inc. reinvested ₱150mn in cash dividends in 2021 as additional common equity subscriptions in the Company.

Material Changes to the Statement of Cash Flows as of September 30, 2021, compared to the Statement of Cash Flows as of September 30, 2020 (increase/ decrease of 5% or more)

(in ₱ '000)	**For the nine-month periods ended September 30,**		**Horizontal Analysis**		**Vertical Analysis**	
			Increase/Decrease			
	2021	**2020 (as reissued)**	***Amount***	***Percentage***	**Sep. 2021**	**Sep. 2020**
CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	**110,115**	**95,409**	**14,707**	**15.4%**	**54.4%**	**58.2%**
Depreciation	60,310	61,942	(1,632)	-2.6%	29.8%	37.8%
Interest Expense	21,318	27,237	(5,919)	-21.7%	10.5%	16.6%
Interest Income	(6,110)	(1,354)	(4,756)	351.3%	-3.0%	-0.8%
Unrealized foreign currency losses (gains) - net	(4,332)	1,639	(5,971)	-364.4%	-2.1%	1.0%
Fair value losses on financial assets at fair vaue through profit or loss	784	2,590	(1,806)	-69.7%	0.4%	1.6%
Operating profit before working capital changes	**182,085**	**187,463**	**(5,378)**	**-2.9%**	**89.9%**	**114.4%**
Increase in trade and other receivables	(7,834)	(5,263)	(2,571)	48.9%	-3.9%	-3.2%
Decrease in advances to related parties	-	10,217	(10,217)	-100.0%	0.0%	6.2%
Decrease in prepayments and other current assets	9,868	8,395	1,473	17.5%	4.9%	5.1%
Increase (decrease) in trade and other payables	10,683	(38,289)	48,972	-127.9%	5.3%	-23.4%
Increase in retirement benefit obligation	4,480	-	4,480	n.a	2.2%	0.0%
Operating profit before working capital changes	**199,282**	**162,523**	**36,759**	**22.6%**	**98.4%**	**99.2%**
Interest Received	3,350	1,354	1,996	147.4%	1.7%	0.8%
Cash paid for final tax	(71)	(30)	(42)	140.4%	0.0%	0.0%
Operating profit before working capital changes	**202,560**	**163,847**	**38,713**	**23.6%**	**100.0%**	**100.0%**
CASH FLOW FROM INVESTTING ACTIVITIES						
Acquisitions of Property, plant and equipment	(245,653)	(25,765)	(219,888)	853.4%	100.3%	100.0%
Proceeds from sale of transportation equipment	720	-	720	n.a	-0.3%	0.0%
Net cash from investing activities	**(244,933)**	**(25,765)**	**(219,168)**	**850.6%**	**100.3%**	**100.0%**
CASHFLOW FROM FINANCING ACTIVITIES						
Advances from stockholders	215,000	94,261	120,739	128.1%	460.1%	52.2%
Proceeds from collection of subscription receivable	150,000	187,500	(37,500)	-20.0%	321.0%	103.7%
Cash dividends paid	(150,000)	-	(150,000)	n.a	-321.0%	0.0%
Repayments of advances from stockholders	(125,000)	(4,805)	(120,196)	2501.7%	-267.5%	-2.7%
Repayments of interest-bearing loans and borrowings	(94,091)	(44,091)	(50,000)	113.4%	-201.4%	-24.4%
Proceeds from interest-bearing loans and borrowings	81,000	-	81,000	n.a	173.3%	0.0%
Interest paid	(30,181)	(52,120)	21,939	-42.1%	-64.6%	-28.8%
Net cash from financing activities	**46,728**	**180,745**	**(134,017)**	**-74.1%**	**100.0%**	**100.0%**

NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,355**	**318,827**	**(314,472)**	**-98.6%**	n.a.	n.a.
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	290,411	43,878	n.a.	n.a.	n.a.	n.a.
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**294,765**	**362,705**	**(67,940)**	**-18.7%**	n.a.	n.a.

Source: Information provided by RASLAG Corp.

Cashflows from (used in) Operations

Cashflow from operations increased by 14.4% to ₱ 202mn from ₱ 164mn, which was driven by and in-line with the 15.4% increase in profit before tax to ₱110mn for the nine-month period ended September 30, 2021.

Acquisition of Property and Equipment

Purchase of land and Construction-in-Progress for the RASLAG-3 Project.

Proceeds from Redemption of Short-term Investment

Sale of company vehicle in April 2021.

Advances from Stockholders

Advances from Angeles Power Inc. of ₱160mn; J Ten Equities, Inc. of ₱30mn; and advances from affiliates New Move Realty, Inc. of ₱20mn and Mavwin Properties, Inc. of ₱5mn.

Proceeds from Collection of Subscription Receivable

Additional subscription by J Ten Equities, Inc. and Angeles Power, Inc.

Cash Dividends Paid

Cash dividends amounting to ₱150.0mn were paid out on May 25, 2021.

Repayments of Advances from Stockholders

Repayments of advances made by affiliates New Move Realty, Inc. of ₱120mn and Mavwin Properties, Inc. of ₱5mn.

Repayments of interest-bearing loans and borrowings

Payments of the current portion of the Long-term Loans.

Proceeds from interest-bearing loans and borrowings

Initial drawdown from the ₱600mn loan from BPI for the financing of the construction of the RASLAG-3 Project.

Full-year ended December 31, 2020, vs. Full-year ended December 31, 2019

Material Changes to the Statement of Comprehensive Income for the Calendar Year ended December 31, 2020, compared to the Statement of Comprehensive Income for the Calendar Year ended December 31, 2019 (increase/ decrease of 5% or more)

(in ₱ '000)		**Horizontal Analysis**	**Vertical Analysis**

	For the years ended December 31,		Increase/Decrease		2020	2019
	2020 (as reissued)	2019	*Amount*	*Percentage*		
RASLAG-1- Sale of Electricity	188,782	129,528	59,254	45.7%	47.7%	45.6%
RASLAG-2 - Sale of Electricity	207,099	154,778	52,322	33.8%	52.3%	54.4%
Sale of Electricity	**395,882**	**284,306**	**111,576**	**39.2%**	**100.0%**	**100.0%**
Cost of Sales						
Operating and Maintenance Fees	18,684	16,062	2,622	16.3%	18.6%	16.5%
Market fees	222	263	(41)	-15.7%	0.2%	0.3%
Depreciation - COS	81,401	81,105	296	0.4%	81.2%	83.2%
Total Cost of Electricity Sold	**100,307**	**97,430**	**2,877**	**3.0%**	**100.0%**	**100.0%**
Gross Profit	**295,575**	**186,875**	**108,700**	**58.2%**	**74.7%**	**65.7%**
Operating Expenses						
Donations and Contributions	16,179	5,433	10,746	197.8%	35.8%	12.8%
Taxes and Licenses	15,869	19,232	(3,362)	-17.5%	35.2%	45.4%
Professional Fees	3,798	4,766	(968)	-20.3%	8.4%	11.2%
Insurance	2,112	2,815	(703)	-25.0%	4.7%	6.6%
Representation	1,424	2,374	(950)	-40.0%	3.2%	5.6%
Communication, Light, and water	1,727	1,772	(45)	-2.6%	3.8%	4.2%
Miscellaneous	2,662	4,826	(2,164)	-44.8%	5.9%	11.4%
Depreciation - Adminstrative	1,374	1,177	196	16.7%	3.0%	2.8%
Total Operating Expenses	**45,144**	**42,395**	**1,374**	**6.5%**	**100.0%**	**100.0%**
Other Operating Income	36	9,646	(9,610)	-99.6%	0.0%	6.3%
Operating Profit	**250,467**	**154,126**	**96,340**	**62.5%**	**63.3%**	**54.2%**
Finance Costs	(62,834)	(66,920)	4,086	-6.1%	-33.1%	-73.0%
Finance Income	2,191	4,480	(2,289)	-51.1%	1.2%	4.9%
Profit Before Tax	**189,823**	**91,686**	**98,137**	**107.0%**	**47.9%**	**32.2%**
Tax Income (Expense)	(11,020)	308	(11,328)	-3678.8%	-9.0%	0.2%
Net Profit	**178,803**	**91,994**	**86,809**	**94.4%**	**45.2%**	**32.4%**

Source: Information provided by RASLAG Corp.

Sales of Electricity

(in ₱ '000)	For the years ended December 31,		Percentage to Total Revenues	Growth
	2020	2019		
RASLAG - 1	188,782	129,528	47.7%	46%
RASLAG - 2	207,099	154,778	52.3%	34%
Total	395,882	284,306	100.0%	39%

Source: Information provided by RASLAG Corp.

In 2020, electricity sales of the Company increased by 39.2% to ₱395.9mn coming from RASLAG-1 and RASLAG-2 power plants whose revenues respectively increased by 45.7% to ₱188.8mn and 33.8% to ₱207.1mn. The increase in sales was brought about by the recognition or accrual of FIT rate adjustments from the year 2016 to 2020 as per ERC Resolution No. 6, Series of 2020.

Gross Profit

Gross profit increased by 58.2% year on year to ₱295.6mn largely as a result of the recognition of FIT rate adjustments and recorded as electricity sales for the period 2016 to 2020 which amounted to ₱108.4mn for 2020. Excluding the recognition of FIT rate adjustments during 2020, electricity sales increased by over 1% to ₱287.4mn in 2020 from ₱284.3mn in 2019.

The cost of electricity sold during 2020 increased by 3% to ₱100.3mn from ₱97.4mn in 2019.

Total Operating Expenses

(in ₱ '000)	For the years ended December 31,		Percentage to Total Expenses	Growth
	2020 (as reissued)	2019		
Donations and Contributions	16,179	5,433	35.8%	197.8%
Taxes and Licenses	15,869	19,232	35.2%	-17.5%
Professional Fees	3,798	4,766	8.4%	-20.3%
Insurance	2,112	2,815	4.7%	-25.0%
Representation	1,424	2,374	3.2%	-40.0%
Miscellaneous	2,662	4,826	5.9%	-44.8%
Depreciation - Administrative	1,374	1,177	3.0%	16.7%

Source: Information provided by RASLAG Corp.

The Company reported ₱45.1mn in total operating expenses in 2020, up 6.5% year-on-year, driven by Donations and Contributions which grew 167.8% to ₱16.2mn due to the accrual of 1% government share (Php10.583M) was included in donation/community contribution account.

Other Operating Income

In 2020, the Company recorded other operating income of ₱0.04mn from the collection of the cost of SMU card from Schema Konsult, Inc., and reported a 99.6% decrease in other operating income as compared to 2019 when the Company reported other operating income of ₱9.6mn, largely due to the booking of interest income from TransCo's unpaid receivables (arrears).

Operating Profit

Operating profit increased by 62.5% year on year to ₱250.5mn from ₱154.1mn in 2019.

Finance Costs

Finance costs decreased by 6.1% to ₱62.8mn due to lower interest rates of loans in the second half of 2020. Interest rates are re-priced quarterly and have changed from 5.575%, 6.125%, 6.125% and 6.00%, in the first, second, third, and fourth quarters of 2019, respectively, and 6.00%, 6.125%, 5.75%, and 4.25%, in the first, second, third, and fourth quarters of 2020, respectively.

Finance Income

In 2020, the Company reported a 51.1% decrease to its finance income reported at ₱2.2mn comprised of ₱1.6mn in interest income from investments, fair value gain on investment in trust fund of ₱0.2mn, and interest income from banks deposit of ₱0.2mn.

Profit Before Tax

Profit before tax increased by 107% year on year to ₱189.8mn from ₱91.7mn in 2019.

Tax Income (Expense)

The Company reported a tax expense of ₱11.0mn, a turnaround from ₱0.31mn tax income in 2019, in relation to the future tax liabilities for the collection of the accrual of long-term receivable/FIT rate adjustments from 2016 to 2020 as per ERC Resolution No. 6, Series of 2020 after the expiry of the Company's income tax holiday. The tax income in 2019 pertains to net of final taxes related to interest income from bank deposits and investments of the Company that are subject to final taxes 20% and 15%, as well as the reversal of unrealized foreign exchange loss from financial assets in prior year.

Net Income

Net income increased by 94.4% year on year to ₱178.8mn in 2020 from ₱92mn in 2019.

Material Changes to the Statement of Financial Position as of December 30, 2020 compared to the Statement of Financial Position as of December 31, 2019 (increase/ decrease of 5% or more)

(in ₱ '000)	As of December 31,		Horizontal Analysis Increase/Decrease		Vertical Analysis	
	2020 (as reissued)	2019	*Amount*	*Percentage*	2020	2019
ASSETS						
Property, plant and equipment	1,730,059	1,781,620	(51,561)	-2.9%	77.5%	91.8%
Trade and other receivables	106,556	-	106,556	n.a	4.8%	0.0%
Total Non-Current assets	**1,836,615**	**1,781,620**	**54,994**	**3.1%**	**82.3%**	**91.8%**
Cash and Cash Equivalents	290,411	43,878	246,532	561.9%	13.0%	2.3%
Trade and other receivables	51,485	51,085	400	0.8%	2.3%	2.6%
Financial assets at fair value through profit or loss	34,776	36,489	(1,714)	-4.7%	1.6%	1.9%
Advances to related parties	-	10,217	(10,217)	-100.0%	0.0%	0.5%
Prepayments and other current assets	19,136	17,034	2,102	12.3%	0.9%	0.9%
Total Current assets	**395,807**	**158,705**	**237,102**	**149.4%**	**17.7%**	**8.2%**
Total Assets	**2,232,422**	**1,940,325**	**227,672**	**15.1%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Interest-bearing loans and borrowings	695,909	821,364	(125,455)	-15.3%	31.2%	42.3%
Deferred tax liability	10,959	-	10,959	n.a	0.5%	0.0%
Total Non-Current Liabilities	**706,868**	**821,364**	**(114,495)**	**-13.9%**	**31.7%**	**42.3%**
Interest-bearing loans and borrowings	125,455	125,455	-	0.0%	5.6%	6.5%
Trade and other payables	29,300	34,206	(4,906)	-14.3%	1.3%	1.8%
Advances from stockholders	100,000	4,805	95,196	1981.4%	4.5%	0.2%
Total Current Liabilities	**254,755**	**164,465**	**90,289**	**54.9%**	**11.4%**	**8.5%**
Total Liabilities	**961,623**	**985,829**	**(24,206)**	**-2.5%**	**43.1%**	**50.8%**
Capital Stock	1,000,000	812,500	187,500	23.1%	44.8%	41.9%
Retained Earnings	270,799	141,996	128,803	90.7%	12.1%	7.3%
Total Equity	**1,270,799**	**954,496**	**316,303**	**33.1%**	**56.9%**	**49.2%**
Total Liabilities and Equity	**2,232,422**	**1,940,325**	**292,097**	**15.1%**	**100.0%**	**100.0%**

Source: Information provided by RASLAG Corp.

Cash and Cash Equivalents

Cash and cash equivalents increased by 561.9% year on year to ₱290.4mn due to the full payment of additional subscription and advances from New Move Realty, Inc. (see comments on cash flow).

Trade Receivables

Increase in accounts receivable from TransCo.

Other Receivables

The decrease was brought by the decrease in advances to officers and employees.

Advances to related parties

In 2019, Angeles Power, Inc. and J Ten Equities, Inc. have paid out their respective dues to the Company of ₱10mn and ₱0.217mn, resulting to zero advances to related parties in 2020.

Other Assets

Other assets increased by 12.3% to ₱19.1mn on account of ₱0.6mn in increase in prepaid expense and ₱1.5mn increase in input VAT.

Total Current Assets

The Company's total current assets increased by 149.4% year on year to ₱395.8mn from ₱158.7mn in 2019.

Trade and Other Receivables

The Company booked ₱106.6mn in non-current trade and other receivables in 2020 from zero in 2019 due to the recognition or accrual of long-term receivable/ FIT rate adjustments for RASLAG-1 and RASLAG-2 projects from 2016 to 2020 as per ERC Resolution No. 6, Series of 2020.

Total Assets

The Company's total assets increased by 15.1% year on year to ₱2,232.4mn from ₱1,940.3mn in 2019.

Trade & Other Payables

Trade and other payables decreased by 14.3% to ₱29.3mn brought about by the increase in accrued expenses of ₱7.2mn and decrease in trade payables of ₱12.1mn.

Advances from Stockholders

Advances from stockholders increased by 1,981.4% to ₱100mn in 2020 after payment of management fees to Angeles Power, Inc. (API) and a ₱100mn advance by affiliate New Move Realty, Inc. The Company is under a management contract with API.

Total Current Liabilities

Total current liabilities increased by 54.9% year on year to ₱254.8mn in 2020 from ₱164.5mn in 2019.

Long Term Debt

The Company's long-term debt decreased by 15.3% to ₱695.9mn due to the recognition of the current portion of long-term debt.

Deferred Tax Liability

The Company recorded a deferred tax liability of ₱10.9mn in 2020 in relation to the recognition or accrual of long-term receivable/FIT rate adjustments for RASLAG-1 and 2 Projects from 2016 to 2020 as per ERC Resolution 6, Series of 2020.

Total Non-Current Liabilities

Total non-current liabilities decreased by 13.9% year on year to ₱706.9mn from ₱821.4mn in 2019.

Capital Stock

Capital stock increased by 23.1% to ₱1,000mn in 2020 from ₱812.5mn in 2019 with the subscription of J Ten Equities, Inc. on July 7, 2020.

Retained earnings, end.

The Company booked retained earnings of ₱270.8mn in 2020, higher by 90.7% from ₱141.9mn in 2019.

Net income increased by 94.4% year on year to ₱178.8mn in 2020 from ₱91.9mn in 2019.

Cash dividends paid by the Company decreased by 33.3% to ₱50mn in 2020 from ₱75mn in 2019. Shareholders received a cash dividend of ₱10/share in 2019 while in 2020, a cash dividend of ₱0.05/share were declared and paid.

Total Stockholders' Equity

Total stockholders' equity increased by 33.1% year on year to ₱1,270.8 from ₱954.5mn recorded in 2019.

Material Changes to the Statement of Cash Flows as of December 31, 2020, compared to the Statement of Cash Flows as of December 31, 2019 (increase/ decrease of 5% or more)

(in ₱ '000)	For the years ended December 31,		Horizontal Analysis Increase/Decrease		Vertical Analysis	
	2020 (as reissued)	2019	*Amount*	*Percentage*	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	**189,823**	**91,686**	**98,137**	**107.0%**	**81.0%**	**33.6%**
Depreciation	82,774	82,282	492	0.6%	35.3%	30.1%
Interest Expense	47,060	65,317	(18,257)	-28.0%	20.1%	23.9%
Unrealized foreign currency losses (gains) - net	1,947	1,603	344	21.4%	0.8%	0.6%
Interest income from financial assets at fair value through profit or loss	(1,607)	(1,865)	258	-13.8%	-0.7%	-0.7%
Fair value gains on financial assets at FVTPL	(233)	(1,845)	1,611	-87.3%	-0.1%	-0.7%
Interest income from cash in banks	(190)	(232)	42	-18.0%	-0.1%	-0.1%
Interest income from short-term investments	(160)	(538)	378	-70.3%	-0.1%	-0.2%
Operating profit before working capital changes	**319,414**	**236,408**	**83,005**	**35.1%**	**136.3%**	**86.5%**
Increase in trade and other receivables	(106,955)	25,450	(132,405)	-520.3%	-45.7%	9.3%
Decrease in advances to related parties	10,217	3,204	7,013	218.9%	4.4%	1.2%
Decrease in prepayments and other current assets	(2,102)	(1,677)	(424)	25.3%	-0.9%	-0.6%
Increase (decrease) in trade and other payables	11,791	7,368	4,423	60.0%	5.0%	2.7%
Operating profit before working capital changes	**232,365**	**270,753**	**(38,387)**	**-14.2%**	**99.2%**	**99.1%**
Interest Received	1,957	2,635	(678)	-25.7%	0.8%	1.0%
Cash paid for final tax	(61)	(154)	92	-60.0%	0.0%	-0.1%
Operating profit before working capital changes	**234,261**	**273,234**	**(38,973)**	**-14.3%**	**100.0%**	**100.0%**
CASH FLOW FROM INVESTTING ACTIVITIES						
Acquisitions of Property, plant and equipment	(42,850)	(60,276)	17,426	-28.9%	100.0%	119.9%
Proceeds from sale of transportation equipment	-	10,000	(10,000)	-100.0%	0.0%	-19.9%
Net cash from investing activities	**(42,850)**	**(50,276)**	**7,426**	**-14.8%**	**100.0%**	**100.0%**
CASHFLOW FROM FINANCING ACTIVITIES						

Proceeds from collection of subscription receivable	187,500	-	187,500	n.a	340.2%	0.0%
Repayments of interest-bearing loans and borrowings	(125,455)	(125,455)	-	0.0%	-227.6%	48.3%
Advances from stockholders	100,000	1,464	98,536	6730.9%	181.4%	-0.6%
Interest paid	(52,120)	(60,860)	8,740	-14.4%	-94.6%	23.4%
Cash dividends paid	(50,000)	(75,000)	25,000	-33.3%	-90.7%	28.9%
Repayments of advances from stockholders	(4,805)	-	(4,805)	n.a	-8.7%	0.0%
Net cash from financing activities	**55,121**	**(259,851)**	**314,972**	**-121.2%**	**100.0%**	**100.0%**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**246,532**	**(36,893)**	**283,425**	**-768.2%**	n.a.	n.a.
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	43,878	80,771	n.a.	n.a.	n.a.	n.a.
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**290,411**	**43,878**	**246,532**	**561.9%**	n.a.	n.a.

Source: Information provided by RASLAG Corp.

Acquisition of Property and Equipment

The Company purchased additional land in Panipuan and Bical/Magalang in 2019 amounting to ₱58.1mn and in 2020 acquired additional land of ₱6.3mn, land improvements of ₱2.6mn, and Construction-in-Progress of ₱22.3mn.

Proceeds from Redemption of Short-Term Investment

Redemption of investment in Bank of Florida of ₱10.0mn.

Proceeds From Collection of Subscription Receivable

Full payment by J Ten Equities, Inc.

Advances from Stockholders

Advances from affiliate New Move Realty, Inc.

Cash Dividends Paid

In 2019, the Company paid out dividends at ₱10 per share totaling ₱75mn and, in 2020, at ₱0.05 per share, totaling ₱50mn.

Full-year ended December 31, 2019, vs. Full-year ended December 31, 2018

Material Changes to the Statement of Comprehensive Income for the Calendar Year ended December 31, 2019, compared to the Statement of Comprehensive Income for the Calendar Year ended December 31, 2018 (increase/ decrease of 5% or more)

(in ₱ '000)	For the years ended December 31,		Horizontal Analysis		Vertical Analysis	
			Increase/Decrease		2020	2019
	2019	2018	*Amount*	*Percentage*		
RASLAG-1- Sale of Electricity	129,528	136,973	(7,445)	-5.4%	45.6%	45.5%
RASLAG-2 - Sale of Electricity	154,778	163,947	(9,169)	-5.6%	54.4%	54.5%
Sale of Electricity	**284,306**	**300,920**	**(16,615)**	**-5.5%**	**100.0%**	**100.0%**
Cost of Sales						
Operating and Maintenance Fees	16,062	13,551	2,512	18.5%	16.5%	14.3%
Market fees	263	378	(115)	-30.4%	0.3%	0.4%

Depreciation - COS	81,105	81,087	18	0.0%	83.2%	85.3%
Total Cost of Electricity Sold	**97,430**	**95,016**	**2,414**	**2.5%**	**100.0%**	**100.0%**
Gross Profit	**186,875**	**205,904**	**(19,029)**	**-9.2%**	**65.7%**	**68.4%**
Operating Expenses						
Taxes and Licenses	19,232	15,206	4,025	26.5%	45.4%	38.4%
Professional Fees	4,766	14,286	(9,521)	-66.6%	11.2%	36.1%
Insurance	2,815	2,614	201	7.7%	6.6%	6.6%
Representation	2,374	110	2,264	2061.1%	5.6%	0.3%
Communication, Light, and water	1,772	1,722	50	2.9%	4.2%	4.4%
Miscellaneous	10,259	4,475	5,784	129.3%	24.2%	11.3%
Depreciation - Administrative	1,177	1,160	17	1.5%	2.8%	2.9%
Total Operating Expenses	**42,395**	**39,573**	**1,374**	**7.1%**	**100.0%**	**100.0%**
Other Operating Income	9,646	-	9,646	n.a	6.3%	0.0%
Operating Profit	**154,126**	**166,331**	**(12,205)**	**-7.3%**	**54.2%**	**55.3%**
Finance Costs	(66,920)	(45,253)	(21,668)	47.9%	-73.0%	-36.1%
Finance Income	4,480	4,318	162	3.8%	4.9%	3.4%
Profit Before Tax	**91,686**	**125,396**	**(33,710)**	**-26.9%**	**32.2%**	**41.7%**
Tax Income (Expense)	308	(564)	872	-154.6%	0.1%	-0.2%
Net Profit	**91,994**	**124,831**	**(32,838)**	**-26.3%**	**32.4%**	**41.5%**

Source: Information provided by RASLAG Corp.

Sales of Electricity

(in ₱ '000)	**For the years ended December 31,**		**Percentage to Total Revenues**	**Growth**
	2019	**2018**		
RASLAG - 1	129,528	136,973	45.6%	-5%
RASLAG - 2	154,778	163,947	54.4%	-6%
Total	**284,306**	**300,920**	**100.0%**	**-6%**

Source: Information provided by RASLAG Corp.

In 2019, electricity sales decreased by 5.5% to ₱284.3mn after an inverter breakdown in December 2019 that resulted to electricity sold by RASLAG-1 and RASLAG-2 decreasing by 769,138 kWh and 1,051,166 kWh, respectively.

Gross Profit

Gross profit decreased by 9.2% to ₱186.9mn following a 5.5% decline in electricity sales and 2.5% increase in cost of electricity sold to ₱97.4mn.

Total Operating Expenses

(in ₱ '000)	**For the years ended December 31,**		**Percentage to Total Expenses**	**Growth**
	2019	**2018**		
Taxes and Licenses	19,232	15,206	38.4%	26%
Professional Fees	4,766	14,286	36.1%	-67%
Insurance	2,815	2,614	6.6%	8%
Representation	2,374	110	0.3%	2061%
Miscellaneous	10,259	4,475	11.3%	129%

Source: Information provided by RASLAG Corp.

Total operating expenses grew 7.1% to ₱42.4mn driven by higher taxes and licenses expenditures, representation, and miscellaneous expenses which respectively increased by 26.5% to ₱19.2mn, 2,061% to ₱2.4mn, and 129% to ₱10.3mn. Professional fees, on the other hand, decreased by 66.6% to ₱4.8mn.

Other Operating Income

In 2019, the Company recorded ₱9.6mn in interest income from TransCo's unpaid receivables (arrears).

Operating Profit

Operating profit decreased by 7.3% to ₱154.1mn amid a decline in electricity sales and higher cost of electricity sold and operating expenses.

Finance Costs

The Company recorded a 47.9% increase in finance costs, booked at ₱66.9mn in 2019 due to significantly higher interest rates for loans in 2019. Interest rates are re-priced quarterly and have changed from 3.10%, 3.25%, 4.20%, and 5.325%, in the first, second, third, and fourth quarters of 2018, respectively, and 5.575%, 6.125%, 6.125%, and 6.00% in the first, second, third, and fourth quarters of 2019, respectively.

Profit Before Tax

Profit before tax decreased 26.9% year-on-year to ₱91.7mn in 2019 from ₱125.4mn in 2018.

Tax Income (Expense)

In 2019, the Company recorded a tax income of ₱0.308mn, from tax expense of ₱0.564mn in 2018.

Net Income

Net income decreased 26.3% year-on-year to ₱91.9mn in 2019 from ₱124.8mn in 2018.

Material Changes to the Statement of Financial Position as of December 30, 2019, compared to the Statement of Financial Position as of December 31, 2018 (increase/ decrease of 5% or more)

(in ₱ '000)	**As of December 31,**		**Horizontal Analysis**		**Vertical Analysis**	
			Increase/Decrease			
	2019	**2018**	***Amount***	***Percentage***	**2019**	**2018**
ASSETS						
Property, plant and equipment	1,781,620	1,803,626	(22,006)	-1.2%	91.8%	88.6%
Total Non-Current assets	**1,781,620**	**1,803,626**	**(22,006)**	**-1.2%**	**91.8%**	**88.6%**
Cash and Cash Equivalents	43,878	80,771	(36,893)	-45.7%	2.3%	4.0%
Short Term Investments	-	10,000	(10,000)	-100.0%	0.0%	0.5%
Trade and other receivables	51,085	76,535	(25,450)	-33.3%	2.6%	3.8%
Financial assets at fair value through profit or loss	36,489	36,248	241	0.7%	1.9%	1.8%
Advances to related parties	10,217	13,422	(3,204)	-23.9%	0.5%	0.7%
Prepayments and other current assets	17,034	15,357	1,677	10.9%	0.9%	0.8%
Total Current assets	**158,705**	**232,333**	**(73,628)**	**-31.7%**	**8.2%**	**11.4%**
Total Assets	**1,940,325**	**2,035,959**	**(100,363)**	**-4.7%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Interest-bearing loans and borrowings	821,364	954,318	(132,955)	-13.9%	42.3%	46.9%
Deposit for Future Stock Subscription	-	62,500	(62,500)	-100.0%	0.0%	3.1%
Deferred tax liability	-	462	(462)	-100.0%	0.0%	0.0%

Total Non-Current Liabilities	**821,364**	**1,017,280**	**(195,916)**	**-19.3%**	**42.3%**	**50.0%**
Interest-bearing loans and borrowings	125,455	117,955	7,500	6.4%	6.5%	5.8%
Trade and other payables	34,206	22,382	11,824	52.8%	1.8%	1.1%
Advances from stockholders	4,805	3,341	1,464	43.8%	0.2%	0.2%
Total Current Liabilities	**164,465**	**143,677**	**20,788**	**14.5%**	**8.5%**	**7.1%**
Total Liabilities	**985,829**	**1,160,957**	**(175,128)**	**-15.1%**	**50.8%**	**57.0%**
Capital Stock	812,500	750,000	62,500	8.3%	41.9%	36.8%
Retained Earnings	141,996	125,002	16,994	13.6%	7.3%	6.1%
Total Equity	**954,496**	**875,002**	**79,494**	**9.1%**	**49.2%**	**43.0%**
Total Liabilities and Equity	**1,940,325**	**2,035,959**	**(95,634)**	**-4.7%**	**100.0%**	**100.0%**

Source: Information provided by RASLAG Corp.

Cash and Cash Equivalents

Cash and cash equivalents decreased by 45.7% to ₱43.9mn brought about by cash outflows from investing and financing activities (see details in cash flow statement).

Short term Investments

The Company recorded zero short term investments in 2019 compared to ₱10.0mn in 2018 due to the withdrawal of its short term investment in Bank of Florida.

Trade Receivables

Trade receivables decreased by 37.2% to ₱46.3mn in 2019 due to an increase in collection from TransCo for the Company’s FIT revenues, current and arrears.

Other Receivables

Other receivables increased by 70.1% to ₱4.7mn due to increases in advances to employees in relation to the processing of conversion of various land titles.

Advances to related parties

In 2019, advances to Angeles Power, Inc. of ₱10.0mn and J Ten Equities, Inc. of ₱0.22mn were paid.

Other Assets

Other assets increased by 10.9% to ₱17.0mn due to increase in prepaid expense of ₱1.0.mn and input VAT of ₱0.7mn.

Total Current Assets

The Company’s total current assets decreased by 31.7% year-on-year to ₱158.7mn in 2019 from ₱232.3mn in 2018.

Current Loans

Current loans increased by 6.4% to ₱125.5mn with ₱7.5mn booked as current portion of long-term debt.

Trade and Other Payables

Trade and other payables increased by 52.8% to ₱34.2mn due to a ₱7.0mn increase in accounts payable and ₱4.8mn accrued expense.

Advances from Stockholders

Advances from stockholders increased by 43.8% to ₱4.8mn on account of management fees to Angeles Power, Inc. (“API”), as the Company is under management contract with API until January 31, 2021.

Total Current Liabilities

Total current liabilities increased 14.5% year-on-year to ₱164.5mn in 2019 from ₱143.7mn in 2018.

Long Term Debt

Long term debt decreased by 13.9% to ₱821.4mn due to the recognition of current portion of long term debt.

Deposit for future stock subscriptions

Deposit for future stock subscriptions has been re-classed to equity account due to SEC's approval regarding application increase in authorized capital stock on Aug. 29, 2019.

Deferred tax liability

The Company recorded zero tax liability in 2019 due to deferred tax expense relating to origination and reversal of temporary differences.

Total Non-Current Liabilities

Total non-current liabilities decreased by 19.3% year-on-year to ₱821.4mn in 2019 from ₱954.3mn in 2018.

Total Liabilities

In 2019, total liabilities decreased 15.1% year-on-year to ₱985.8mn from ₱1,160.9mn in in 2018.

Capital Stock

Capital stock increased by 8.3% to ₱812.5mn after a ₱62.5mn deposit for future subscription was re-classed to Equity account following SEC's approval of increase in authorized capital stock on August 29, 2019.

Cash Dividends

In 2019, the Company paid out ₱75.0mn in cash dividends to shareholders at ₱10/share. This was 68.8% lower compared to 2018 cash dividends amounting ₱240mn at ₱32/share.

Retained earnings, end.

Retained earnings increased by 13.6% year-on-year to ₱141.9mn in 2019 from ₱125.0mn in 2018.

Total Stockholders’ Equity

Total stockholders’ equity increased by 9.1% year-on-year to ₱954.5mn in 2019 from ₱875.0mn in 2018.

Material Changes to the Statement of Cash Flows as of December 31, 2019, compared to the Statement of Cash Flows as of December 31, 2018 (increase/ decrease of 5% or more)

(in ₱ ‘000)	**For the years ended December 31,**		**Horizontal Analysis**		**Vertical Analysis**	
			Increase/Decrease			
	2019	**2018**	***Amount***	***Percentage***	**2019**	**2018**
CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	**91,686**	**125,396**	**(33,710)**	**-26.9%**	**33.6%**	**34.6%**

Depreciation	82,282	82,247	35	0.0%	30.1%	22.7%
Interest Expense	65,317	39,259	26,058	66.4%	23.9%	10.8%
Unrealized foreign currency losses (gains) - net	1,603	(1,539)	3,142	-204.2%	0.6%	-0.4%
Interest income from financial assets at fair value through profit or loss	(1,865)	(2,044)	179	-8.8%	-0.7%	-0.6%
Fair value gains on financial assets at FVTPL	(1,845)	5,994	(7,839)	-130.8%	-0.7%	1.7%
Interest income from cash in banks	(232)	(125)	(107)	86.2%	-0.1%	0.0%
Interest income from short-term investments	(538)	(389)	(149)	38.2%	-0.2%	-0.1%
Gain on redemption of short-term investments	-	(220)	220	-100.0%	0.0%	-0.1%
Operating profit before working capital changes	**236,408**	**248,578**	**(12,170)**	**-4.9%**	**86.5%**	**68.7%**
Increase in trade and other receivables	25,450	132,159	(106,709)	-80.7%	9.3%	36.5%
Decrease in advances to related parties	3,204	(13,422)	16,626	-123.9%	1.2%	-3.7%
Decrease in prepayments and other current assets	(1,677)	(1,945)	268	-13.8%	-0.6%	-0.5%
Increase (decrease) in trade and other payables	7,368	(6,003)	13,371	-222.7%	2.7%	-1.7%
Operating profit before working capital changes	**270,753**	**359,368**	**(88,615)**	**-24.7%**	**99.1%**	**99.3%**
Interest Received	2,635	2,639	(4)	-0.1%	1.0%	0.7%
Cash paid for final tax	(154)	(103)	(51)	49.6%	-0.1%	0.0%
Operating profit before working capital changes	**273,234**	**361,904**	**(88,669)**	**-24.5%**	**100.0%**	**100.0%**
CASH FLOW FROM INVESTTING ACTIVITIES						
Acquisitions of Property, plant and equipment	(60,276)	(186,472)	126,196	-67.7%	119.9%	112.3%
Proceeds from sale of transportation equipment	10,000	20,479	(10,479)	-51.2%	-19.9%	-12.3%
Net cash from investing activities	**(50,276)**	**(165,992)**	**115,717**	**-69.7%**	**100.0%**	**100.0%**
CASHFLOW FROM FINANCING ACTIVITIES						
Repayments of interest-bearing loans and borrowings	(125,455)	(125,455)	(0)	0.0%	48.3%	89.1%
Advances from stockholders	1,464	4,383	(2,919)	-66.6%	-0.6%	-3.1%
Interest paid	(60,860)	(39,259)	(21,602)	55.0%	23.4%	27.9%
Cash dividends paid	(75,000)	(240,000)	165,000	-68.8%	28.9%	170.4%
Proceeds from issuance of capital stock	-	200,000	(200,000)	-100.0%	0.0%	-142.0%
Proceeds from deposti for future stock subscription	-	62,500	(62,500)	-100.0%	0.0%	-44.4%
Repayments of advances from stockholders	-	(3,035)	3,035	-100.0%	0.0%	2.2%
Net cash from financing activities	**(259,851)**	**(140,866)**	**(118,986)**	**84.5%**	**100.0%**	**100.0%**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(36,893)**	**55,046**	**(91,938)**	**-167.0%**	n.a.	n.a.
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	80,771	25,725	n.a.	n.a.	n.a.	n.a.
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**43,878**	**80,771**	**(36,893)**	**-45.7%**	n.a.	n.a.

Source: Information provided by RASLAG Corp.

<u>Acquisition of Property and Equipment</u>

In 2019, the Company purchased additional land in Panipuan and Bical/Magalang amounting to ₱58.1mn and in 2018 acquired a parcel of land for ₱4.2mn.

<u>Proceeds from redemption of Short-Term Investment</u>

Short term investments in the Bank of Florida amounting to ₱10.0mn and BPI amounting to ₱20.5mn.

Cash Dividends Paid

In 2018, the Company declared cash dividends at ₱32/share amounting to ₱240mn and in 2019, cash dividends of Php10/share amounting to ₱75mn.

Proceeds from Issuance of Capital Stock

Additional subscription of J Ten Equities, Inc. in 2018.

Proceeds from Collection of Subscription Receivable

Deposit on subscription of J Ten Equities, Inc. in relation to the Company's application to the SEC for an increase in Authorized Capital Stock from 1,000mn to 2,000mn Common Shares in 2018.

Aside from the discussion above, as of and for the full years ended December 31, 2018, 2019, and 2020, and as of and for the nine-months ended September 30, 2020 and 2021:

- There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion.
- The Company is not aware of any known trends, or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.
- The Company is not aware of any event that would trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- There are no known trends, events, or uncertainties that have had or that are reasonably expected to have materially favorable or unfavorable impact on net revenues or profit from continuing operations.
- The Company is not aware of any significant elements of profit and loss that did not arise from the Company's continuing operations.
- The Company is not aware of any seasonal aspects that had a material impact on its financial condition or result of operations.

Change in and Disagreements with Auditors on Accounting and Financial Disclosures.

Pungbayan & Araullo (Grant Thornton Philippines) have acted as the Company's external auditors since its incorporation in 2014.

The audited financial statements of the Company as of December 31, 2018, 2019, and 2020, and September 30, 2021, and for the years ended December 31, 2018, 2019, and 2020, and for the nine-month periods ended September 31, 2020 and 2021 have been audited by Punongbayan & Araullo, a member firm of Grant Thornton International Ltd, independent auditors, as set forth in their report appearing herein.

The Company has not had any material disagreements on accounting matters or financial disclosure matters with Punongbayan & Araullo.

There are no plans to change independent auditors for the succeeding years.

THE BUSINESS

BUSINESS OVERVIEW

RASLAG Corp. is a Renewable Energy Developer organized on April 30, 2013 during the time when the Philippine government became aggressive in enacting the Renewable Energy Law or Republic Act 9513. It is one of the pioneers in solar energy development in the Central Luzon region, being the first to install a utility-scale solar power plant in Luzon, developing the second solar power plant (RASLAG-1) to be awarded with the first round of Feed-in Tariff ("FIT") by the Department of Energy and completing the first solar power plant (RASLAG-2) to be awarded with the second round of FIT.

RASLAG is the brainchild of Engr. Peter Nepomuceno, the patriarch of the Nepomuceno Group of Companies of Angeles City and Engr. Conrado D. Pecjo, the business development manager of Angeles Power, Inc.—an operator of a 30-MW diesel-generated power plant in Angeles City. Establishment of the Company was initiated while finding a power project for Angeles Power, Inc. with a foresight that going renewable is the best move forward in the then electric power industry.

RASLAG envisions imprinting a mark in the renewable energy ("RE") industry by providing reliable yet cost-effective renewable energy-sourced electricity to all of its customers. It believes RE can eventually compete price-wise with conventional sources of energy as, currently, some RE sources in some areas of the globe have already reached grid parity.

RASLAG currently focuses on developing solar power projects as it sees the greatest potential on this source. It believes that solar is the cleanest among all the RE sources and it leaves the least amount of carbon footprint. Solar projects are also rapidly getting more efficient while their costs are continuously plunging.

MILESTONES

Started with a small core team of eight, the vision of RASLAG's founders translated into two solar power plants—the 10.046 MWp RASLAG-1 Solar Power Plant and 13.141 MWp RASLAG-2 Solar Power Plant—currently operating under RASLAG's portfolio. These plants are running under the Philippines' Feed-in Tariff Scheme.

RASLAG-1 was the second solar plant to be included in the first round of FIT for Solar with a ₱9.68/kWh base tariff while RASLAG-2 was the first in the second round for ₱8.69/kWh base tariff. Both plants enjoy twenty (20) years of guaranteed payment from the government with annual adjustments in consideration of local inflation and foreign exchange. These assured payments are expected to give RASLAG a total of at least ₱300mn in gross annual sales and annual net income of approximately ₱100mn for the next 20 years.


RASLAG-1


RASLAG-2

As of the date of this Prospectus, construction is ongoing for the Company's third venture, the 18.011 MWp Pampanga Solar Power Project Phase III ("RASLAG-3"). The Company has once again engaged Solenergy for the EPC of the project. Land acquisition and permitting have been successfully accomplished, the project has achieved financial close, and the Notice-to-Proceed ("NTP") to commence construction has been awarded to the EPC contractor last July 2021. Completion of RASLAG-3 will almost double the installed capacity of the Company to 41.198 MWp and it is expected to be operational by the first quarter of 2022.

RASLAG-3 is situated in a 12.8-hectare property in Brgy. Bical, Mabalacat and Brgy. San Jose, Magalang, Pampanga. Economies of scale, global solar photovoltaic ("PV") costs, and more efficient design and technologies have allowed the Company to develop RASLAG-3 at almost half the per-MW-cost of RASLAG-1 and RASLAG-2 and to require almost half the land per-MW. These major factors allow RASLAG to achieve similar investment returns to RASLAG-1 and RASLAG-2 with significantly lower offtake tariffs.

While construction for the Company's single largest and most land-efficient solar project to date is still ongoing, RASLAG is currently on track to dwarf its already lofty accomplishments. Leveraging on the aforementioned advances in solar PV economics and technologies, RASLAG is in the advanced stages of land acquisition, permitting, and development work for its eventual largest plant, the 35.159 MWp Pampanga Solar Power Project Phase IV ("RASLAG-4"). This would be situated in a 27-hectare property in Brgy. Talimundoc, Magalang, Pampanga. Construction of RASLAG-4 is targeted to commence in the second quarter of 2023 and is expected to follow a similar eight-month timetable before achieving commercial operations status in March 2024.

Moving forward, the Company plans to build an approximately 60-MW solar plant on a 44-hectare land located at Panipuan, Mexico, Pampanga. The land is already fully acquired by the Company. The acquisition cost for the land is at ₱321mn. The Company plans to build RASLAG-5 within the next five years.

PROJECT	LOCATION	AREA (Sqm)	Capacity	Status
RASLAG-1	Suclaban, Mexico, Pampanga	129,438	10.046 MW	Operational
RASLAG-2	Suclaban & Gandus, Mexico, Pampanga	133,460	13.141 MW	Operational
RASLAG-3	Bical, Mabalacat/San Jose, Magalang, Pampanga	128,012	18.011 MW	Under Construction
RASLAG-4	Talimundoc, Magalang, Pampanga	269,987	35.159 MW	Land Payment as of September 2021 - ₱55.4mn
RASLAG-5	Panipuan, Mexico, Pampanga	435,574	60.0 MW	22 lots purchased May 2018 (Fully Paid)

Source: Information provided by RASLAG Corp.

Spanning over 2.1 million hectares of land that includes lowlands and a portion of the Sierra Madre mountain range, the Central Luzon region is more known for its farmlands that produce one-third of the Philippines' total rice production. 1.2 million hectares in Central Luzon are alienable & disposable lands, wherein 41% or 494 thousand hectares are rice lands. Rice lands are typically in the form of agricultural plains and these are often deemed suitable for utility scale solar facilities given their lower construction costs for clearing up land and installation of solar panels. Solar farms also require regular washing of solar panels and cutting of grass, which make these flat lands the ideal terrain for an easier maintenance of solar PV facilities.

As evidenced by nearly 60% jump or 180-MW increase in ground-mounted solar PVs in Central Luzon within only a year, agricultural lands that are being converted into solar farms are at an increasing pace given that solar farms often require one (1) hectare of land per one (1) megawatt capacity.

In terms of harnessing solar energy, the DOE has identified four (4) competitive renewable energy zones for solar PV development in Central Luzon with irradiance from these areas ranging from 5.0 to 5.6 kWh/m^2/day. This is higher in contrast to other potential areas for solar energy development in the country with solar irradiance ranging from 4.5 to 5.0 kWh/m^2/day.

STRENGTHS AND STRATEGIES

Strengths

Solar industry pioneer enjoying attractive FIT rates.

- RASLAG is one of the pioneers in the grid-scale solar energy development in the country. This can be proven by RASLAG's first two projects achieving the most coveted solar Feed-in Tariff rates in

2015. The 10.046 MWp RASLAG-1 solar project was the second solar power plant to fill up the DOE's 50-MWp target capacity for the first round FIT rate (FIT-1) of ₱9.68/kWh, while RASLAG-2 was able to secure one of first spots in the second round (FIT-2) race for ₱8.69/kWh FIT rate. These contracts with the government last for 20 years with yearly rate escalations.

Strong financials with visible simultaneous potential for profit growth and high dividend capacity.

- The Feed in Tariff rates of RASLAG-1 and 2 give RASLAG a secure and steady cash flow for 20 years. These will be supplemented by a diversified revenue stream coming from the three other solar projects in the pipeline. These greenfield projects are allotted for Power Supply Agreements with utilities and retailers, and for the Green Energy Auction Program of the Department of Energy.

Respected management team with decades of successful track record in the power sector.

- RASLAG is owned and managed by the prominent Nepomuceno clan of Pampanga, who has decades-long stakes in the power generation and distribution sectors. Its officers have proven track record in the energy business through Angeles Power, Inc. and Angeles Electric Corporation. Angeles Power, Inc. operates the 30 MW Calibu Diesel Power Plant in Bacolor, Pampanga, while Angeles Electric Corporation has a 98-year stronghold in the electricity distribution in the Angeles City franchise area.

Strategically located in Central Luzon—a region with one of the highest potentials for large utility-scale solar in the Philippines.

- Central Luzon is an ideal site for solar energy development considering its vast and flat terrains, stable transmission backbone, and high demand for energy. In the 2019-2028 Distribution Development Plan of the DOE, Central Luzon registered an average annual system demand growth rate of 5.79%.

Well-positioned to take advantage of the green revolution.

- Being in the renewable energy business for almost a decade, more so being one of the pioneers in solar energy development, RASLAG is well-positioned in the industry to take advantage of the booming RE demand in the country. Its experience in project management (RASLAG-1 and RASLAG-2 were built in less than a year) and its ability to engage and uplift the community its plants are located are worth noting.

Strategies

Leverage expertise in Central Luzon business development and improving solar technology economics to further scale up utility-scale solar portfolio to 150 MW in five to ten years.

- The owners of RASLAG Corp. have a well-established position in the Central Luzon business arena. Owning several businesses from different industries, they are determined to assert their strong foothold in the region with their RE generation arm – RASLAG. RASLAG intends to scale up its solar portfolio to 150 MW in the next five to ten years by further improving the economics in building a solar project.

Optimize operations to leverage synergies across multiple adjacent power plants to further improve margins.

- With its projects heavily concentrated in Central Luzon, RASLAG will optimize its operations by centralizing the O&M of all its power plants in the region. It will create a single O&M unit which will be shared by the power plants under its arm. A single O&M unit will cut the cost for manpower, for the maintenance equipment, and for the plants' spares and inventories.

Explore complementary disruptive technologies.

- RASLAG is open to exploring disruptive technologies that could be harmonized with its current RE portfolio. It acknowledges that solar has operation limitations that is why it is one of RASLAG's focus to address this concern.

Maintain good relationships with stakeholders and regulatory bodies within the area of operations and development.

- Learning from the development of its first Projects, RASLAG will continue to build good relationship with its stakeholders, especially with the communities where the plants are built. It recognizes the important role of the community in the success of the Project, therefore it is committed in enjoining and uplifting the area of its operations and development.

Strengthen team and enhance organizational capabilities.

- RASLAG is excellent in retaining competent and committed officers and talents. Its lean organizational structure proves beneficial for speedy decision-making which is important in timebound project executions. However, RASLAG recognizes the need to further improve its team considering the exponential expansion of the Company. It commits to enhance the organizational skill set of the Company by providing various technical and collaboration trainings and engaging the services of the brilliant minds in the industry.

RASLAG-1

RASLAG-1 is a 10.046 MWp Solar PV Plant that is under the first round of the Feed-in Tariff Scheme of the Philippines. The plant was initially awarded with a starting Feed-in Tariff rate of ₱9.68/kWh for 20 years. It is also the first ground-mounted solar PV plant in Luzon.

The construction of RASLAG-1 commenced in mid-2014 and the Company appointed Conergy and Schema Konsult as the Engineering Procurement and Construction ("EPC") contractors. RASLAG-1 was first commissioned on February 3, 2015 and shortly thereafter received its Certificate of Compliance ("COC") from the ERC, in accordance with the EPIRA Law, on April 6, 2015.

RASLAG-1 is located on a 12.9 hectare property in Barangay Suclaban in Mexico, Pampanga which is alongside the North Luzon Expressway ("NLEX") and adjacent to the transmission line running along the NLEX. The land was formerly an unirrigated sugarcane plantation that was later reclassified and converted into industrial land.

The following displays the location and layout of the RASLAG-1 site.

Source: Information provided by RASLAG Corp.

The Commercial Feasibility Study for RASLAG-1 which was completed by Syntegra Solar International AG on August 4, 2014, concluded that that "the PV Plant economics under the given FIT regime are attractive, and full commercial feasibility of the Project can be assured."

The Company also mandated Syntegra Solar Intl. AG for the Technical Feasibility Study of the overall 10.046 MWp PV Power Plant which includes all technical issues: description of the general conditions and insolation, PV system layout basics and recommendations, energy harvest calculation and assessment of the results. RASLAG submitted several information and data about the specific project and the site. All other information is gained from Syntegra Solar internal databases and software, as well as public databases.

For the full Commercial and Technical Feasibility Studies of RASLAG-1, please refer to Appendix C of the Prospectus.

The following table displays the Actual Investment and Debt Terms for RASLAG-1.

RASLAG 1 - Actual Investment and Debt Terms

Investment		Debt Terms	
Item	**(₱, 000)**	**Item**	**Amount**
Land Acquisition	69,361	Equity Amount (₱, 000)	250,000
Project Development	36,100	Loan Amount (₱, 000)	650,000
Project Implementation	771,908	Loan Terms	12 Years
Others	3,613	Principal Moratorium	1 Year
Total	**880,983**	Interest Rate	6.0%
Total Investment per kWp	87.69	Quarterly. Principal Payments (₱, 000)	14,773

Source: Information provided by RASLAG Corp.

The actual total investment for RASLAG-1 amounted to ₱881mn, with financing provided through a long-term loan of ₱650mn and owner contributed equity and advances totaling ₱250mn. The Bank of the Philippine Islands ("BPI") provided the debt package under a term of up to twelve years, with a grace period of two years, and on an initial interest rate of 6%, subject to periodical repricing.

The following table displays Operational parameters and Financial returns of RASLAG-1.

RASLAG 1 - Actual Parameters and Results

Parameters		Results	
Item	**Amount**	**Item**	**Amount**
PV Power plant size	10,046 kWp	Net present value (₱, 000) (10 Yrs)	318,732
Annual Operation Costs per kWp	₱1,873	Equity IRR	20.47%
Annual specific yield	1,477 kWh/kWp	Project IRR	13.71%
Feed in Tariff per kWh	₱9.68	Payback Period	8 Years
Period under consideration	25 Years	Annual Redemption (₱, 000)	139,050
Annual degradation rate	0.30%	Annual Operation Costs (₱, 000)	18,823

Source: Information provided by RASLAG Corp.

Based on the actual financial performance of RASLAG-1 since its commissioning in 2015, the project has a NPV of ₱318.7mn, with an equity IRR and project IRR of 20.5% and 13.7%, respectively.

RASLAG-1 is embedded within the distribution network of Angeles Electric Corp. ("AEC") and is tapped in the 13.8kV AEC line traversing along the NLEX going to the AEC Petersville Substation. AEC acts as the metering services provider of the plant in accordance with the Feed-in Tariff guidelines. The solar power plant has been in continuous operations for more than six years since it was commissioned in early 2015.

The following table displays operational highlights from 2016 to the nine months ending September 2021.

RASLAG-1	**2016**	**2017**	**2018**	**2019**	**2020**	**9M2021**
Gross Energy	14,453,014	19,920,134	14,188,122	13,410,131	14,038,991	10,923,310
Net Energy	14,364,624	13,858,281	14,150,114	13,380,976	14,005,118.	10,896,088
Plant use and losses	88,390	64,853	38,008	29,455	33,872	27,222
Average irradiance	384	523	437	438	435	442
Average Operating Hours	12	11	11	11	11	11
Capacity Factor	16.3%	15.77%	16.1%	15.2%	15.9%	16.5%

Source: Information provided by RASLAG Corp.

The RASLAG-1 solar power plant has consistently generated electricity within the +/- 5% power generation guidelines and assumptions as contained in the plants original feasibility study. In 2019 however operations of the plant were effected by a 6.1 magnitude earthquake which hit the Central Luzon region where the plant is located, resulting in a shutdown of the plant for a couple of days. Also, in 2019 the operations and maintenance ("O&M") identified that certain solar panels were degrading faster than their design specifications and as a result the Company processed a warranty claim with the supplier of the solar panels.

With the old solar panels replaced and the new panels installed in 2020, the energy yield of RASLAG-1 returned to specifications with an improvement in the plants energy yield recorded during 2020. The Company successfully applied its performance guarantee with its EPC contractor as a result of the underperformance of the plant in 2019 and received good pricing on the replacement panels.

The following table displays actual performance of RASLAG-1 versus the EPC contractor's performance guarantee.

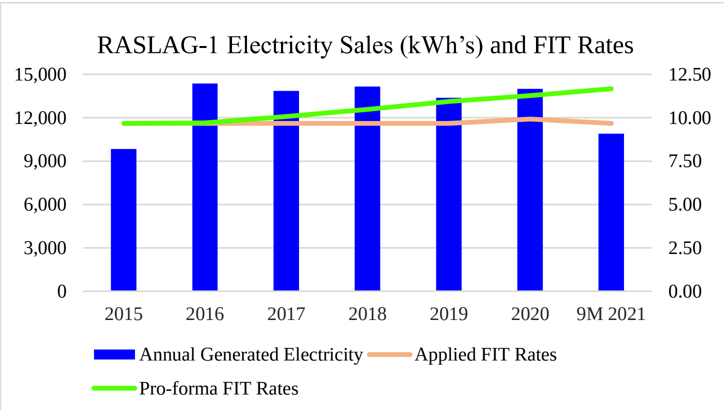
Performance vs. EPC Contractor's Performance Guarantee – RASLAG-1					
	2016	**2017**	**2018**	**2019**	**2020**
System Annual Energy Production, kWh	14,425,000	14,325,000	14,225,000	14,125,000	12,577,033
Calculated Annual Energy Production, kWh	13,805,519	13,822,340	14,307,807	13,838,762	12,526,040
Actual Annual Energy Production, kWh	14,184,698	13,903,385	14,309,211	13,420,104	12,557,276
Performance Guarantee (Plan)	79.4%	78.8%	78.3%	77.7%	77.2%
Performance Guarantee (Actual)	81.5%	79.3%	78.3%	75.4%	77.4%

Source: Information provided by RASLAG Corp.

RASLAG religiously followed its preventive and corrective maintenance plans. Most of the maintenance activities were scheduled during nighttime to prevent outages and operation disruptions. In total, RASLAG-1 was averaging 49.508 hours of outages per year, mostly because of external grid outages.

During the past three (3) full financial years from 2018 to 2020 and including the nine months to the end of September 2021, RASLAG-1 has reported total earnings from the sale of electricity of ₱557.4mn, representing 46.2% of the Company's total revenues during this period of ₱1,206mn.

The following chart displays the annual electricity generation of RASLAG-1 and its original and pro-forma FIT rates.

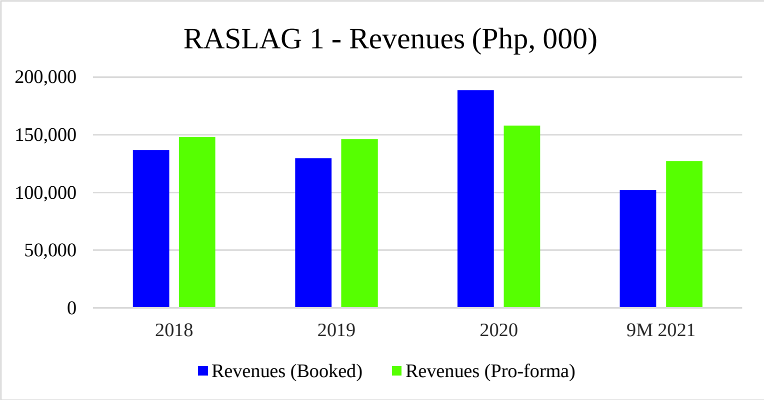


Source: Information provided by RASLAG Corp.
Note: Proforma FIT rates represent ERC approved FIT rates (2020 and prior years) with 2021 FIT rate factoring in a yearly adjustment of 3.5%.

Since its commercial commission, RASLAG-1 has generated total electricity of 90.5 GWh and has averaged a yearly annual generation of 14 GWh. RASLAG-1 achieved a record generation high in 2016 as it generated total electricity of 14.4 GWh, with its lowest level of electricity generation reaching 13.4 GWh in 2019 due to the earthquake and replacement of solar panels. For the first nine months of 2021, RASLAG-1 generated electricity sales of 10.9 GWh which represented 42.9% of the Company's total generation of 25.4 GWh.

Whilst RASLAG-1 applied its original FIT rate of ₱9.68/kWh during the period 2015 to September 2021, the ERC in 2020 approved the adjusted FIT rates covering the period from 2016 to 2020, which are shown in the preceding chart and referred to as the 'pro-forma FIT rates'

The following chart displays historical revenues for RASLAG-1, showing separately booked revenues and pro-forma revenues.



Source: Information provided by RASLAG Corp.

For the nine-month period to the end of September 2021 revenues from RASLAG-1 declined by 4.1% to ₱102.1mn and accounted for 45.4% of the Company’s total revenues during the nine month period. RASLAG-1 applied the original FIT rate of ₱9.68/kWh during the nine month period. If the adjusted FIT rate of ₱11.67/kWh had been applied during the period, then pro-forma revenues would have reached ₱127.2mn during the nine months.

With the restatement of earnings in 2020 to reflect the ERC adjusted FIT rates, RASLAG-1 reported a substantial 45.7% increase in revenues to ₱188.8mn as it booked the FIT receivables from 2016 to 2020 during 2020 in line with the ERC resolution approving the adjusted FIT rates. The breakdown of revenues for 2020 included revenues of ₱138.9mn based on its original FIT rate and additional revenues of ₱49.8mn from the FIT receivables covering the ERC approved adjusted FIT rates from 2016 to 2020.

Excluding FIT receivables and based on the original FIT rate of ₱9.68/kWh, RASLAG-1 has averaged full year revenues of ₱135.1mn during 2018 to 2020, achieving a high of ₱138.9mn in 2020 and a low of ₱129.5mn in 2019. Including the ERC approved adjusted FIT rates over the same period RASLAG-1’s pro-forma revenues would have averaged ₱150.9mn per year during the past three (3) full years, achieving a high of ₱157.9mn in 2020 and a low of ₱146.4mn in 2019.

RASLAG-2

RASLAG-2 is a 13.141 MWp Solar PV Plant that is under the second round of the Feed-in Tariff Scheme of the Philippines. The plant was initially awarded with a starting Feed-in Tariff rate of ₱8.69/kWh for 20 years.

The construction of RASLAG-2 commenced during the third quarter of 2015 and the Company appointed Solenergy and Conergy as the EPC contractors. RASLAG-2 was first commissioned on the December 23, 2015 and in a similar timeframe to RASLAG-1 received its COC from the ERC, in accordance with the EPIRA Law, on February 29, 2016.

RASLAG-2 is located on a 13.3 hectare property in Barangays Suclaban and Gandus in Mexico, Pampanga which is alongside the NLEX and adjacent to RASLAG-1 and as such is also positioned adjacent to the transmission line running along the NLEX. The RASLAG-2 land was, similar to RASLAG-1, formerly used as an unirrigated sugar cane plantation which was later reclassified and converted to industrial land, with both plant sites also having no history of flooding.

The following displays the location and layout of the RASLAG-2 site.

The Commercial Feasibility Study for RASLAG-2 which was completed by Syntegra Solar International AG on July 10, 2015, concluded that "the PV Power Plant economics under the given FIT regime are attractive, and full commercial feasibility of the project can be assessed."

The Company also mandated Syntegra Solar Intl. AG for the Technical Feasibility Study of the 13.141 MWp PV Power Plant, which includes all technical issues: description of the general conditions and insolation, PV system layout basics and recommendations, energy harvest calculation and assessment of the results. RASLAG submitted several information and data about the specific project and the site. All other information is gained from Syntegra Solar internal databases and software, as well as public databases.

For the full Commercial and Technical Feasibility Studies of RASLAG-2, please refer to Appendix D of the Prospectus.

The following table displays the Actual Investment and Debt Terms for RASLAG-2.

RASLAG 2 - Actual Investment and Debt Terms

Investment		Debt Terms	
Item	**(₱, 000)**	**Item**	**Amount**
Land Acquisition	70,474	Equity Amount (₱, 000)	250,000
Project Development	26,402	Loan Amount (₱, 000)	650,000
Project Implementation	731,972	Loan Terms	12 Years
Others	4,707	Principal Moratorium	2 Years
Total	**833,827**	Interest Rate	6.0%
Total Investment per kWp	63.5	Quarterly. Principal Payments (₱, 000)	16,250

Source: Information provided by RASLAG Corp.

The actual total investment for RASLAG-2 amounted to ₱834mn, with financing provided through a Long-Term Loan of ₱650mn and owner contributed equity and advances totaling ₱250mn. The Bank of the Philippine Islands provided the debt package under a term of up to twelve years, with a grace period of two years, and on an initial interest rate of 6%, subject to periodical re-pricing.

The following table displays Operational parameters and Financial returns of RASLAG-2.

RASLAG 2 – Actual Parameters and Results

Parameters		Results	
Item	**Amount**	**Item**	**Amount**
PV Power plant size	13,141 kWp	Net present value (₱, 000) (10%)	552,059
Annual Operation Costs per kWp	₱1,432	Equity IRR	27.17%
Annual specific yield	1,480 kWh/kWp	Project IRR	16.37%
Feed in Tariff per kWh	₱8.69	Payback Period	5 Years
Period under consideration	**25 Years**	Annual Redemption (₱, 000)	153,894
Annual degradation rate	0.70%	Annual Operation Costs (₱, 000)	18,823

Source: Information provided by RASLAG Corp.

Based on the actual results of RASLAG-2's operations, the project has a NPV of ₱552mn, with an equity IRR and project IRR of 27.2% and 16.4%, respectively.

RASLAG-2 is also embedded within the distribution network of Angeles Electric Corporation and is tapped in the 13.8kV line of AEC which passes along North Luzon Expressway, the same as RASLAG-1. AEC also acts as the metering services provider of the plant in accordance with the Feed-in-Tariff guidelines. The solar power plant has been in continuous operations for more than six years since it was commissioned in late 2015.

The following table displays operational highlights from 2016 to the nine months ending September 2021.

RASLAG-2	**2016**	**2017**	**2018**	**2019**	**2020**	**9M2021**
Gross Energy	18,836,049	18,145,362	19,068,894	17,924,087	17,038,481	14,585,323
Net Energy	18,407,553	17,709,302	12,865,973	17,811,007	16,911,443	14,487,076
Plant use and losses	428,495	436,059	202,921	113,080	127,038	98,247
Average irradiance	450	410	433	430	429	11
Average Operating Hours	11	11	11	11	11	441
Capacity Factor	16.0%	15.4%	16.4%	15.5%	14.7%	16.9%

Source: Information provided by RASLAG Corp.

The RASLAG-2 solar power plant has consistently generated electricity with the +/- 5% power generation guidelines and assumptions as contained in the plants original feasibility study. Although as with RASLAG-1 in 2019 the plant slightly underperformed against the performance rate guarantee of the EPC contractor as a result of the earthquake as well as the greater than expected degradation in a number of solar panels. In 2020, the performance of RASLAG-2 was slightly affected by unscheduled outages of the grid, however the plant's overall performance has been outstanding.

The following table displays actual performance of RASLAG-2 versus the EPC contractor's performance guarantee.

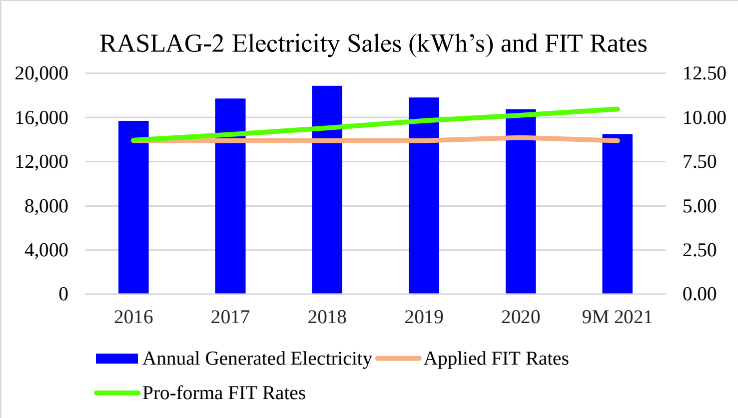
Performance vs. EPC Contractor's Performance Guarantee – RASLAG-2					
	2016	**2017**	**2018**	**2019**	**2020**
System Annual Energy Production, kWh	19,013,576	18,973,000	18,840,000	18,709,000	18,577,000
Calculated Annual Energy Production, kWh	19,330,293	17,942,845	18,825,047	17,973,372	16,608,783
Actual Annual Energy Production, kWh	18,736,370	18,148,041	19,004,730	17,795,335	16,819,720
Performance Guarantee (Plan)	80.1%	79.6%	79.0%	78.5%	77.9%
Performance Guarantee (Actual)	81.9%	80.5%	79.8%	77.7%	78.9%

Source: Information provided by RASLAG Corp.

Since the commissioning of RASLAG-2 the Company has strictly followed all preventive and corrective maintenance procedures with most performed during night time hours to prevent outages and operational disruptions. In total RASLAG-2 has averaged 206.02 hours of outages per year. Outages from preventive maintenance comprised a small percentage as compared to unscheduled outages due to the grid and other external grid outages. The Company makes sure that the plant is always in its optimum condition to generate its highest potential energy year by year.

During the past three (3) full financial years from 2018 to 2020 and including the nine months to the end of September 2021, RASLAG-2 has reported total earnings from the sale of electricity of ₱648.5mn, representing 53.8% of the Company's total revenues during this period of ₱1,206mn.

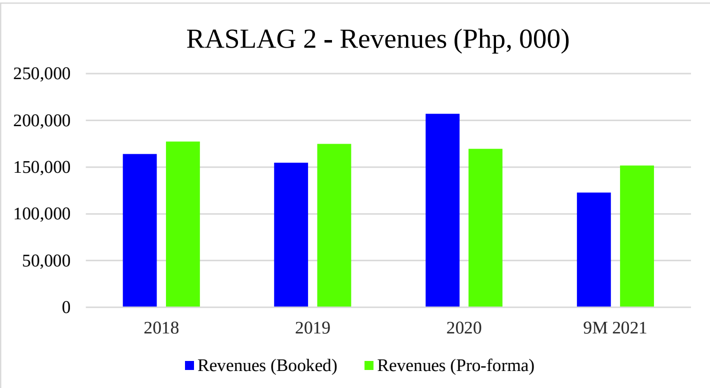
The following chart displays the annual electricity generation of RASLAG-2 and its original and pro-forma FIT rates.



Source: Information provided by RASLAG Corp.
Note: Proforma FIT rates represent ERC approved FIT rates (2020 and prior years) with 2021 FIT rate factoring in a yearly adjustment of 3.5%.

Since its commercial commission, RASLAG-2 has generated total electricity of 101.3 GWh and has averaged a yearly annual generation of 17.4 GWh. RASLAG-2 achieved a record generation high in 2018 as it generated total electricity of 18.9 GWh, with its lowest level of electricity generation reaching 15.7 GWh in 2016. For the first nine months of 2021, RASLAG-2 generated electricity sales of 14.5 GWh which represented 57.1% of the Company's total generation of 25.4 GWh. Whilst RASLAG-2 applied its original FIT rate of ₱8.69/kWh during the period 2015 to September 2021, the ERC in 2020 approved the adjusted FIT rates covering the period from 2016 to 2020, which are shown in the preceding chart and referred to as the 'pro-forma FIT rates.'

The following chart displays historical revenues for RASLAG-2, showing separately booked revenues and pro-forma revenues.



Source: Information provided by RASLAG Corp.

For the nine-month period to the end of September 2021, revenues from RASLAG-2 increased by 7.6% to ₱122.7mn and accounted for 54.6% of the Company's total revenues during the nine-month period. RASLAG-2 applied the original FIT rate of ₱8.69/kWh during the nine-month period. If the adjusted FIT rate of ₱10.48/kWh had been applied during the period, then pro-forma revenues would have reached ₱151.8mn during the nine months.

With the restatement of earnings in 2020 to reflect the ERC adjusted FIT rates, RASLAG-2 reported a substantial 33.8% increase in revenues to ₱207.1mn as it booked the FIT receivables from 2016 to 2020 during 2020 in-line with the ERC resolution approving the adjusted FIT rates. The breakdown of revenues for 2020 included revenues of ₱148.5mn based on its original FIT rate and additional revenues of ₱58.6mn from the FIT receivables covering the ERC approved adjusted FIT rates from 2016 to 2020.

Excluding FIT receivables and based on the original FIT rate of ₱8.69/kWh, RASLAG-2 has average full year revenues of ₱155.7mn during 2018 to 2020, achieving a high of ₱163.9mn in 2018 and a low of ₱148.5mn in 2020. Including the ERC approved adjusted FIT rates over the same period RASLAG-1's pro-forma revenues would have averaged ₱174.0mn per year during the past three (3) full years, achieving a high of ₱177.5mn in 2018 and a low of ₱169.5mn in 2020.

RASLAG-3

RASLAG-3 is an 18.011 MWp Solar Power Project in Magalang and Mabalacat, Pampanga which is set for commercial operations in the first quarter of 2022. Its generation will initially be offered to the WESM as a merchant plant to capitalize on high average prices trend of WESM but will eventually venture into offering its generation to distribution utilities and electric cooperatives for their compliance to the Renewable Portfolio Standards, and for the Green Energy Auction Program.

RASLAG-3 will initially be connected to the 69kV Transmission grid of the NGCP through the Clark-Mexico Line 1 and will later on connect to the 69kV Clark-Mabiga Line once the line is erected.

RASLAG-3 sits on a 12.8-hectare property located in Barangay Bical in Mabalacat and Barangay San Jose in Magalang, Pampanga. The land was previously used as agro-industrial such as cow, pig, goat, and fish farm, and was eventually reclassified and converted into Industrial Land.

Key milestones achieved and in process include:

- LGU endorsements
- DOE - Solar Energy Service contract and detailed engineering design works.
- ECC from the DENR, Certificate of Non-Overlap with NCIP, Land use conversion from the DAR and right of way for transmission line.
- Financial closing has been approved by BPI and RASLAG-3 has received its first drawdown of ₱81mn on September 29, 2021.
- Commenced construction in July 2021 with Solenergy as the EPC contractor.
- Registration with the Wholesale Electricity Spot Market is scheduled for December 2021.

The site of RASLAG-3's 18.011 MWp solar power plant is 5 km. from the North Luzon Expressway - Angeles Exit and the transmission line leads to the existing 69 kV transmission line of NGCP.

The following displays the location of the RASLAG-3 site and connection to the NGCP tower.

Source: Information provided by RASLAG Corp.

The Company conducted its own feasibility study for RASLAG-3 which was completed on December 6, 2021, and concluded that "the PV Power Plant economics under the given WESM prices are attractive, and full commercial feasibility of the Project can be assessed."

A Technical Feasibility Study has also been conducted by the Company for its 18.011 MWp PV Power Plant, which includes all technical issues: description of the general conditions and insolation, PV system layout basics and recommendations, energy harvest calculation and assessment of the results. All other information is gained through the technical expertise and recommendations of Solenergy Systems, Inc. which is the EPC contractor of RASLAG for this project.

For the full Commercial and Technical Feasibility Studies of RASLAG-3, please refer to Appendix E of the Prospectus.

The following table summarizes the estimated project cost for RASLAG-3.

Item	Cost (₱,000)	Cost/kWh
Land Acquisition	113,769	6,317
Project Development	24,720	1,373
Project Implementation	676,929	37,584
Others	16,487	915
Total	**831,905**	**46,189**

Source: Information provided by RASLAG Corp.

The estimated total project cost for RASLAG-3 is ₱832mn. Over 80% or ₱676.9mn has been allocated for project implementation while total land value to-date post-acquisition is ₱113.8mn after including taxes and transfer fees.

The following table summarizes the financial structure for RASLAG-3.

Items	Terms
Equity Amount (₱, 000)	250,000
Amount (₱, 000)	600,000
Loan Tenure (Years)	10
Principal Moratorium	2
Interest Rate	6.0% (Subject to repricing)
Qtrly. Principal Payments	18,750
1st Drawdown Date	September 29, 2021

Source: Information provided by RASLAG Corp.

A ₱600mn long-term loan with a 6% interest rate subject for periodical re-pricing was provided by BPI for the construction of RASLAG-3. The ten-year term loan has a two-year grace period. On September 29, 2021, BPI released an initial drawdown of ₱81mn which was used by the Company to pay the on-shore/local contractor for RASLAG-3.

The following table displays Operational parameters and Financial returns of RASLAG-3.

Items	
PV Plant Size	18.01 MW
Annual Operating Cost	₱16,487
Annual Operating Cost per kWp	₱915
Annual Specific Yield	₱1,448
Starting WESM rate	₱4.30
Project Internal Rate of Return	12.1%
Equity Internal Rate of Return	16.7%

Source: Information provided by RASLAG Corp.

After updating the WESM rate assumption from the commercial feasibility study to ₱ 4.30/ kWh the RASLAG-3 project is projected to generate an equity IRR of 16.7% and a project IRR of 12.1%.

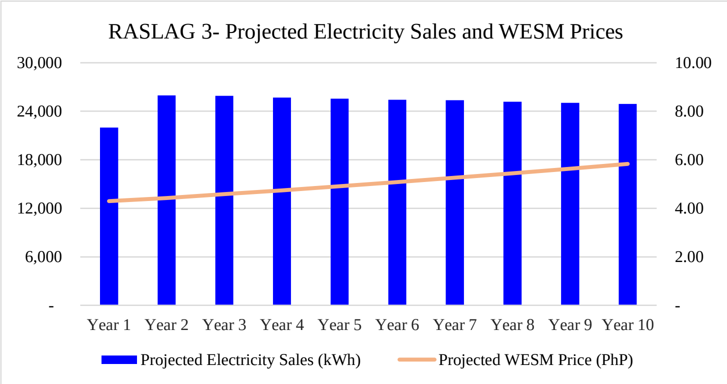
The following table displays the operational costs assumption for RASLAG-3.

Item	Cost (₱/kWp)	Total Cost (₱, 000)	Ann. growth rate
Technical O&M (full service package)	₱364	₱6,548	3%
Insurance (all risk insurance, liability)	₱146	₱2,631	-
Annual reserve for repairs/parts	₱114	₱2,046	-
Administrative	₱146	₱2,631	3%
Security 24/7	₱146	₱2,631	3%
Total	**₱915**	**₱16,487**	

Source: Information provided by RASLAG Corp

Operational costs consist of salaries and wages, electricity, communication, transportation and travel, fuel and oil, representation, bank fees and charges, insurance, security and agency fees, audit and legal fees, DOE training fund, training & development fund to barangay, office supplies, taxes & licenses, and repairs & maintenance. Most of the expenses are assumed to have 3% increases annually.

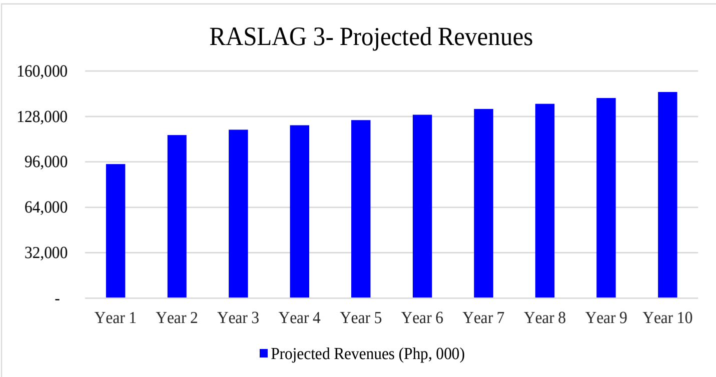
The following chart displays the projected electricity sales and WESM prices for RASLAG-3.



Source: Information provided by RASLAG Corp

RASLAG-3 is forecast to average annual electricity sales of 25.1 GWh throughout the first ten-year forecast period. Projected electricity sales are forecast to peak in the second year of full year operations with sales of 25.9 GWh after which the projections factor in an average 0.5% degradation in generation capacity to reach 24.9 GWh in Year 10. The WESM price is forecast to begin at ₱4.30/kWh in Year 1 and is then projected to increase annually, in-line with inflation, by an average 3.4% per year to reach ₱5.83/kWh in Year 10.

The following chart displays projected revenues for RASLAG-3.



Source: Information provided by RASLAG Corp

Projected revenues for RASLAG-3 are forecast to average ₱126.1mn per year during the first ten years of operations, beginning with ₱94.5mn in revenues in Year 1 and then increasing to ₱114.9mn for a full year contribution in Year 2. From Year 3 onwards revenues from RASLAG-3 are forecast to increase by an annual rate of 3% and increase to ₱145.2mn by Year 10. Revenues from RASLAG-3 are projected to increase yearly on the basis of an assumed 3.4% increase per year in average WESM rates which more than offsets the assumed 0.5% per annum degradation in the output of the solar panels.

PROJECT PIPELINE

<u>RASLAG-4</u>

RASLAG-4 is a 35.1 MW PV plant to be built on a 27-hectare property in Barangay Talimundoc, Magalang, Pampanga. The Company targets to start construction for RASLAG-4 in the second quarter of 2023.

RASLAG-4 will be connected to the NGCP's 69kV transmission grid. Similar to RASLAG-3, the electricity will be sold to distribution utilities and electric cooperatives to comply with the Renewable Portfolio Standard ("RPS") program of the DOE. RASLAG-4 will also participate in the Renewable Energy Auction of the DOE should there be excess energy generation from it.

The following table summarizes the estimated project cost for RASLAG-4.

Projected Cost of RASLAG-4

Items	Cost (₱,000)	Cost/kWp
Land Acquisition	234,190	6,691
Project Development	39,973	1,142
Project Implementation	1,094,596	31,274
Others	26,660	762
Total	**1,395,419**	**39,869**

Source: Information provided by RASLAG Corp

The total investment cost for RASLAG-4 is estimated at ₱1,395mn wherein ₱1,095mn will be allocated for project implementation and ₱234.2mn for the acquisition of land. As of September 2021, the Company has paid ₱55.4mn for the land with the balance of the cost of land payable over the following year.

RASLAG-5

RASLAG-5 is an approximately 60-MW solar PV plant to be situated in Barangay Panipuan, Mexico, Pampanga. It will cover 43.6 hectares of land and the Company has paid in full the ₱321mn acquisition cost for the 22 lots it purchased in May 2018.

RASLAG-5's construction is targeted to commence in the second quarter of 2024.

EASE AND SIMPLICITY OF MAINTAINING SOLAR PANELS

To make sure that the plants are operating at their optimum potential, the panels are cleaned four times a year. This cleaning is for the accumulated dirt that rainwater cannot get rid of when raining. Grass cutting activities throughout the plant are also done on as-needed basis while other preventive and corrective maintenance are done during nighttime to avoid power interruptions during sun light hours. These make solar power plants require lesser maintenance outage hours than other power plants.

IMPACTS TO COMMUNITY

RASLAG is consistent with its mission to uplift the community where its plants are based. The Company envisions growth and development, not only with its portfolio, but also in its community. RASLAG believes that in order to elevate the social status of the people inside its community, it should focus on the education development first. With that, it has been a yearly tradition for RASLAG to join the Brigada Eskwela of the barangays where its plants are located.

The Company consistently donates educational materials for the elementary students in Barangays Suclaban, Gandus and Acli in Mexico, Pampanga. It was able to construct a computer building for Suclaban Elementary School in 2017 and have the whole school secured by providing concrete perimeter fence and metal grills on each classroom. Because of these developments, Suclaban Elementary School regularly wins Department of Education competitions regarding school development. RASLAG also donated a lot to the community for the erection of Barangay Suclaban daycare center.

In addition, RASLAG was also able to generate hundreds of jobs for local employment during the construction of its plants. It is also open for local tourism, especially for students coming from different universities for their educational tours.

NATURE OF THE BUSINESS

RASLAG develops, owns, and operates utility-scale solar power plants and supplies electricity generated from its plants to the Philippine national grid or other customers. Although RASLAG's initial intent was to remain a humble RE power producer in the Kapampangan region, it has future plans in extending its reach to different markets for RE, realizing the limitless potential of RE development in the country. Hence, RASLAG-3, 4 and 5. It aims to supply green energy to the Filipino people through the programs prescribed by the RE Law.

Its target markets are mainly large-scale electricity consumers—specifically, distribution utilities, electric cooperatives, RES, directly-connected customers, and wholesale or bulk users (also identified by the DOE and ERC as "contestable customers"). It intends to participate in the former's competitive selection processes as well the Green Energy Auctions set forth by the Department of Energy. It also wills to trade its excess energy to the WESM and Renewable Energy Market, should excess energy be available for trading.

PRODUCTS AND SERVICES

The main product of RASLAG is the supply of electrical energy generated from renewable energy, specifically solar. It develops, owns, and operates solar power plants to provide utility-scale renewable energy to grid customers; prioritizing distribution utilities, electric cooperatives, directly-connected grid customers, RES, and contestable customers.

BREAKDOWN OF REVENUES

The current major revenue stream of RASLAG comes from the FIT. RASLAG-1 enjoys a ₱9.68/kWh FIT rate while RASLAG-2 has a FIT rate of ₱8.89/kWh. Both of these rates have annual adjustments based on inflation and foreign exchange, and are guaranteed payments for twenty (20) years from the start of the plants' respective commercial operations.

RASLAG also aspires to add other revenue streams through its incoming projects. Its main target is to secure PSAs with distribution utilities or electric cooperatives. Long-term PSAs, usually for at least fifteen (15) years, will give RASLAG's projects stable cash flows for the foreseeable future. RASLAG also plans to trade its excess generation, if any, to the WESM or the RE Market.

DISTRIBUTION METHOD OF PRODUCTS OR SERVICES

Electricity generation in the Philippines is usually gross pooled in the national electric grid. The generated energy goes to the electricity transmission highways owned by the government arm TransCo and operated by the privately-owned NGCP and is instantaneously delivered to distribution utilities like Manila Electric Company, AEC and other DUs or ECs. In some instances, power plants are embedded in the distribution system of the DUs. This is the case for RASLAG-1 and RASLAG-2.

RASLAG-1 and RASLAG-2 are embedded in the distribution system of AEC. Their generated energy goes directly to the system of AEC and is metered correspondingly by the latter. The metered quantities of the RASLAG plants are then wheeled to the NGCP-operated national grid for dispatch.

RASLAG-3 will be connected directly to the 69 kV transmission grid of the NGCP and its generated energy will be supplied as a merchant plant in the WESM.

Due to their sizes, however, the incoming RASLAG projects are planned to be connected directly to the transmission grid.

COMPETITION

In 2020, solar-based installed capacities in the Central Luzon region stood at 307.3 MW based on data from the DOE. This aggregate capacity was comprised by 16 projects of 11 companies. Forward to October 2021, six companies in the Region 3 have been issued with certificate of endorsement to the Energy Regulatory Commission (ERC) and have target testing and commissioning in 2021, namely: GIGASOL 3, Inc., PowerSource First Bulacan Solar, Inc., Terasu Energy, Inc., Cleantech Global Renewables, Inc., Bataan Solar Energy Corp, and Trademaster Symbior Rooftop Corp. Two of these new capacities announced that they have already started operations this year while the rest are expected to have their target testing and commissioning before yearend. This brings the total installed capacity in the region to 490.1 MW, up 59.2%, accounted by 22 projects of 17 companies.

List of Existing Solar Power Plants in Region 3 (2021 commission date or earlier)

Power Plant	Owner / Operator	Location	Plant Type	Capacity, MW	
				Installed	Dependable
Concepcion 1 Solar	Solar Philippines Tarlac Corporation	Concepcion , Tarlac	Ground Mounted Solar PVs	20.7	16.6
Concepcion 2 Solar	Solar Philippines Tarlac Corporation	Concepcion , Tarlac	Ground Mounted Solar PVs	70.9	56.7
Gigasol Palauig	GIGASOL 3, Inc.	Palauig, Zambales	Ground Mounted Solar PVs	63.162	-
50 MWDC Tarlac Solar Power Project-1 (TSPP-1)	PetroSolar Corp.	Tarlac City, Tarlac	Ground Mounted Solar PVs	50.1	40.1
BulacanSol	PowerSource First Bulacan Solar, Inc.	San Miguel, Bulacan	Ground Mounted Solar PVs	50	-
Sta. Rosa Solar Power Project	Terasu Energy, Inc.	Sta. Rosa, Concepcion, Tarlac	Ground Mounted Solar PVs	42.8	-
Sta. Rita Solar	Jobin-SQM, Inc.	Mt. Sta. Rita, Subic Bay Freeport Zone	Ground Mounted Solar PVs	32.3	25.9
RASLAG-1	Raslag Corp.	Brgy. Suclaban, Mexico, Pampanga	Ground Mounted Solar PVs	10	8
RASLAG-2	Raslag Corp.	Brgy. Suclaban, Mexico, Pampanga	Ground Mounted Solar PVs	13.1	10.5
Clark Solar	Enfinity Philippines Renewable Resources Inc.	Prince Balagtas Extension, Clark Special Economic Zone, Mabalacat, Pampanga	Ground Mounted Solar PVs	22.3	17.8
Bulacan 2 Solar Power Project	Cleantech Global Renewables, Inc.	San Ildefonso, Bulacan	Ground Mounted Solar PVs	22	-
Mariveles Solar	Next Generation Power Technology Corporation	Freeport Areaof Bataan (FAB), Mariveles, Bataan	Ground Mounted Solar PVs	18	14.4
Bulacan III Solar	Bulacan Solar Energy Corporation	San Ildefonso, Bulacan	Ground Mounted Solar PVs	15	12
Hermosa Solar Power Plant	YH Green Energy Incorporated	Hermosa, Bataan	Ground Mounted Solar PVs	14.5	11.6

Cabanatuan Solar	First Cabanatuan Renewable Ventures, Inc.	Cabanatuan City, Nueva Ecija	Ground Mounted Solar PVs	10.3	8.2
Armenia Solar	nv vogt Philippines Solar Energy Three, Inc. (nv vogt 3)	Barangay Armenia, Tarlac City, Tarlac	Ground Mounted Solar PVs	8.8	7.1
Dalayap Solar	nv vogt Philippines Solar Energy Four, Inc. (nv vogt 4)	Barangay Dalayap, Tarlac City, Tarlac	Ground Mounted Solar PVs	7.5	6
Morong Solar	SPARC Solar Powered Agri-Rural Communities Corporation (SPARCC)	Morong, Bataan	Ground Mounted Solar PVs	5	4
Palauig Solar	SPARC Solar Powered Agri-Rural Communities Corporation (SPARCC)	Palauig, Zambales	Ground Mounted Solar PVs	5	4
San Rafael Solar	SPARC Solar Powered Agri-Rural Communities Corporation (SPARCC)	San Rafael, Bulacan	Ground Mounted Solar PVs	3.8	3.1
Bataan Solar Power Project	Bataan Solar Energy, Inc.	Mariveles, Bataan	Ground Mounted Solar PVs	4.4	-
SIAEP Rooftop Solar Project	Trademaster Symbior Rooftop Corporation	Mabalacat City, Pampanga	Rooftop Installed Solar PVs	0.5	-

Solar Philippines Tarlac Corp. of the Solar Philippines Group, led its competitors with 91.6 MW installed capacity of two solar plants located in Concepcion, Tarlac. In 2020, Solar Philippines Tarlac's power plants generated 156 GWh in electricity. The Solar Philippines Group further plans to expand its energy portfolio in the region through Solar Philippines Nueva Ecija Corp., which will develop a 500-MW solar farm in Peñaranda, Nueva Ecija.

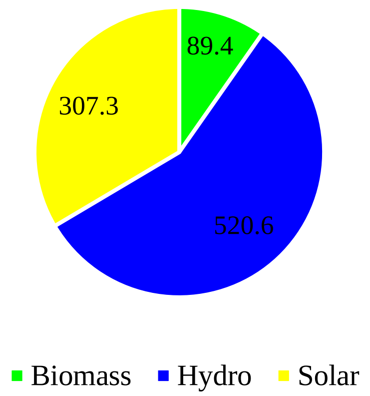
GIGASOL 3, Inc., a subsidiary of AC Energy Corp., has a 63-MW solar facility in Palauig, Zambales that went online this year. AC Energy, on the other hand, has begun the construction of a 283-MW solar farm in San Marcelino, Zambales as well as a 72-MW solar farm in Arayat-Mexico, Pampanga, the latter which is a 50-50 joint venture with Citicore Solar Energy Corp.

PetroSolar Corp., an indirect subsidiary of PetroEnergy Resources Corp., currently has a capacity of 50.1 MW for its Tarlac Solar Power Project-1 ("TSPP-1") in Tarlac. It also has the 20-MW Tarlac Solar Power Project-2 ("TSPP-2") installed in the same province, which is currently awaiting for the issuance ERC's Certificate of Compliance as well as approval before it officially launches commercial operations.

PowerSource First Bulacan Solar, Inc.'s 50-MW solar power plant located in San Miguel, Bulacan commenced operations this year while Terasu Energy, Inc.'s 40-MW solar facility has received ERC's approval to connect to the Luzon grid during the second half.

THE TOTAL MARKET SHARE OF THE COMPANY IN RE POWER GENERATION SERVED IN REGION 3

Installed RE Capacities in Region 3 as of Dec. 2020, MW



Source: Department of Energy List of Existing Power Plants as of December 2020

Market Share of RASLAG over Installed RE Capacities in Region 3

RASLAG	23.14	MW
Other RE plants	894.16	MW
Total market share of RASLAG	**2.52%**	

BUSINESS STRENGTHS, OPPORTUNITIES AND OPERATIONAL THREATS

Strengths	Opportunities	Threats / Operational Issues
Features a horizontal and lean management for faster and more efficient decision-making process	Government's and global institutions' support and programs for RE will continue to buoy the growth of the industry segment for the foreseeable future	Competitors are all on-grid power plants
Employees are experienced and skilled in RE project development and operations as evidenced by the swift and successful completion of RASLAG-1 and RASLAG-2	As prices for solar photovoltaic ("PV") continue to fall, the Company is looking take advantage of its enviable position as a pioneer in the industry and in the region	Availability of upcoming technologies that can disrupt the status quo pipeline of the Company
	As the country and the economy continues to recover from the pandemic, we expect the promising growth in electricity demand to be on-pace or even exceed pre-pandemic levels	Force Majeure events, while partially hedged through proper all-risk insurance coverage, still pose significant operational risk for the people on the ground

PERMITS AND LICENSES

The table below highlights the licenses and permits the Company has acquired for RASLAG-1, 2 and 3.

RASLAG-1	RASLAG-2	RASLAG-3
Terms and Conditions of the Provisional Authority to Operate	Terms and Conditions of the Provisional Authority to Operate	Brgy. Bical Barangay Clearance
Connection Agreement between Angeles Electric Corporation and RASLAG Corporation	Approval of WESM Registration of RASLAG-2 Solar Power Plant as Additional Facility of RASLAG Corporation	Brgy. San Jose Barangay Clearance
Metering Service Agreement between Angeles Electric Corporation and RASLAG Corporation ("RASLAG-1")	Connection Agreement between Angeles Electric Corporation and RASLAG Corporation	Mabalacat Municipal Resolution of Support
Mexico Municipal Resolution of Support	RASLAG-2 Mexico Municipal Resolution of Support	RASLAG-3 Barangay Sapang Biabas
RASLAG-1 Suclaban Barangay Resolution of Support	RASLAG-2 Suclaban Barangay Resolution of Support	Solar Energy Service Contract
Solar Energy Service Contract	RASLAG-2 Gandus Barangay Resolution of Support	
Certificate of Confirmation of Commerciality	Solar Energy Service Contract	
Certificate of Endorsement for Feed-in-Tariff Eligibility	Certificate of Confirmation of Commerciality	
BOI Registration	Certificate of Endorsement for Feed-in-Tariff Eligibility	
Department of Energy Certificate of Endorsement	BOI Registration	
	Department of Energy Certificate of Endorsement	

RESEARCH AND DEVELOPMENT

The Company has spent a total amount of Php 19,082,262 on research and development ("R&D") for RASLAG-1 and 2. These expenditures were booked as part of the cost of RASLAG-1 and 2 in the financial statements. There were no further expenditures incurred on R&D during the last three (3) fiscal years.

MATERIAL CONTRACTS

The following list are the material contracts the Company has obtained.

1. Memorandum of Agreement between the Department of Energy and RASLAG Corp. on the Establishment of Trust Accounts for Accrued Financial Benefits from the commercial operations of the proposed 10MWp Solar PV Power Plant 1 in Barangay Suclaban, Mexico, Pampanga.
2. Memorandum of Agreement between Department of Energy and RASLAG Corp. on Establishment of Trust Accounts for Accrued Financial Benefits from the commercial operations of the proposed 13.14MWp Solar PV Power Plant 2 in Barangay Suclaban, Mexico, Pampanga.
3. RASLAG-1 Renewable Energy Payment Agreement ("REPA")
4. RASLAG-2 Renewable Energy Payment Agreement ("REPA")

DESCRIPTION OF PROPERTY

As disclosed in the notes to the audited financial statements of the Company as of September 30, 2021, notes 6, 11 and 12 provide as follows:

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts of property, plant and equipment at the beginning and end of September 30, 2021 and December 31, 2020 are as follows:

	Land	Land Improvements	Office Equipment and Furniture and Fixtures	Machinery and Equipment	Building	CIP	Total
Balance at January 1, 2021, net of accumulated depreciation	P 574,543,768	P 22,365,336	P 272,495	P 1,096,708,109	P 13,857,677	P 22,311,544	P1,730,058,929
Additions	177,396,400	-	140,400	-	-	195,570,991	373,107,791
Disposals	-	-	-	(720,000)	-	-	(720,000)
Depreciation charges for the period	-	(3,460,013)	(121,116)	(55,995,072)	(733,642)	-	(60,309,843)
Balance at September 30, 2021, net of accumulated depreciation	**P 751,940,168**	**P 18,905,323**	**P 291,779**	**P 1,039,993,037**	**P 13,124,035**	**P 217,882,535**	**P2,042,136,877**
Balance at January 1, 2020, net of accumulated depreciation	P 568,272,734	P 24,240,769	P 451,842	P 1,173,819,135	P 14,835,865	P -	P1,781,620,345
Additions	6,271,034	2,630,200	-	-	-	22,311,544	31,212,777
Depreciation charges for the year	-	(4,505,633)	(179,347)	(77,111,026)	(978,188)	-	(82,774,194)
Balance at December 31, 2020, net of accumulated depreciation	P 574,543,768	P 22,365,336	P 272,495	P 1,096,708,109	P 13,857,677	P 22,311,544	P1,730,058,929

The Company's land and certain machineries and equipment are used as collaterals for certain interest-bearing loans and borrowings (see Note 11).

In 2021, the Company sold certain transportation equipment at its carrying amount; hence, there was no gain or loss on the transaction (see Note 20.3).

In August 2021, the Company acquired parcels of land located in Magalang, Pampanga from a third party with a purchase price of ₱177.4 million. The Company paid a down payment of 25% of the purchase price and the balance is payable in 12 equal monthly installments. The outstanding balance arising from this transaction as of September 30, 2021 is presented as part of Trade payables under Trade and Other Payables in the 2021statement of financial position (see Note 12).

CIP pertains to the RASLAG-3 Project constructed as part of the Company's expansion. The account is not depreciated until such time that the assets are completed and available for use. There is no capitalized borrowing cost yet for the project as the loan obtained to partially finance this construction was obtained only in September 2021.

The table below shows the properties owned by the Company with the respective re-appraised value.

Property	Location	Area (Sqm)	Acquisition Cost (Php, 000)	Appraised Value	Details	Remarks
RASLAG-1	Suclaban, Mexico, Pampanga	129,438	69,361	181,213	7 lots purchased between Aug. 2013 and Aug. 2014	Fully paid
RASLAG-2	Suclaban, Mexico, Pampanga	133,460	70,747	186,232	7 lots purchased between Oct. 2015 and July 2016	Fully paid
RASLAG-3	Mabalacat/Magalang, Pampanga	128,012	113,769	192,018	4 lots purchased on June 9, 2016	Fully paid
RASLAG-4	Talimundoc, Magalang, Pampanga	269,987	174,600	195,000	29 Lots - Purchased between July and August 2021	Payments as of September

						2021 - ₱55.4mn
RASLAG-5	Panipuan, Mexico, Pampanga	435,574	320,667	522,689	22 lots purchased between May 2018 and March 2020	Fully paid
Total		**1,096,471**	**749,144**	**1,277,152**		

The Company has mortgaged the property of RASLAG-1 located in Brgy. Suclaban, Mexico, Pampanga to BPI to secure a loan of ₱500mn. The Company has mortgaged the property of RASLAG-2 located in Brgy. Suclaban, Mexico, Pampanga to BPI to secure a loan of ₱800mn. The Company has mortgaged the property of RASLAG-3 located in Brgy. Mabalacat, Magalang, Pampanga to BPI to secure a loan of ₱600mn. These loans carry a variable interest rate of 6% with a tenure of 12 years. The proceeds of the loans are used for the construction of the solar plants.

There is no property owned by the Company that is under a lease arrangement. All properties listed above are solely owned and acquired by the Company. The Company's main focus is to keep expanding their solar plants in the future, therefore, the Company will continue to look for lands either in the region they are operating or elsewhere. As for now, there is no immediate plan to acquire new properties within the next 12 months.

NOTE 11. INTEREST-BEARING LOANS AND BORROWINGS

The breakdown of this account follows:

	September 30, 2021	**December 31, 2020**
Non-current	₱ 682,818,182	₱ 695,909,091
Current	125,454,545	125,454,545
	₱ 808,272,727	**₱ 821,363,636**

The Company has an unused credit line of ₱519.0 million and ₱630.0 million as of September 30, 2021 and December 31, 2020, respectively.

In 2015, the Company has made several drawdowns from the facility totaling to ₱500.0 million. These are payable on a quarterly basis until 2026. In 2016, the Company has made the final drawdown from the facility totaling ₱800.0 million, which are also payable on a quarterly basis beginning January 7, 2018 until October 7, 2027. In 2021, the Company has made the initial drawdown from the facility totaling ₱800.0 million, which are also payable on a quarterly basis beginning December 29, 2023 until September 29, 2031. The principal repayments of these loans amounted to ₱94.1 million and ₱44.1 million in 2021 and 2020, respectively.

The loans are subject to an interest rate ranging from 4.5% to 6.0% per annum in 2021 and 2020. Interest expense incurred from these loans amounted to P21.1 million and ₱27.3 million in for the nine months ended September 30, 2021 and 2020, respectively, and is presented as part of Finance Costs in the statements of comprehensive income (see Note 14.2). Accrued interest amounted to ₱6.6 million and ₱8.1 million as of September 30, 2021 and December 31, 2020, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in statements of financial position
(see Note 12).

The interest-bearing loans and borrowings are secured by the following:

a. real estate mortgage on various parcels of land located in Brgy. Suclaban, Mexico, Pampanga with a carrying value of ₱574.5 million as of September 30, 2021 and December 31, 2020, respectively (see Note 6);
b. unregistered chattel mortgage on solar power plant, machinery and equipment with a carrying value of ₱550.0 million as of September 30, 2021 and December 31, 2020 (see Note 6);
c. stockholders' pledge on the shares of stock to the Company amounting to ₱550.0 million as of September 30, 2021 and December 31, 2020 (see Note 16.1);

d. assignment of receivables from offtaker and/or distribution utility amounting to ₱52.9 million and ₱51.2 million as of September 30, 2021 and December 31, 2020, respectively (see Note 9);
e. corporate guaranty of API, Angeles Electric Corporation (AEC) and JTEN (see Note 20.5); and,
f. personal guaranty of the Company's President (see Note 20.5).

The Company is required to maintain a debt-to-equity ratio of not more than 2.5 for the ₱800.0 million and ₱500.0 million debt facility. The Company is compliant with the required ratio as of September 30, 2020 and December 31, 2021. For the ₱600.0 million debt facility, the Company is required to maintain a 1.2 debt service coverage ratio starting 2022.

NOTE 12. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**September 30, 2021**	**December 31, 2020**
Accrued expenses	11	₱ 150,756,791	₱ 8,435,017
Trade payables	6	6,637,048	20,824,304
Withholding taxes payable		986,481	40,791
		₱ 158,380,320	**₱ 29,300,110**

Trade payables include the outstanding balance on the acquisition of parcels of land in 2021.

INTELLECTUAL PROPERTY

As of the date of this Prospectus, the Company does not have any registered trademarks in the Philippines.

LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

INDUSTRY OVERVIEW[2]

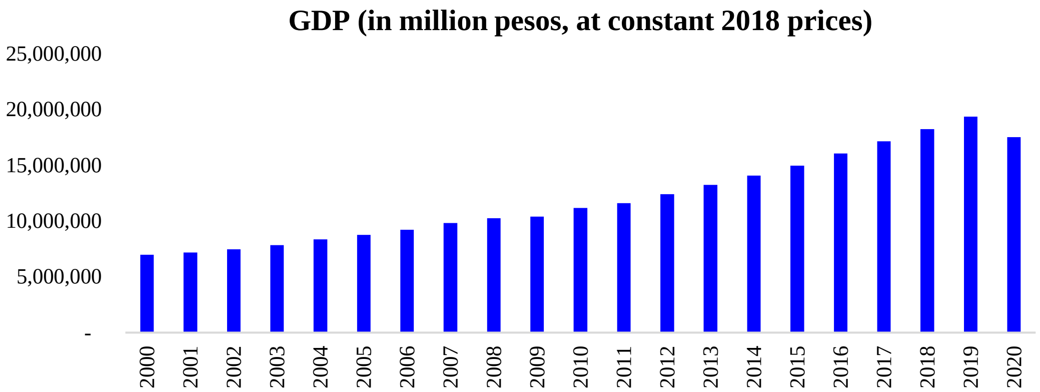
The Philippine Economy

Pre-pandemic, the Philippine economy has been growing at an average of 6.4% annually since 2010. In 2020, however, the country's gross domestic product ("GDP") contracted for the first time in two decades after the imposition of community quarantines and mobility restrictions to prevent the spread of the coronavirus disease ("COVID-19") impacted negatively the operations of businesses as well as consumer spending.

The 9.6% decline in GDP in 2020 was mainly due the 34.4% fall in gross capital formation whose share to GDP has been reduced to 19.2% from 26.5% in 2019. Household expenditures also declined, by 7.9% although its share to GDP slightly grew to 73.7% from 72.4%. Government spending expanded by 10.5% with share increasing to 15.1% from 12.4%.

In terms of production, the services sector, which accounted for over 60% of GDP, dropped by 9.2%. The industry sector, representing around 30% of the economy, fell by 13.2%. Agriculture, forestry, and fishing, which saw its share to GDP increase by 1 percentage point to 10.2%, recorded a marginal decrease of 0.2% year on year.

Electricity, steam, water and waste management, a subsector of the industry sector, decreased by 0.38% but saw its share to GDP rise to 3.4% from 3.1% in 2019. More specifically, the electricity sector's economic output, decreased by 1.28% year on year even as it saw contribution to GDP increase to 2.7% from 2.5% previously.



Source: Philippine Statistics Authority

Philippine Power Sector

Power Supply and Demand

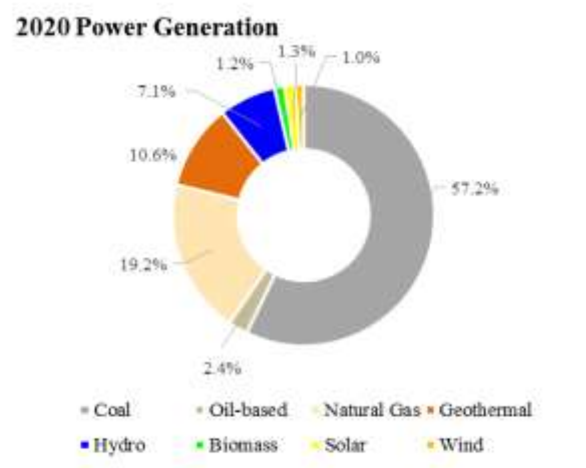
The coronavirus pandemic weighed on the Philippines' power sector and resulted to a decline in electricity generation and consumption in the country. Power output in 2020 decreased by 4% to 101,756 GWh, from 106,041 GWh in 2019, while electricity sales dipped 4.4% to 83,243 GWh from 87,118 GWh a year earlier. Still, CAGR remained positive for the Philippines' power supply and demand, both growing 4.2% annually from their 2010 levels.

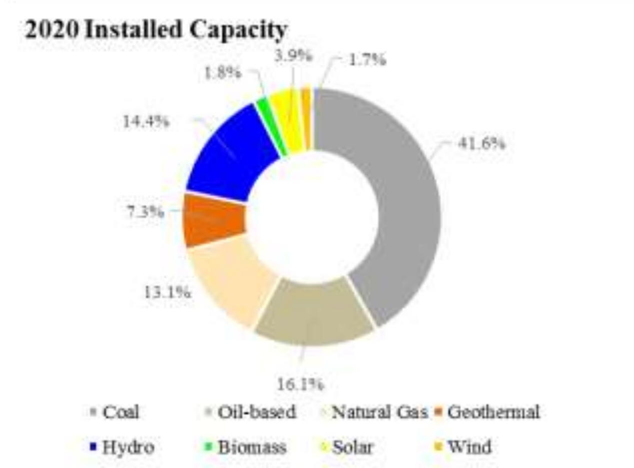
On the supply side, coal remained as top source of electricity, accounting for 58,176 GWh or 57.2% of the total power generated in 2020. Natural gas followed with an output of 19,497 GWh or 19.2% share. Oil-based power plants produced 2,474 GWh, representing 2.4% of domestic power supply.

Renewables, which is comprised by geothermal, hydro, biomass, solar, and wind energy power sources, captured 21.2% share equivalent to 21,609 GWh.

[2] Source: Department of Energy reports and issuances

Power plants in the Luzon grid generated 72,419 GWh in electricity, down 4.9% year on year, from 76,177 GWh. Visayas saw a 3.6% contraction in output, reporting 15,485 GWh last year, from 16,060 GWh. Meanwhile, the Mindanao grid registered a 0.3% increase in output to 13,852 GWh from 13,805 GWh in 2019.

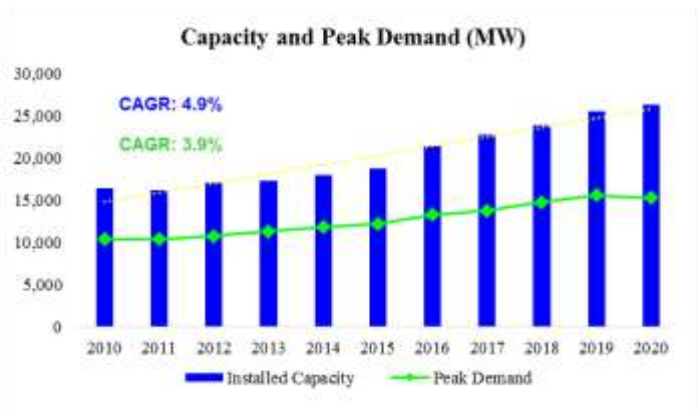


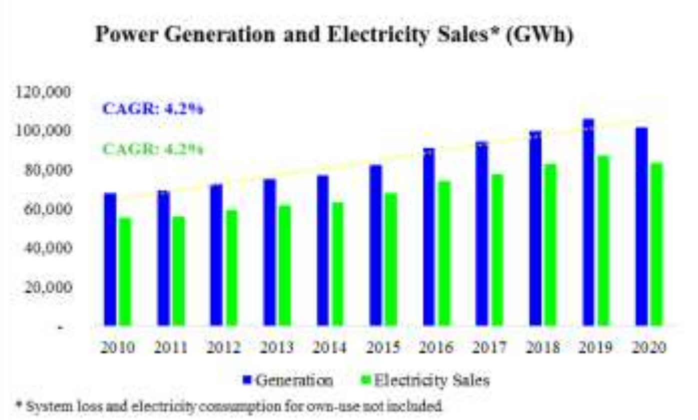


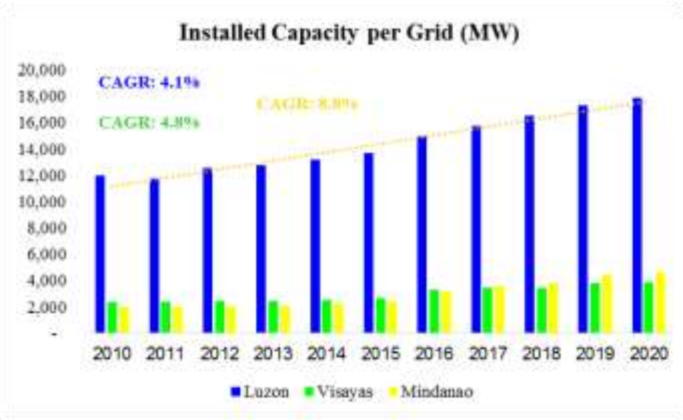
Source: Department of Energy

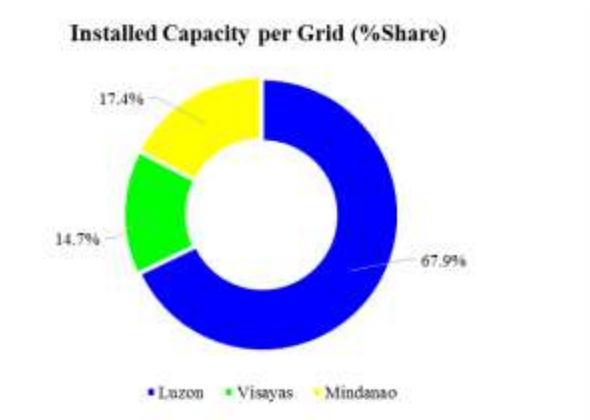
As of 2020, combined installed capacity of power plants across the country stood at 26,286 MW, up by 3% from 25,531 MW in 2019. Installed capacity in Luzon was highest among the Philippines' major power grids, at 17,840 MW capacity or 67.9% of the country's total. Mindanao followed with 4,584 MW capacity or 17.4% share, while the remaining 3,863 MW capacity or 14.7% share came from the Visayas grid.

Coal-based power plants in the country have a total installed capacity of 10,944 MW (41.6% share) followed by oil-based capacities with 4,237 MW (16.1%). Hydro plants accounted 3,779 MW (14.4% share) while natural gas plants have an installed capacity of 3,453 MW (13.1%). Geothermal, solar, biomass, and wind respectively have installed capacities of 1,928 MW (7.3% share), 1,019 MW (3.9% share), 483 MW (1.8% share), and 443 MW (1.7% share).









Source: Department of Energy

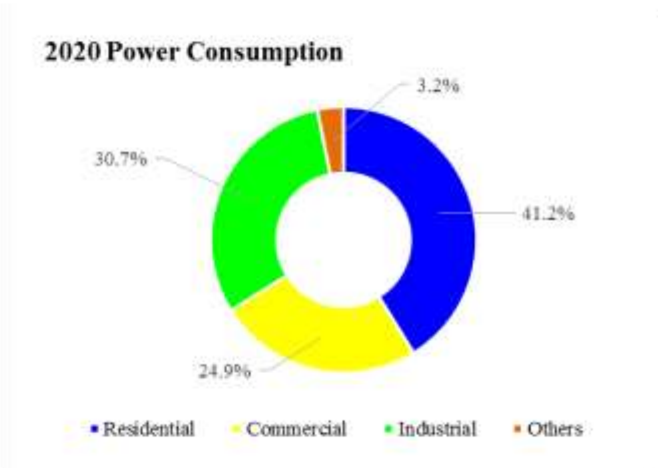
According to the DOE, newly commissioned power plants provided 655 MW in additional capacity in 2020, mainly from on-grid power sources which contributed 642.6 MW. Three power plants with a combined capacity of 423 MW have been commissioned in Luzon, one in Visayas with 44.6 MW capacity, and two in Mindanao with 175 MW combined capacity.

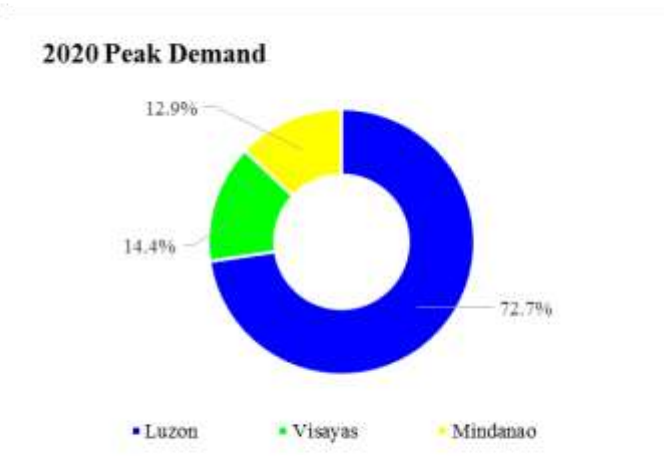
2020 Newly Operational Capacities per Technology in the Philippines (MW)

Fuel Type	Installed		Dependable	
	2019	2020	2019	2020
Coal	**1,559**	**527**	**1,409**	**493**
Oil-based	**8**	**57**	**6**	**49**
Natural gas	**0**	**0**	**0**	**0**
Renewable energy	**108**	**71**	**74**	**57**
Geothermal	0	0	0	0
Hydro	31	0.3	18	0.1
Biomass	52	0	36	0
Solar	25	71	20	57
Wind	0	0	0	0
Total	**1,674**	**655**	**1,489**	**599**

Source: Department of Energy

On the consumption side, excluding system loss and power that has been utilized for own use by energy companies, residential consumption accounted for 34,292 GWh or 41.2% of electricity sales. The industrial sector consumed 25,566 GWh of electricity (30.7% share) while power for commercial use stood at 20,727 GWh (24.9% share). 2,658 GWh went for other purposes, making up 3.2% of the total electricity sales.





Source: Department of Energy

Electricity sales in the Luzon and Visayas grids respectively decreased by 5.7% to 61,112 GWh and 1.7% to 11,340 GWh. Mindanao registered a slight increase of 0.03% to 10,791 GWh, from 10,787 GWh in 2019.

Energy companies in the country consumed 8,771 GWh for own-use while 9,742 GWh were reported as system loss in 2020.

Non-coincidental peak demand contracted by 1.9% year on year to 15,282 MW, alluding to the limited operations across industries following community quarantine measures implemented throughout the country.

Outlook

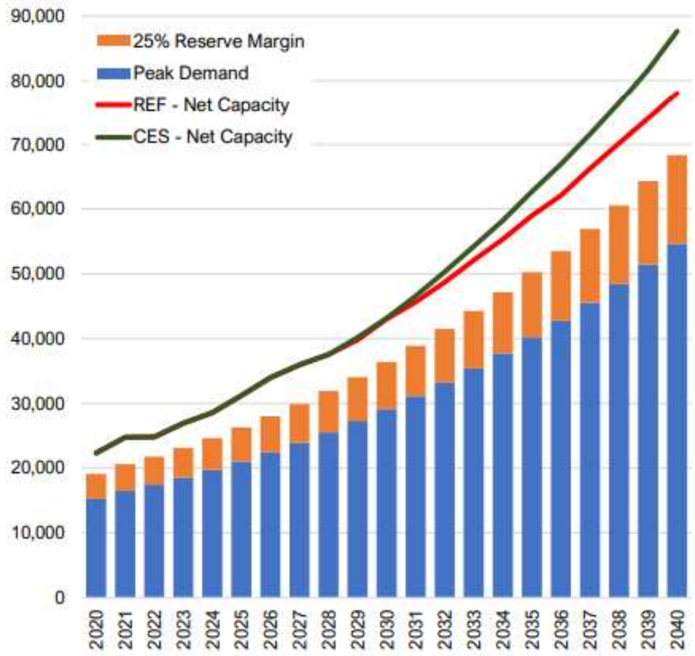
In its 2020-2040 Philippine Energy Plan, the DOE forecasts peak demand and electricity sales to increase at an annual rate of 6.6% and 6.7%, respectively. The energy department presented two scenarios for its outlook: the Reference Scenario ("REF") or the Business-as-Usual Scenario, and the Clean Energy Scenario ("CES") which takes into account the targeting of larger share of renewables in the power mix up to 50% and increased use of clean energy by end-users.

For 2020-2040, the DOE projects generating capacity to increase by 69,420 MW to 95,670 MW, with 45,588-MW increase MW coming from renewable energy sources. If DOE clean energy targets are achieved, total generating capacity could increase to as high as 118,570 MW, with the additional capacity from renewable energy projects as high as 73,868 MW over the 20-year period.

From a 1,019-MW contribution in 2020, solar capacity is projected to increase to 32,590 MW by 2040 under REF with a CAGR of 18.9%. Under CES, solar capacity is projected to grow to 46,137 MW with 21% CAGR. Based on these projections, solar will account for the largest portion of new capacity over the next 20 years adding between 31,571 MW to 45,118 MW from its current levels. This will bring share of solar energy to total grid capacity from 3.9% in 2020 to as high as 39% in 2040.

DOE assumptions include forecast GDP growth ranging between 4.5% to 8.4% p.a. and maintaining a reserve margin of 25% and a 70% load factor for the total Philippines.

Peak Demand and Reserves vs. Net Capacity



Source: Department of Energy

Retail Competition and Open Access

The EPIRA mandates the implementation of open access to distribution network so that the benefits of competition in the generation/supply sector could reach qualified consumers. The implementation of the retail competition and open access paved the way to the creation of the new segment in the power industry which is the RES.

Retail competition and open access allows contestable customers (*i.e.*, industries, commercial establishments and residential users) to choose their respective retail electricity supplier which could offer the most reasonable cost and provide the most efficient service. Further discussion on RCOA can be found under "*Regulatory Framework*" on page 121 of this Prospectus.

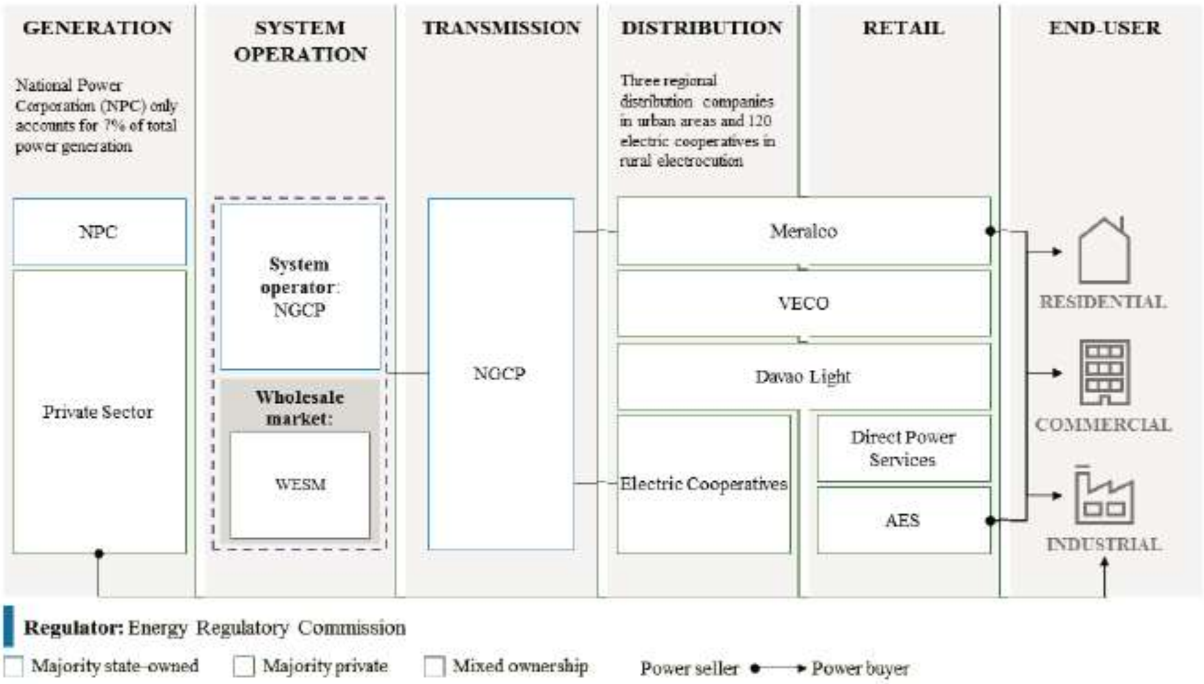
Primary Regulatory Agencies

There are two main energy bodies in the Philippines: (1) The ERC, which is an independent quasi-judicial regulatory body, and; (2) the DOE, which is in charge of supervising the restructuring of the electricity industry. Both are governed by the EPIRA to implement provisions of the Act.

The 1991 Foreign Investment Act ("FIA") regulates foreign investment into the Philippines. Within FIA are two negative lists known as the Foreign Investment Negative List which defines the percentage of foreign ownership depending on the nature of the underlying asset or business. Under the energy sector, up to 40% foreign ownership is permitted for the exploration, development and utilization of natural resources (exclusively renewables).

Further discussion on Primary Regulatory Agencies can be found under "*Regulatory Framework*".

Market Structure



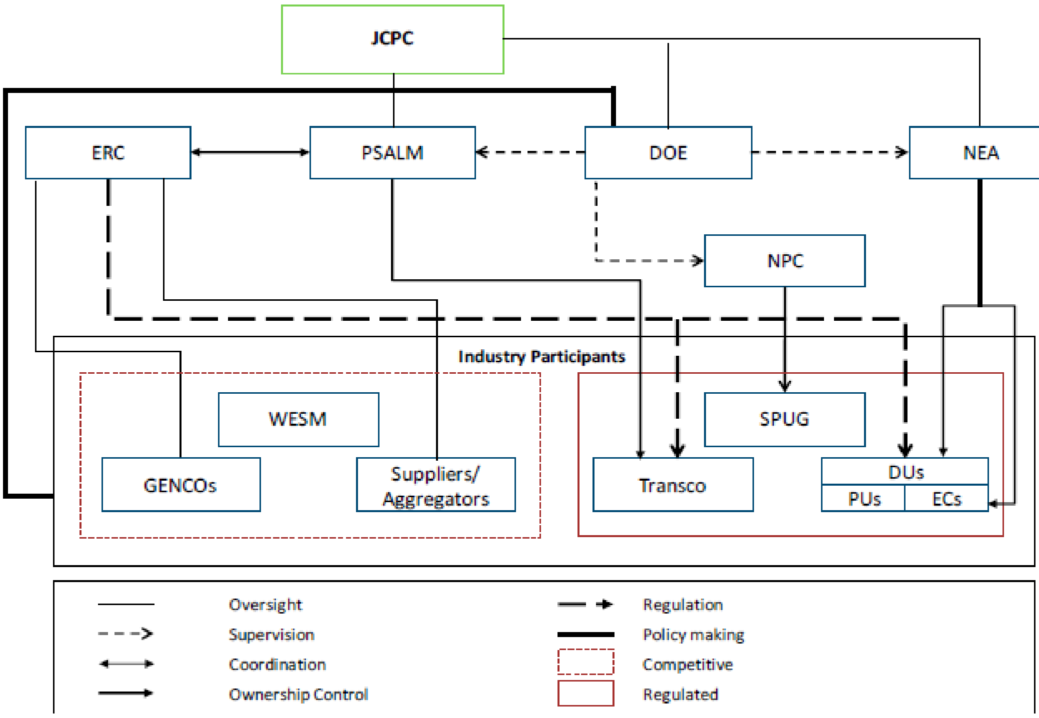
REGULATORY FRAMEWORK[3]

The information in this section has been derived from various government and private publications or obtained from communications with various government agencies unless otherwise indicate and has not been prepared or independently verified by the Company, the Joint Lead Underwriters, or any of their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside the Philippines.

Regulation of the Philippine Power Industry

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act ("EPIRA") established a framework for the organization and operation of the electric power industry in connection with its restructuring, with the industry divided into four sectors: generation, transmission, distribution and supply. The structural reforms resulted among others in the creation of two government-owned and controlled corporations ("GOCCs"), the Power Sector Assets and Liabilities Management Corporation ("PSALM") and the TransCo.

The following diagram shows the current structure of the electric power industry under the EPIRA:



Note:
DUs: distribution Utilities
ECs: Electric Cooperatives
GENCOs: Any entity authorized by the ERC to operate electricity generation facilities
JCEC: Joint Congressional Energy Commission
PUs: Production Utilities

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the Philippine government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The major aspects of the reforms include the (1) restructuring of the entire power industry to introduce competition in the generation sector, (2) change from government to private ownership, and (3) introduction of a stable regulatory framework for the electricity sector.

[3] Source: AC Energy Corporation Prospectus dated 29 April, 2021.

With a view to implementing the EPIRA's objectives, the DOE, in consultation with the relevant government agencies, electric power industry participants, non-government organizations and electricity consumers, promulgated the Implementing Rules and Regulations of the EPIRA (the "EPIRA IRR") on February 27, 2002.

The EPIRA IRR governs the relations among, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely the DOE, NPC, National Electrification Administration ("NEA"), ERC and PSALM.

Primary Regulatory Agencies

Energy Regulatory Commission

The ERC is the independent, quasi-judicial regulatory body created under the EPIRA that replaced the Energy Regulatory Board. The ERC plays a significant role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants.

The ERC is an independent quasi-judicial regulatory body mandated to carry out (but not limited to) the following:

a. Promote competition and encourage market development;
b. Determine the pricing in the energy market;
c. Review and approve any plan for expansion or improvement of transmission facilities submitted by TransCo; and
d. Perform other regulatory functions as appropriate and necessary to ensure successful restructuring and modernization of the electric power industry.

Department of Energy

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

a. Preparation and annual updating of the Philippine Energy Plan and the Philippine Power
b. Development Program, and thereafter integrate the latter into the former;
c. ensuring the reliability, quality and security of the supply of electric power;
d. exercise of supervision and control over all government activities pertaining to energy projects;
e. encouragement of private investment in the power industry sector and promotion of the
f. development of indigenous and renewable energy sources for power generation;
g. facilitation of reforms in the structure and operation of distribution utilities for greater efficiency
h. and lower costs;
i. promotion of incentives to encourage industry participants, including new generating companies
j. and end-users, to provide adequate and reliable electric supply;
k. education of the public (in coordination with NPC, ERC, NEA and the Philippine Information
l. Agency) on the restructuring of the industry and the privatization of NPC assets; and
m. establishment of the WESM in cooperation with electric power industry participants, and
n. formulating rules governing its operations.

The DOE supervises the operation of the Wholesale Electricity Spot Market of the Philippine Electricity Market Corporation. The Philippines fosters a liberal competitive environment for market players under each segment within the power structure.

Joint Congressional Energy Commission

The Joint Congressional Energy Commission ("JCEC") created pursuant to the EPIRA consists of 14 members with the Chairmen of the Committee on Energy of the Philippine Senate and House of Representatives and six additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives, respectively. On April 12, 2019, Republic Act No. 11285 or the Energy Efficiency and Conservation Act was signed into law. Under this law, the Joint Congressional Power Commission was renamed to the JCEC.

The initial term of the JCEC was ten (10) years from the effectivity of the EPIRA, or only until June 26, 2011. However, since key structural changes introduced in the EPIRA have yet to be carried out as well as the need to oversee the implementation of the Renewable Energy Act, the Philippine Congress issued Joint Resolution No. 1 on 26 July 2010 (which was passed by the Senate and the House of Representatives on June 6, 2011 and approved by the President of the Philippines on June 21, 2011) extending the term of the JCEC for another period of 10 years from June 26, 2011.

Reorganization of the Electric Power Industry

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission and distribution sectors will remain regulated. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

The Generation Sector

The generation sector converts fuel and other forms of energy into electricity. This sector, by utility, consists of the following: (i) NPC-owned and -operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by IPPs, as well as IPP-owned and -operated plants; and (iii) IPP-owned and - operated plants that supply electricity to customers other than NPC. Successes in the privatization process of NPC continue to build up momentum for the power industry reforms.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP agreements of NPC, which exclude the assets devoted to missionary electrification through the NPC Small Power Utilities Group ("SPUG"). NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for contracts with various suppliers and private distribution utilities, or through spot sale transactions in the WESM. Competition will be based largely on pricing, subject to availability of transmission lines to wheel electricity to the grid and/or buyers. Recovery by DUs of their purchased power cost is subject to review and regulation by the ERC to determine reasonableness of the cost that are passed on to consumers. With the implementation of RCOA, generation rates, except those intended for the "Captive Market" (*i.e.*, a market of electricity end-users who may not choose their supplier of electricity), ceased to be regulated to a certain extent.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to retail electricity suppliers through either bilateral contracts or the WESM as described below. With the implementation of RCOA on 26 December 2013, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750KW and certified by the ERC to be such ("Contestable Market"). No generation company is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25.0% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of the EPIRA.

The EPIRA provides that power generation is not a public utility operation and thus, not required to secure national franchises and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, in order to operate, generation companies must obtain a COC from the ERC, as well as health, safety and environmental clearances from appropriate government agencies under existing laws. Upon implementation of RCOA, the prices charged by a generation company for the supply of electricity shall not be subject to regulation by the ERC except as otherwise provided under the EPIRA.

The ERC may impose fines and penalties for violations by generation companies of the EPIRA and the EPIRA IRR policies as well as the ERC's rule and regulations on market power abuse, cross-ownership and anti-competitive behavior.

Requirement of Public Offering for Generation Companies

Under Section 43(t) of the EPIRA, the ERC was mandated to issue rules and guidelines under which, among others, generation companies which are not publicly listed shall offer and sell to the public a portion of not less than 15% of their common shares of stock.

ERC Resolution No. 9, Series of 2011, adopted the rules to implement Section 43(t) of the EPIRA. Under the resolution, generation companies, among others, which are not publicly listed are required to sell to the public a portion of not less than 15% of their common shares of stock. If the authorized capital stock of a generation company is fully subscribed, such company must increase its authorized capital stock by 15% or sell or cause the sale of 15% of its existing subscribed capital stock in order to comply with the public offering requirement under the EPIRA.

According to Resolution No. 9, which took effect on June 29, 2011, any offer of common shares of stock for sale to the public through any of the following modes may be deemed as a public offering for purposes of compliance with the public offering requirement under the EPIRA: (1) listing on the PSE; and (2) listing of the shares of stock in any accredited stock exchange or direct offer of the required portion of a company's capital stock to the public. For generation companies registered with the BOI under the Omnibus Investments Code, the public offering requirement may be complied with by a direct offer of the required portion of the registered enterprise's shares of stock to the public or through its employees through an employee stock option plan (or any plan analogous thereto), provided such offer is deemed feasible and desirable by the BOI.

However, the offer of common shares through an employee stock option plan is not considered a public offering since the offer is limited only to the employees of the generation companies or the DUs and not to the general public. The offer to employees may be considered public offering only when the generation company or distribution utility is a registered enterprise under the Omnibus Investment Code. Further, the public offering requirement does not apply to: (i) self-generation facilities, (ii) generation companies and distribution utilities already listed on the PSE, (iii) generation companies and distribution utilities whose holding companies are already listed on the PSE, (iv) generation companies and distribution utilities which are organized as partnerships, and (v) electric cooperatives which have no common shares of stock.

On June 4, 2019, the ERC issued Resolution No. 4 amending Resolution No. 9, Series of 2011. The new resolution maintained the previous rule that companies already listed with the PSE are already deemed in compliance of the 15% public offering requirement. Under Resolution No. 4, Series of 2019, the following modes shall be deemed to be public offerings:

1. Listing on the PSE;
2. In accordance with the 2015 IRR of the SRC:

    a. Publication in any printed material distributed in the Philippines;
    b. Public presentations;
    c. Advertisements or announcements on radio, television, electronic communications, information communication technology, or any other forms of communications; and
    d. Distribution of flyers, brochures, or any offering material in a public or commercial place, or
    e. through prospective purchasers through the portal system, information communication technology and other means of information distribution.

3. Listing of any shares of stock in any accredited stock exchange or direct offer to the public or the employees of an entity registered with the BOI, when deemed feasible and desirable by the latter.

ERC Resolution No. 4, Series of 2019 also provides that generation companies under a Build-Operate- Transfer Scheme must comply with the 15% public offering requirement. Further, it requires that the sale of securities to the public must comply with the SRC and its IRR.

The public offering by existing companies shall be made within five years from the effectivity of ERC Resolution No. 9, Series of 2011, or until June 29, 2016. The five-year period was extended up to June 29, 2017 pursuant to ERC Resolution No. 18, Series of 2016. For new companies, however, the five-year period is counted from the issuance by the ERC of their respective COCs. The period for compliance has further been extended pursuant to ERC Resolution No. 10, Series of 2017 for another year, or until the resolution of the petition filed by the Private Electric Power Operators Association regarding the clarification on whether the registration of common shares at the SEC may be considered as a mode of public offering is resolved, whichever comes earlier. On June 21, 2018, the ERC issued Resolution No. 14, Series of 2018 which further extended the period for compliance until December 29, 2018.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the operation of the electrical transmission systems throughout the Philippines. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code ("Grid Code"). TransCo is also mandated to provide Open Access to all industry participants. The EPIRA granted TransCo a monopoly over the high-voltage network and subjected it to performance-based regulations.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. Since the transmission of electric power is a regulated common carrier business, the transmission wheeling charges of TransCo are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of a concession over, the transmission assets while the subtransmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.$3.95 billion. NGCP was officially granted the authority to manage and operate the country's sole transmission system on January 15, 2009. Ownership of all transmission assets, however, remained with TransCo.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from Congress, although franchises relating to electric cooperatives remained under the jurisdiction of the NEA until the end of 2006. All distribution utilities are also required to obtain a Certificate of Public Convenience and Necessity ("CPCN") from the ERC to operate as public utilities.

All distribution utilities are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code ("Distribution Code"), the Distribution Services and Open Access Rules ("DSOAR") and the performance standards set out in the EPIRA IRR.

The distribution sector is and will continue to be regulated by the ERC, with distribution and wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by distribution utilities for the supply of electricity to its captive consumers is subject to ERC approval. In addition, as a result of the Philippine government's policy of promoting free competition and open access, distribution utilities are required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines.

The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken solely by franchised distribution utilities. However, with the implementation of RCOA, the supply function has become competitive. The business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to the "Contestable Market" (*i.e.*, a market of electricity end-users who have a choice on their supplier of electricity) is considered a business with a public interest dimension. As such, the EPIRA requires all suppliers of electricity to the Contestable Market to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior.

With the implementation of the RCOA, a RES is allowed to enter into retail electricity supply agreements with Contestable Customers. This set-up encourages competition at the retail level. It has been planned that the threshold for retail competition will gradually increase over time, provided that retail electricity suppliers are sufficiently creditworthy to be suitable offtakers for generation companies.

Competitive Market Devices

Wholesale Electricity Spot Market

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. The establishment of the WESM facilitates a transparent and competitive electricity market for the country.

All generation companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC are eligible to become WESM members subject to compliance with membership requirements.

On June 28, 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly trading period). These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, nonprofit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM. The PEMC was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

RE Auction

Under the DOE's green energy auction, which is set to start in 2021, qualified renewable energy developers can offer to supply a specified volume of electricity generated from their facilities. The suppliers are chosen through a competitive process or auction. In turn, eligible customers enjoy electricity prices below market values. In July 2020, the DoE issued a circular detailing the guidelines governing the green energy auction, helping power providers comply with their commitment under the RPS program, a market-based policy that requires distribution utilities to source an agreed portion of their supply from eligible RE facilities. In August last year, the DOE said that the auction intended to pool an initial 2,000MW of renewable energy capacity, but this may change based on the supply requirements of power utilities.

Retail Competition and Open Access

The EPIRA likewise provides for a system of RCOA on transmission and distribution wires, whereby TransCo/NGCP and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution and wheeling charges. Conditions for the commencement of the open access system are as follows:

a. Establishment of the WESM;
b. approval of unbundled transmission and distribution wheeling charges;
c. initial implementation of the cross-subsidy removal scheme;
d. privatization of at least 70.0% of the total capacity of generating assets of NPC in Luzon and Visayas; and
e. transfer of the management and control of at least 70.0% of the total energy output of power plants under contract with NPC to the IPPAs.

Prior to the implementation of the RCOA, the distribution utility exclusively procures energy on behalf of its customers, and delivers the energy through its distribution wires. With RCOA, competing RES will do the buying and selling of electricity, and have the distribution utility deliver the energy for them through the distribution utility's existing distribution wires. The Contestable Customers will have more choices in pricing and power supply contracting, thereby getting the best deal in terms of price and value for money.

The implementation of retail competition and open access is mandated by the EPIRA, subject to the fulfillment of certain conditions including, but not limited to, the establishment of the WESM, the unbundling of transmission and distribution wheeling charges, and privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas. December 26, 2011 was the commencement of the full operations of the competitive retail electricity in Luzon and Visayas. Initially, all electricity end users with an average monthly peak demand of one MW for twelve (12) months preceding December 26, 2011, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers and are, thus, enjoined to exercise such right to their full benefit.

On December 17, 2012, the ERC promulgated the transitory rules for the implementation of RCOA.

With the purpose of ensuring quality, reliable and affordable electricity under a regime of free and fair competition, the DOE and the ERC issued the following circulars and resolutions to promote customer choice and foster competition in the electricity supply sector:

a. **DOE Circular No. DC2015-06-0010 -** *Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access ("RCOA") in the Philippine Electric Power Industry* ("DOE Circular");
b. **ERC Resolution No. 05, Series of 2016 -** *A Resolution Adopting the 2016 Rules Governing the Issuance of Licenses to Retail Electricity Suppliers ("RES") and Prescribing the Requirements and Conditions Therefor* ("ERC Resolution No. 5");
c. **ERC Resolution No. 10, Series of 2016 -** *A Resolution Adopting the Revised Rules for Contestability* ("ERC Resolution No. 10");
d. **ERC Resolution No. 11, Series of 2016 -** *A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market* ("ERC Resolution No. 11"); and
e. **ERC Resolution No. 28, Series of 2016 -** *Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016 entitled Revised Rules for Contestability* ("ERC Resolution No. 28").

The above resolutions/circulars required electricity end-users with an average monthly peak demand of at least 1MW to secure retail supply contracts with licensed retail electricity suppliers on or before 26 February 2017.

On February 21, 2017, the Supreme Court issued a temporary restraining order ("TRO") against the enforcement of several orders and regulations promulgated by the ERC and the DOE in relation to RCOA, particularly those compelling Contestable Customers to enter into a retail supply contracts with any of the RES accredited by the DOE and the ERC by February 26, 2017.

Notwithstanding the TRO issued by the Supreme Court, electricity end-users with average peak demands of 1MW and 750 kW may still choose their retail electricity supplier on a voluntary basis.

The ERC recently expanded the RCOA's coverage to end-users with an average monthly peak demand of at least 500 kilowatts (kW) for the last 12 months on a voluntary basis. Based on the said threshold, all qualified end-users can be considered as contestable customers under the Phase III threshold level (500kW-749kW) and will be allowed to switch to the Competitive Retail Electricity Market beginning February 26, 2021.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that transmission and distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable and adverse financial effect on a distribution utility. The initial implementation of the cross-subsidy removal scheme was accomplished in 2001.

These arrangements are now in place, in satisfaction of the conditions for RCOA.

The EPIRA likewise provides for a socialized pricing mechanism such as the lifeline rate subsidy to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy removal for a period of ten (10) years, unless extended by law. Its application was extended for another 10 years by Republic Act No. 10150, which was approved in June 2011.

Renewable Energy Safety, Health, and Environment Rules and Regulations

Pursuant to the enactment of the Renewable Energy Act of 2008, the DOE issued Circular No. DC-2012-11-0009, or the Renewable Energy Safety, Health, and Environment Rules and Regulations of 2012 (RESHERR), which outlines the pertinent rules and regulations applicable to all RE Employers, Employees, Contractors, and other entities engaged in RE Operations in the Philippines. The RESHERR covers all activities related to exploration, development and utilization of RE resources and manufacturing, fabrication, and suppliers of locally-produced RE machineries, equipment, components and parts.

Under the RESHERR, all RE Facilities are required, upon commencement of its operations, to organize a Safety, Health, and Environment Committee ("SHEC"), the minimum composition of which shall be determined based on the number of workers of the facility. Similarly, all persons employed in the practice of occupational safety in the RE industry are required to be duly qualified and accredited by the REMB. In addition, the RESHERR likewise establishes minimum occupational safety and health requirements for RE facilities. Non-compliance with the provisions of the RESHERR may result to fines and/or suspensions of operations.

BOI Certificate of Registration

Under the IRR of the RE Law, RE Developers shall register with the Board of Investments ("BOI") to qualify for the availment of incentives under the RE Law. The application for registration shall be favorably acted upon immediately by the BOI on the basis of the certification issued by the DOE.

DOE Certificate of Confirmation of Commerciality

Upon Declaration of Commerciality by an RE Developer and after due confirmation by the DOE, the RE Developer shall apply for the conversion of the RE Contract, prior to its expiration, from Pre-Development Stage to Development/Commercial Stage.

The Declaration of Commerciality shall be based on the feasibility studies and/or exploration activities conducted by the RE Developer. The RE Developer of an RE Contract shall secure permits, clearances or certificates such as, but not limited to, Environmental Compliance Certificate/Certificate of Non-Coverage, Water Rights Permit, Free and Prior Informed Consent/Certificate of Non-Overlap, Local Government Unit endorsement and all other regulatory requirements from other government agencies which are applicable activities/operations.

Rules and Regulations for Renewable Energy Service Contracts

DOE Department Circular No. 2019-10-0013 ("DC 2019-10-0013") provides for the guidelines and procedures governing the award and administration of renewable energy contracts and the registration of renewable energy developers. An RE Contract refers to the service agreement between the government, through the DOE or the President, and an RE Developer over an appropriate period as determined by the DOE which grants to the RE Developer the exclusive right to explore, develop, or utilize the RE Resource within a particular area. RE Contracts may be awarded through (a) an Open and Competitive Selection Process ("OCSP"), or (b) Direct Application. The OCSP shall be adopted for the selection and award of RE Service Contracts for Pre-Determined Areas[4] covering any type of resource for commercial purposes, while Direct Application shall be available for the selection and award of: (x) RE Operating Contracts, (y) RE Service Contracts covering Pre-Determined Areas, following a failed OCSP, and (z) RE Service Contract in an area identified by a RE Applicant and verified with or confirmed by the DOE-Information Technology and Management Services ("ITMS") as available for exploration, development and/or utilization of the proposed RE Resource.

RE Service Contracts refer to service agreements between the Philippine government, through the President or the DOE Secretary, and RE Developer, covering an appropriate period as stated therein, in which the RE Developer shall have the exclusive right to explore, develop and utilize geothermal, hydropower, wind, ocean and other RE Resources within a particular area. The stages of an RE Service Contract are the following:

1. Pre-Development Stage which involves the conduct of preliminary assessment and feasibility study up to Financial Closing and Declaration of Commerciality of the RE Project, including the identification of the proposed Production Area; and
2. Development/Commercial Stage which involves the development, construction and commercial operation of the RE Project, production and utilization of RE Resources.

[4] Pre-Determined Areas refer to areas with RE Resource potential through sufficient available technical data as may be determined by the REMB and approved by the DOE Secretary for inclusion in the OCSP.

The RE Service Contract shall transition from the Pre-Development Stage to the Development/ Commercial Stage only after the issuance by the DOE of a Certificate of Confirmation of Commerciality.

RE Operating Contracts refer to service agreements between the DOE and RE Developer for the development and/or utilization of biomass, solar and other RE Resources which, due to their inherent technical characteristics, need not go through Pre-Development Stage. As such, the stages of an RE Operating Contract cover only the Development/Commercial Stage, which involves the development, construction and installation and commercial operation of the RE Project, including the achievement of Financial Closing.

All assignment of RE Contracts shall be subject to prior written approval of the DOE. An assignment to a non-affiliate, whether full or partial, may be allowed only once during: (a) the entire period of the Pre-Development Stage of the RE Service Contract; or (b) the entire term of the RE Operating Contract. An assignment shall not be allowed to a non-affiliate during the first two (2) years of the RE Contract from its effectivity.

Holders of contracts/agreements prior to the effectivity of DC 2019-10-0013 may apply for conversion to the new RE Contract templates, provided that such holders are fully compliant with the terms of the approved Work Program/Work Plan and the material terms and conditions of the contract/agreement for the past six months prior to the date of filing its application for conversion. For RE Developers with RE Contracts executed less than six months from date of application for conversion, the evaluation of compliance with commitments under the approved Work Program and of the material terms and conditions of the RE Contract shall be the basis of their performance.

A Certificate of Registration with the DOE is required for RE Developers to avail of the incentives under the Renewable Energy Act. The Certificate of Registration shall have an initial validity period of five years, renewable for the same period until the end-of-project life is reached, in no case to exceed twenty-five (25) years.

DENR Environmental Compliance Certificate

Under Presidential Decree No. 1586 (Establishing an Environmental Impact Statement System including other Environmental Management Related Measures and for other purposes), all proponents of projects and undertakings, whether private or government-owned, are required to undergo the Environmental Impact Assessment ("EIA") process, with the objective of securing an Environmental Compliance Certificate (ECC) from the Environmental Management Bureau ("EMB") of the Department of Environment and Natural Resources ("DENR").

Under DENR Administrative Order No. 2003-30 (Implementing Rules and Regulations of the Philippine Environmental Impact Statement System), projects that pose potential significant impact to the environment shall be required to secure ECCs.

The ECC is a document issued by the DENR/EMB after a positive review of an ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact. The ECC also certifies that the proponent has complied with all the requirements of the EIS System and has committed to implement its approved Environmental Management Plan. The ECC contains specific measures and conditions that the project proponent has to undertake before and during the operation of a project, and in some cases, during the project's abandonment phase to mitigate identified environmental impacts.

LGU Endorsement

Under Section 27 of Republic Act No. 7160 or the Local Government Code ("LGC"), no project or program shall be implemented by government authorities unless the consultations mentioned in Sections 2 (c) and 26 of the LGC are complied with, and prior approval of the sanggunian concerned is obtained.

Section 26 of LGC provides that it shall be the duty of every national agency or government-owned or controlled corporation authorizing or involved in the planning and implementation of any project or program that may cause pollution, climatic change, depletion of non-renewable resources, loss of crop land, rangeland, or forest cover, and extinction of animal or plant species, to consult with the local government units, nongovernmental organizations, and other sectors concerned and explain the goals and objectives of the project or program, its impact upon the people and the community in terms of environmental or ecological balance, and the measures that will be undertaken to prevent or minimize the adverse effects thereof.

Based on the foregoing, two requisites must be met before a national project that affects the environmental and ecological balance of local communities can be implemented: (i) prior consultation with the affected local communities, and (ii) prior approval of the project by the appropriate sanggunian. Absent either of these mandatory requirements, the project's implementation is illegal.

NCIP Certificate of Non-Overlap

Republic Act No. 8371 or The Indigenous Peoples Rights Act of 1997 ("IPRA") provides that no department or governmental agency shall issue, renew or grant any concession, license or lease, or enter into any production-sharing agreement without prior certification from the National Commission on Indigenous Peoples (NCIP) that the area affected does not overlap with any ancestral domain.

Under the Implementing Rules and Regulations of the IPRA, the Ancestral Domain Office shall issue the certification only after a field-based investigation that such areas are not within any certified or claimed ancestral domains are conducted. The Certificate of Non-Overlap ("CNO") shall be issued by the NCIP Regional Director (RD), and concurred by the concerned NCIP Commissioner.

DAR Land Conversion Clearance/Exemption Clearance

Under DAR Administrative Order No. 1, series of 1990 (Revised Rules and Regulations Governing Conversion of Private Agricultural Land to Non- Agricultural Uses), "agricultural land" refers to the following: (1) those devoted to agricultural activity as defined in RA 6657 or the Comprehensive Agrarian Reform Law (CARL) and not classified as mineral or forest by DENR and its predecessor agencies, and (2) not classified in town plans and zoning ordinances as approved by the HLURB and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use.

Thus, in Heirs of Luna vs. Afable (GR No. 188299 dated January 23, 2013), the Court held that a land is not agricultural, and therefore, outside of the ambit of the CARP if the following conditions occur: (i) the land has been classified in town plans and zoning ordinances as residential, commercial or industrial; and (ii) the town plan zoning ordinances embodying the land classification has been approved by the HLURB and its preceding competent authorities prior to 15 June 1988.

In DOJ Opinion No. 44, series of 1990 (the DOJ Opinion), the DOJ opined that, with respect to the conversion of agricultural lands covered by CARL to non-agricultural uses, the authority of DAR to approve such conversion may be exercised from the date of its effectivity, on June 15, 1988. Thus, all lands that are already classified as commercial, industrial or residential before June 15, 1988 no longer need any conversion clearance.

Thus, under DAR AO No. 6, series of 1994 (Guidelines for the Issuance of Exemption Clearances based on Sec. 3(c) of RA 6657 and the DOJ Opinion) and DAR AO No. 4, series of 2003 (2003 Rules on Exemption of Lands from CARP Coverage under Sec. 3(c) of RA 6657 and the DOJ Opinion), conversion clearances are no longer needed for lands already classified as non-agricultural prior to the enactment of the CARL. Any landowner or his duly authorized representatives whose lands are covered by the DOJ Opinion, and desires to have an exemption clearance from the DAR, should file the application with the Regional Office of the DAR where the land is located.

Under DAR AO No. 01, series of 1999 (Revised Rules and Regulations on the Conversion of Agricultural Lands to Non-Agricultural Uses), Sec. 3 provides that these rules shall apply to agricultural lands that were "reclassified to residential, commercial, industrial, or other non-agricultural uses on or after the effectivity of RA 6657 on June 15, 1988 pursuant to Section 20 of RA 7160 and other pertinent laws and regulations, and are to be converted to such uses. However, for those reclassified prior to June 15, 1988, the guidelines on securing exemption clearance shall apply."

NGCP Review Report of Grid Impact Study

Pursuant to ERC Resolution No. 16, series of 2011 entitled "Resolution Adopting the Amended Rules on the Definition of Boundaries of Connection Assets for Customer of Transmission Provider", the Customer shall be connected to the Transmission System of the NGCP based on the System Impact Study ("SIS") and Facility Study ("FS") approved by NGCP.

1. System Impact Study ("SIS")
   A SIS is an assessment made or conducted by the transmission provider/system operator or by the NGCP in addition to the Grid impact studies prepared by it in accordance with the Grid Code, to determine: (i) the adequacy of the Transmission System and its capability to accommodate a request for Power Delivery Service; and (ii) the costs, if any, that may be incurred in order to provide Power Delivery Service to a Transmission Customer.

2. Facilities Study
   A feasibility study and engineering study conducted by the Transmission Provider or Transmission Customer to determine the modification to the Transmission Provider's facilities, or the new facilities required by the Transmission Customer, including the cost and scheduled completion date for such modifications or new facilities, required to provide services under these OATS Rules.

NATIONALITY RESTRICTION

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act and the Eleventh Regular Foreign Investment Negative List categorize the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

As of the date of this REIT Plan, the Company owns land. As such, foreign shareholdings in the Company may not exceed 40% of its total issued and outstanding capital stock.

PROPERTY REGISTRATION

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Title to registered lands cannot be lost through possession or prescription. Presidential Decree No. 1529, as amended, otherwise known as the Property Registration Decree, codified the laws relating to land registration to strengthen the Torrens system and streamline and simplify registration proceedings and the issuance of certificates of title.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Similarly, in an administrative proceeding, the land is granted to an applicant by DENR through issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new transfer certificate of title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

ZONING AND LAND USE

Land use may be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform ("DAR"), land classified for agricultural purposes as of, or after, June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

LOCAL GOVERNMENT CODE

Republic Act No. 7160, as amended, otherwise known as the Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("LGU") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Real Property Taxation

Real property taxes are payable annually based on the property's assessed value. Under the LGC, the assessed value of property and improvements vary depending on the location, use and the nature of the property. An additional special education fund tax of 1% of the assessed value of the property may also be levied annually by the local government unit.

However, in the case of realty and other taxes on civil works, equipment, machinery, and other improvements by a registered renewable energy developer actually and exclusively used for renewable energy facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value provided that in case of integrated renewable energy resource development and generation facility as provided under Republic Act No. 9316, the real property tax shall be imposed only on the plant.

The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

LABOR LAWS

The Philippine Constitution

The Philippine Constitution provides that the State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. The seven basic rights that are specifically guaranteed by the Philippine Constitution are as follows:

(a) Right to organize;

(b) Right to conduct collective bargaining or negotiation with management;

(c) Right to engage in peaceful concerted activities, including strikes in accordance with law;

(d) Right to enjoy security of tenure;

(e) Right to work under humane conditions;

(f) Right to receive a living wage; and

(g) Right to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

Labor Code of the Philippines

The Department of Labor and Employment ("DOLE") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("Labor Code") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favor of labor. The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

Contracting and subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work, or service within a definite or predetermined period, regardless of whether such job, work, or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job, work, or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, Department Order No. 174 (2017) ("D.O. No. 174-17") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

D.O. No. 174-17 provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislation, to the extent of the work performed under the employment contract.

On May 2, 2018, President Rodrigo Duterte signed Executive Order No. 51, reiterating the prohibition of the practice of illegal contracting or subcontracting in the country. The executive order aims to protect the worker's right to security of tenure, self-organization, and collective bargaining and peaceful concerted activities.

Occupational Safety and Health Standards Law

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors, or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires providing complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

The Rules for Occupational Safety and Health Standards ("OSHS") issued by the Bureau of Working Conditions of the DOLE establishes the threshold limit values ("TLV") for toxic and carcinogenic substances which may be present in the atmosphere of the work environment. The TLV refer to airborne concentration of substances and represent the conditions under which it is believed that nearly all workers may be repeatedly exposed daily without adverse effect. The TLV also pertains to the time weighted concentrations for an eight-hour workday and a total of 48 work hours per week.

The employees' exposure to the substances identified in the OSHS must be limited to the ceiling value given for the relevant substance in the OSHS, or must not exceed the eight-hour time weighted average limit given for that substance in the OSHS, as the case may be.

To protect the employees, an employer is required to furnish its workers with protective equipment for the eyes, face, hands, and feet as well as protective shields and barriers, whenever necessary, by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation, or physical contact. The employer is responsible for ensuring the adequacy and proper maintenance of personal protective equipment used in its workplace.

To ensure compliance with the OSHS, every establishment or place of employment will be inspected at least once a year. Special inspection visits may be authorized by the Regional Labor Office to investigate accidents, occupational illnesses or dangerous occurrences, especially those resulting in permanent total disability or death, to conduct surveys of working conditions for the purpose of evaluating and assessing environmental contaminants and physical conditions, or to conduct investigations, inspections or follow-up inspections upon request of an employer, worker or a labor union of the establishment.

Any violation of the provisions of the OSHS will be subject to the applicable penalties provided under Department of Labor and Employment Department Order No. 198-18 and imposable upon any employer, contractor, or subcontractor who willfully fails or refuses to comply with the OSHS standards or a compliance order issued by the Secretary of Labor and Employment or his/her authorized representative.

Depending on the size of the workforce and the nature of the workplace as either hazardous or non-hazardous, an employer is obliged to provide certain free medical and dental attendance and facilities. For large-scale industries with workers of 200 to 600, the employer is required to provide the services of a part-time occupational health physician and a part-time dentist, each of whom is required to stay on the premises of the workplace at least four hours a day, six times a week, and each working in alternate periods. It is also required to provide the services of a full-time occupational health nurse and a full-time first aider. The employer must further maintain an emergency clinic, unless there is a hospital or dental clinic within 25 minutes of travel, and ensure that it has facilities readily available for transporting its workers to the hospital or clinic in case of an emergency.

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must provide to DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

Moreover, Republic Act No. 7877 makes it the duty of every employer to create a committee on decorum and investigation of sexual harassment cases. Such committee must be composed of at least one representative each from management, the union, the employees from the supervisory rank, and the rank-and-file employees. In addition, it is likewise the duty of the employer to promulgate rules and regulations prescribing the procedure for the investigation of sexual harassment cases and the administrative sanctions therefor, which rules must be formulated in consultation with, and approved by, the employees.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth, and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("SSS"). Under the said law, social security coverage is compulsory for all employees under sixty (60) years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation ("PhilHealth"), a government corporation attached to the DOH tasked with ensuring sustainable, affordable, and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship. The law provides that a member should have paid his contributions for at least three months within the six months prior to the first day of availment, including those of his dependents, to be entitled to the benefits of the program.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Other Labor-Related Laws and Regulations

Employment of Foreign Nationals

Under Department Order No. 186, Series of 2017 ("D.O. No. 186-17"), issued by the DOLE, all foreign nationals who intend to engage in gainful employment in the Philippines shall apply for an Alien Employment Permit ("**AEP**"). However, D.O. No. 186-17 clarifies that an AEP is not an exclusive authority for a foreign national to work in the Philippines. It is just one of the requirements in the issuance of a work visa (9g) to legally engage in gainful employment in the country. The foreign national must obtain the required special temporary permit from the Professional Regulation Commission in case the employment involves practice of profession and Authority to Employ Alien from the Department of Justice where the employment is in a nationalized or partially nationalized industry, as well as from the Department of Environment and Natural Resources in case of employment in a mining company. D.O. No. 186-17 also provides for the list of foreign nationals who are exempt and excluded from securing an AEP.

Under D.O. No. 186-17, the Regional Director shall impose a fine of ₱10,000.00 for every year or a fraction thereof to foreign nationals found working without a valid AEP. Employers found employing foreign nationals without a valid AEP shall also pay a fine of ₱10,000.00 for every year or a fraction thereof. Further, an employer who is found to have failed to pay the penalty provided under D.O. No. 186-2017 shall not be allowed to employ any foreign national for any position in the employer's company.

On January 6, 2021, the DOLE has issued Department Order No. 221, Series of 2021, or the Revised Rules and Regulations for the Issuance of Employment Permits to Foreign Nationals. It shall take effect after fifteen (15) days from its publication in two (2) newspapers of general circulation. As of the Date of this REIT Plan, the new Rules on AEP have not yet been published and taken effect. However, one of the notable revisions in the new Rules with respect to the processing of the AEP application is the requirement of a publication in a newspaper of general circulation by the employer of the job vacancy to which the foreign national is intended to be hired at least fifteen (15) calendar days prior to the application for an AEP. An additional requirement in the AEP application is a duly notarized affidavit stating that no applications were received or no Filipino applicant was considered for the position. Moreover, foreign nationals providing consultancy services were removed in the list of categories excluded from the AEP.

DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with ten (10) or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarity liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel. All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

ENVIRONMENTAL LAWS

Environmental Impact Statement System

Real estate development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. The Department of Environment and Natural Resources ("DENR"), through its regional offices or through the Environmental Management Bureau (the "EMB"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("EIS") to the EMB, which is a result of a positive determination by the EMB on the preventive, mitigating and enhancement measures adopted addressing possible adverse consequences of the project to the environment. The EIS refers to the document, prepares and submitted by the project proponent and/or the Environmental Impact Assessment Consultant which provides for a comprehensive study of the significant impacts of a project to the environment. On the other hand, a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (the "IEE") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required in addition to the IEE.

The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas. While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socioeconomic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC.

The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the abandonment phase of the project. Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures.

Aside from the EIS and IEE, engineering geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

Philippine Clean Water Act

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act of 2004," was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

Philippine Clean Air Act

R.A. 8749 or "The Philippine Clean Air Act of 1999" is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the DENR is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market-based instruments, and setup a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking.

The Philippine Clean Air Act of 1999 requires enterprises that operate or utilize air pollution sources to obtain an Authority to Construct or a Permit to Operate from the DENR with respect to the construction or use of air pollutants. The issuance of said permits seek to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

The Toxic Substances and Hazardous and Nuclear Waste Control Act

R.A. No. 6969 or "The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990," regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

Hazardous wastes are substances brought into the country without any safe commercial, industrial, agricultural or economic usage. On the other hand, toxic wastes are substances that are poisonous and have carcinogenic, mutagenic, or teratogenic effects on human or other life forms.

Ecological Solid Waste Management Act

R.A. No. 9003 or "The Ecological Solid Waste Management Act of 2000" provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The same law mandates all, especially, the local government units, to adopt a systematic, comprehensive and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport and storage of solid waste. Pursuant to R.A. 9003, solar operating plants are required to establish a Material Recovery Facility (MRF) for biodegradable wastes (composting area), reusable and recycled materials. A zero waste management scheme should be adapted to minimize disposal of garbage site.

The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

DATA PRIVACY LAWS

Data Privacy Act

RA No. 10173, otherwise known as the Data Privacy Act of 2012 or DPA, was signed into law on August 15, 2012, to govern the processing of all types of personal information (*i.e.*, personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT, which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The DPA seeks to protect the confidentiality of "personal information," which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors." It also provides for penal and monetary sanctions for violations of its provisions.

ANTITRUST LAWS

Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act (the "PCA") came into effect August 5, 2015 and is the primary competition law in the Philippines.

The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "PCC"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

(h) Anti-competitive agreements between or amongst competitors that restrict competition as to price or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

(i) Practices which are regarded as abuse of dominant position by engaging in conduct that would substantially prevent, restrict or lessen competition; and

(j) Mergers or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

The PCA provides for mandatory notification to the PCC where the value of such transaction exceeds ₱2.4 billion ("Size of Transaction"), and where the size of the ultimate parent entity of either party exceeds ₱6 billion ("Size of Party"). Notification is also mandatory for joint venture transactions if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.4 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.4 billion.

On November 22, 2017, the PCC published the 2017 Rules on Merger Procedures ("Merger Rules") which provides the procedure for the review or investigation of mergers and acquisition pursuant to the PCA. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1% to 5% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from 15 September 2020. Such transactions are likewise exempt from the PCC's motu proprio review for a period of one year from the effectivity of the Bayanihan 2 Act. A transaction is considered "entered into" upon signing by the parties of the definitive agreement.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

- both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion;
- and the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan Act 2 suspends PCC's power to motu proprio review mergers and acquisitions for one year from the effectivity of the law. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC's power to review transactions motu proprio. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC motu proprio after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

CORPORATION CODE

Philippine Revised Corporation Code

Republic Act No. 11232 or the Philippine Revised Corporation Code ("Philippine Revised Corporation Code") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Philippine Revised Corporation Code are:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- The Code allows the creation of a "One Person Corporation" ("OPC"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.

- Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least 2/3 of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia*, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and

- In case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Philippine Revised Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

FOREIGN INVESTMENTS

Foreign Investment Act

The Foreign Investment Act ("FIA") liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the "Negative List") signed on October 29, 2018. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration with the BSP is not required. BSP Circular No. 471 issued on January 24, 2005 subjects foreign exchange dealers and money changers to RA No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed in the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document ("BSRD") or BSRD Letter-Advice from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary's sworn statement attesting to the board resolution covering the dividend declaration and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during a foreign exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

BOARD OF DIRECTORS AND OFFICERS

NAME	AGE	CITIZENSHIP	POSITION
PETER GOMEZ NEPOMUCENO	85	Filipino	President / Chairman of the Board
GEROMIN TANCUNGCO NEPOMUCENO, JR.	66	Filipino	Vice-Chairman/Treasurer/ Director
CONRADO DIMLA PECJO	56	Filipino	Executive Vice-President/ Director /
ROBERT GERARD BLANCO NEPOMUCENO	58	Filipino	Director / CFO
MARIA RITA JOSEFINA VALDES CHUA	56	Filipino	Director
ARSENIO NEPOMUCENO VALDES	67	Filipino	Director
PEDRO HIPOLITO MANIEGO, JR.	71	Filipino	Independent Director
DANIEL GABRIEL MATA MONTECILLO	64	Filipino	Independent Director
OLIVER BOTARDO BUTALID	61	Filipino	Independent Director
RUELITO QUIMSON SORIANO	55	Filipino	Corporate Secretary
PAULO SAMONTE FAUSTINO	30	Filipino	Assistant Corporate Secretary

PETER G. NEPOMUCENO, President and Chairman of the Board

Engr. Peter G. Nepomuceno is the President, CEO, and visionary of RASLAG Corp. He incorporated the company in April 2013 with the vision of going renewables is the best move forward in the challenging electric power industry. He has been in the power industry for more than sixty (60) years, serving several companies in the distribution and generation sectors.

At the age of 22, he started managing Angeles Electric Corporation, the distribution utility with the franchise area in Angeles City. He handled AEC until 2001 and turned it to be one of the best distribution utilities in Luzon. He was elected President and Chairman of Angeles Electric in 1973 and retired as president in 2001. He continued serving AEC as Chairman of the Board until 2019.

During the power crisis in 1992, Peter built Angeles Power, Inc., the owner and operator of the 30-MW Calibu Diesel Power Plant. He serves as API's president and CEO up to the present. He also put up JTEN Equities, Inc. in 2001, the holding company and major owner of RASLAG Corp.

Peter is currently the Chairman of Mindanao Energy Systems, Inc. (Minergy), Vice Chairman of Mindanao Power Corporation, and a Board Director of Cagayan Electric Power & Light Co., Inc. (CEPALCO). He also served as Chairman of Clark Electric Distribution Corporation ("CEDC") from 2015 up to 2020 and a director of Philippine Electricity Market Corporation ("PEMC") for five (5) years.

Aside from the power industry, Peter also handled several companies from other industries. He served as president of Juan D. Nepomuceno Sons Co., TGN Realty Corporation, New Move Realty, MAVWIN Properties, Teresa WaterWorks, Inc., Italfil Manufacturing Corp, Durastress Corporation, among others. He is presently a member of the Board of Trustee of Holy Angel University, the biggest university north of Manila.

Engr. Nepomuceno acquired his bachelor's degree from Ateneo De Manila and his Civil Engineering degree from Mapua Institute of Technology.

Positions and offices held or currently holding with the registrant	President and CEO

Term of office as director / officer and period already served	Chairman – 8 years; President & CEO – 8 years	
Business experience for the past five (5) years	President & CEO, Chairman	ANGELES POWER, INC.
	President & CEO, Chairman	JTEN EQUITIES, INC.
	President & CEO, Chairman	NEW MOVE REALTY, INC.
	President & CEO, Chairman	MAVWIN PROPERTIES, INC.
	Chairman Emeritus	ANGELES ELECTRIC CORPORATION
	Chairman Emeritus	TGN REALTY CORPORATION
	Chairman Emeritus	JUAN D. NEPOMUCENO SONS, INC.
	Chairman	DURASTRESS CORP.
	Chairman	TERESA WATERWORKS, INC.
	Chairman	MINDANAO ENERGY SYSTEM, INC.
	Chairman Emeritus	BOREALIS CORPORATION
	Chairman Emeritus	WESPAN DEVELOPMENT CORPORATION
	Director	BIC MANAGEMENT AND CONSULTANCY, INC.
	Board of Trustee	HOLY ANGEL UNIVERSITY
	Vice Chairman	MINERGY POWER CORPORATION
	Director	CAGAYAN ELECTRIC POWER AND LIGHT COMPANY
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

GEROMIN T. NEPOMUCENO, JR., Director

Geromin T. Nepomuceno, Jr. has been a Director of RASLAG Corp. since 2013. He has vast experience in the electric power industry having been the President and CEO of AEC from 2001 to 2019, and the Treasurer and Director of API from 1993 up to present.

Gerry is currently the Chairman of the Board of AEC. His leadership led AEC to being one the biggest distribution utilities in the country. He is also a Director of CEDC.

Aside from the power industry, Gerry is engaged in other industries being the Chairman of Angeles Industrial Park, Inc., Crismin Realty and MSN Food. He is also the President of Angeles Ice Plant, Treasurer and Director of TGN Realty, Teresa WaterWorks, Inc. and JTEN Equities, and a Director of JDN Sons, Inc. and Wespan Development Corporation.

Gerry is an active member of the Executive Committee of the Board of Trustees of Holy Angel University where he became the interim President in 2014 to 2015.

Gerry is a graduate of BS in Mechanical Engineering from De La Salle University and is a licensed mechanical engineer. He holds a Master’s Degree in Business Management from the Asian Institute of Management.

Positions and offices held or currently holding with the registrant	Vice-Chairman Treasurer	
Term of office as director / officer and period already served	Vice-Chairman elected on May 18, 2021 Treasurer – 8 years Director – 8 years	
Business experience for the past five (5) years	Chairman & Director	ANGELES ELECTRIC CORPORATION
	Chairman & Director	ANGELES INDUSTRIAL PARK, INC.
	Chairman	CRISMIN REALTY CORPORATION
	Chairman	M.S.N. FOODS INC.
	President	ANGELES ICE PLANT, INC.
	Director	CLARK ELECTRIC DISTRIBUTION CORP.
	Director & Treasurer	ANGELES POWER, INC.
	Director & Treasurer	TGN REALTY, INC.
	Director & Treasurer	TERESA WATERWORKS, INC.
	Director & Treasurer	J TEN EQUITIES, INC.
	Trustee	HOLY ANGEL UNIVERSITY
	Director	JDN SONS, INC
	Director	WESPAN DEVELOPMENT CORPORATION
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

CONRADO D. PECJO, Director/Executive Vice-President

Engr. Conrado Dimla Pecjo is the Executive Vice President and Chief Operating Officer of RASLAG Corp. Together with Engr. Peter G. Nepomuceno, Engr. Pecjo rallied the creation of RASLAG Corp. in 2013 to take advantage the support of the government to the then budding RE industry. He oversaw the conception, the construction and the successful commercial operation of RASLAG-1 and RASLAG-2 solar power plants. These plants are now enjoying the Feed-in Tariff Scheme of the government.

Engr. Pecjo, or Pex as he is fondly called, was the Operation and Business Development Manager of Angeles Power, Inc. – Calibu Diesel Power Plant before he became the EVP and COO of RASLAG. He started his career as a plant operator in Petersville Diesel Power Plant of Angeles Electric. He rose from the ranks and held various supervisory and managerial positions when he transferred to Angeles Power, Inc. in 1993. From being operations supervisor and mechanical maintenance supervisor, he became the operations manager of Calibu Diesel Power Plant in 2010. He eventually held the business development section of API from which the creation of an RE generation arm through RASLAG was conceptualized.

Pex also became a member of the Rules Change Committee of the Philippine Electricity Market Corporation for not more than four (4) years. He is a Professional Mechanical Engineer. He acquired his mechanical engineering degree from Holy Angel University in 1986 and has studied Executive Masters in Business Administration (“EMBA”) in the Asian Institute of Management in 2008.

Positions and offices held or currently holding with the registrant	Executive Vice-President	
Term of office as director / officer and period already served	Director Executive Vice-President	
Business experience for the past five (5) years	Chief Operating Officer	RASLAG CORP.
	Manager, Operations & Business Development	ANGELES POWER, INC.
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

ROBERT GERARD B. NEPOMUCENO, Director/CFO

Robert Gerard "Rogie" B. Nepomuceno is one of the directors of RASLAG Corporation. He is a member of the Risk and Oversight Committee of RASLAG and has been instrumental in the firm's PSE listing. He is also a Director of Angeles Electric Corporation since 2019.

Aside from the power industry, Rogie is also into the manufacturing industry. He is presently the President of Durastress Corporation, a manufacturer of pre-cast concrete products and a supplier of Ready-Mix Concrete. He started his career in Durastress as a supervisor in 2002 and has since made the company one of the largest manufacturers of concrete piles in the North. He is concurrently the President of Italfil Manufacturing Corp.

Rogie is a director of Juan D Nepomuceno Sons, Inc., Borealis Corp., Wespan Development Corp. and TGN Realty Corp. He is also the Chairman of the Bids and Awards Committee of Holy Angel University.

Rogie graduated from the Ateneo de Manila University in 1985 with Bachelor of Arts degree major in Economics. He finished his EMBA at the Asian Institute of Management in 2007.

Positions and offices held or currently holding with the registrant	Chief Financial Officer	
Term of office as director / officer and period already served	Director CFO	
Business experience for the past five (5) years	President & Director	DURASTRESS CORPORATION
	President & Director	ITALFIL MANUFACTURING, INC.
	Treasurer & Director	ANGELES ELECTRIC CORPORATION
	Chief Financial Officer & Director	RASLAG CORP.
	Director	JUAN D. NEPOMUCENO SONS, INC.
	Director	TGN REALTY, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Chairman	HOLY ANGEL UNIVERSITY (Const. Committee)
	Chairman	HOLY ANGEL UNIVERSITY (Bids & Awards Committee)

If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A

MARIA RITA JOSEFINA V. CHUA, Director

Maria Rita Josefina V. Chua is a Director of RASLAG Corp. She has been with the company since its incorporation in 2013. She is currently the President of Angeles Electric Corporation and Teresa WaterWorks, Inc.

Aside from RASLAG, Marijo also serves as a Director for other electric companies such as Clark Electric Distribution Corporation and Angeles Power, Inc. She is a part of the Board of JTen Equities Inc, the holding company of RASLAG.

Marijo is also a Director of TGN Realty, Inc., JDN Sons, Inc., and Wespan Development Corporation. She is a member of the Board of Trustees of the Holy Angel University.

Marijo is a graduate of BS in Commerce Major in Accounting and Hotel Restaurant Management from St. Scholastica's College and holds a Master's Degree in Business Administration from the Ateneo Graduate School of Business. She is a Certified Public Accountant.

Positions and offices held or currently holding with the registrant	None	
Term of office as director / officer and period already served	Director – 8 years	
Business experience for the past five (5) years	President & Director	ANGELES ELECTRIC CORPORATION
	President & Director	TERESA WATERWORKS, INC
	Director	CLARK ELECTRIC DISTRIBUTION CORP.
	Director	ANGELES POWER, INC.
	Director	TGN REALTY, INC.
	Director	JUAN D. NEPOMUCENO SONS, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Director	J TEN EQUITIES, INC
	Trustee	HOLY ANGEL UNIVERSITY
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

ARSENIO N. VALDES, Director

Arsenio "Arni" N. Valdes is one the Directors of RASLAG Corp. His experience in the power industry spans from the distribution to the generation sectors, him being a Director of Angeles Electric Corporation (distribution utility) and Angeles Power, Inc. (generator). He is best known for his leadership in Juan D. Nepomuceno Sons, Inc. and TGN Realty Corporation as President from February 2007 to February 2019. He is currently the Chairman of Juan D Nepomuceno Sons, Inc., TGN Realty Corporation, Borealis Corp, and Wespan Development.

Arni is the President and CEO of Dolomatrix Philippines, Inc. He is also a Director of Teresa WaterWorks, Inc, Angeles Industrial Park, Inc. and JTen Equities, Inc.

Arni is also involved and holds key positions in various business, socio-civic and cause-oriented organizations. He is presently a Director and the Treasurer of the Metro Angeles Chamber of Commerce & Industry, Inc. (MACCII) where he was formerly the President and Chairman. He is currently an officer of the Metro Clark Information & Communication Technology (MCICT) Council. He is also an Adviser to the Environmental Practitioners Association where he was the past President.

Arni is a graduate of B.S. Industrial Management Engineering from the Dela Salle University and holds a Masters in Business Administration degree from the Ateneo De Manila University.

Positions and offices held or currently holding with the registrant	None	
Term of office as director / officer and period already served	Director	
Business experience for the past five (5) years	President & Director	DOLOMATRIX PHILS., INC.
	Chairman & Director	TGN REALTY, INC.
	Chairman & Director	JUAN D. NEPOMUCENO SONS, INC.
	Director	TERESA WATERWORKS, INC.
	Chairman & Director	BOREALIS CORPORATION
	Chairman & Director	WESPAN DEVELOPMENT CORPORATION
	Corporate Secretary & Director	ANGELES POWER, INC.
	Director	ANGELES ELECTRIC CORPORATION
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

PEDRO H. MANIEGO, JR., Independent Director

Pedro H. Maniego, Jr. was the Chairman of the National Renewable Energy Board ("NREB") from September 2010 to June 2013. NREB's primary task is to facilitate the effective implementation of the Renewable Energy Act of 2008. Under his chairmanship, the NREB has initiated, spearheaded and/or guided the approval of the Feed-In Tariff rates, Renewable Energy Payment Agreement, Renewable Energy Service Agreement, FIT-Allowance Disbursement and Collection Guidelines, FIT-Allowance Petition, Net Metering Interconnection Standards and Net Metering Pricing Methodology with the Energy Regulatory Commission. The proposed mechanisms to implement the Renewable Portfolio Standards and Green Energy Option had been submitted to the Department of Energy for approval and issuance. Under its mandate to monitor and review the National

Renewable Energy Program, the NREB has updated the program to bring back the share of RE sources in the power mix (in MWh) to at least 35% by 2030 in accordance to the INDC commitment of the Philippines under COP21.

A firm advocate of sustainable development, he is a professional industrial engineer, lawyer, economist, management consultant, and professorial lecturer, with more than fifty (50) years' experience in senior executive positions in the energy, metals, beverage, semiconductor, IT, munitions, construction, and venture capital sectors and the academe. He was a professor at the U.P. College of Engineering, President-CEO of PNOC Renewables Corporation, Executive Vice President and Chief Operating Officer of Asean Fabricators, Inc. and Arms Corporation of the Philippines, market development manager of The Coca-Cola Export Corporation, and consultant to the Asian Development Bank, International Labor Organization, as well as several multinational and domestic firms.

Atty. Maniego's education is multidisciplinary -- having graduated with degrees in B.S. Industrial Engineering and Bachelor of Laws from the University of the Philippines, and completed post-graduate studies in management, economics and engineering in the Asian Institute of Management, University of the Philippines, University of Asia & the Pacific, Federation of Korean Industries, and Carl Duisberg Gesellschaft of Germany. In 2011, he was chosen as the Awardee of the UP Alumni Engineers for Service to Industry. Currently, he is the Chairman of Secure Arms Guns and Ammo Corp; Independent Director of RASLAG Corp. and Armscor Global Defense Inc.; Fellow, Trustee, Chairman of the Fellow, Strategic Execution Pathway and Golf Committees of the Institute of Corporate Directors; a lecturer at UP Law Center's MCLE, Ateneo School of Government, and ICD's corporate governance programs; and a member of the Philippine Bar. He had obtained certificates with grades of Excellent in 14 courses on renewable energy development, climate finance, green banking and energy transformation at the Renewables Academy AG of Germany. He is a Certified Graduate of the Palladium Kaplan-Norton Balanced Scorecard and the Climate Reality Leadership Workshop under Nobel Laureate Al Gore. He is regularly invited as a speaker and resource person on renewable energy development in the Philippines, other Asian countries, Europe and the United States.

Positions and offices held or currently holding with the registrant	None	
Term of office as director / officer and period already served	Independent Director	
Business experience for the past five (5) years	Independent Director	ARMSCOR GLOBAL DEFENSE INC.
	Chairman	SECURE ARMS GUNS & AMMO CORP.
	Chairman	NATIONAL RENEWABLE ENERGY BOARD
	Acting President & CEO	PNOC RENEWABLE CORPORATION
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

DANIEL GABRIEL M. MONTECILLO, Independent Director

Dennis Montecillo is a management consultant, leadership speaker and facilitator, independent board director and executive coach. He is currently a senior consultant to the International Finance Corporation and to Ayala University in its Leadership Acceleration Program as well as several private, mid-sized Philippine corporates. He has been a guest lecturer at the Asian Institute of Management and was also formerly a CXO facilitator and speaker of Deloitte University Asia Pacific at its various management training programs in Singapore. He received his certification as an Associate Certified Coach from the International Coaching Federation (“ICF”).

He retired as Executive Vice President and Group Head of the Corporate Client Segment of the Bank of the Philippine Islands in 2018, where he was responsible for nationwide banking coverage of the firm’s corporate clients. Immediately prior to this role, he was President of BPI Capital Corporation and Chairman of BPI Securities Corporation, the bank’s investment banking and securities subsidiaries. He served for 4 ½ years in such capacities.

During his time at BPI, he was responsible for the reorganization of the corporate bank into two significant business initiatives, i.e., the Corporate Bank for large multinationals and domestic corporates, and the Business Bank, which services the small and medium-sized corporates in the country.

While at BPI Capital, he recast the investment bank into the leading domestic firm in the industry and competed successfully for business with the country’s top corporates against the established international investment banking firms in the country. During his tenure, the firm won several international awards for excellence. During his tenure, among the more notable Philippine corporates that the firm took to the public capital markets are Max’s Group, Store Specialists, and Metro Retail Stores Group.

Prior to returning to the Philippines, he spent seventeen (17) years in Hong Kong where he was CEO and founding equity partner of Diamond Dragon Advisors for three years, Asia’s first private equity fundraising firm and before that, CEO of Fidelis Holdings for three years. Fidelis was the international real estate investment company of the Ayala Group of Companies.

He has twenty-one (21) years of international investment banking experience, having worked in New York and Hong Kong at Bankers Trust, Credit Suisse and Morgan Stanley. During this time, he was part of and managed business development and transaction teams in corporate, real estate and leveraged finance, derivatives, private equity, mergers & acquisitions, and equity and debt capital markets.

Dennis is a fellow of the Institute of Corporate Directors (Philippines) and a member of the ICF, the Rotary Club of Manila and an associate member of the Singapore Institute of Directors.

He is an independent director of Metro Pacific Hospital Holdings, Inc., a holding company with interests in 19 hospitals nationwide, and Maybank Kim Eng Capital (Philippines), Inc., an investment bank that is a subsidiary of Maybank of Malaysia. He is also a director of the global board of International Care Ministries, an NGO devoted to the rural ultrapoor in the Philippines.

He has an MBA and MA from Stanford University in California, USA and bachelor’s degrees in Management of Financial Institutions and Behavioural Sciences (magna cum laude) from De La Salle University in the Philippines.

Positions and offices held or currently holding with the registrant	None	
Term of office as director / officer and period already served	Independent Director	
Business experience for the past five (5) years	Independent Director	METRO PACIFIC HOSPITAL HOLDINGS, INC.
	Independent Director	MAYBANK KIM ENG CAPITAL INC
	EVP, Corporate Banking	BANK OF THE PHILIPPINE ISLANDS
	President	BPI CAPITAL CORPORATION
If a director/officer of a public or publicly listed company or company with secondary	N/A	

license issued by SEC, please identify the company and the position held and period served.	

OLIVER B. BUTALID, Independent Director

Oliver B. Butalid is an Independent Director of RASLAG Corp. He is also the current Chairman of Glocke Security Systems, Inc., a facility security service provider focused on industrial and institutional clients in the Central and Northern Luzon regions.

Oliver was a member of the Board of Governors appointed by President Gloria Macapagal Arroyo on March 2010 to 2012 and was subsequently reappointed by President Benigno Aquino III to serve up to 2016.

He was Supervising Fellow for the Local Government Program Management Unit at the Institute of Solidarity In Asia, the Philippine's leading corporate sector backed foundation dedicated to installing governance mechanisms (Balanced Scorecard) in the public sector from 2013 to 2016. He was also President and CEO of Philippine Mining Development Corp., a government owned and controlled corporation under the Department of Environment and Natural Resources from 2007 to 2010. He served as Commissioner at the Energy Regulatory Commission and was among the first batch of Commissioners appointed right after the effectivity of the Electric Power Industry Reform Act ("EPIRA") in 2001.

Oliver has over thirty (30) years' managerial experience in a broad range of business and development activities, both in the public and private sector. A policy maker, he has a strong grasp of the macroeconomic environment, industrial policy and regulatory framework of the electricity, water utility and mining industries.

He graduated with a B.S. Business Economics degree from the School of Economics in University of the Philippines Diliman. He later took and finished his Master's Degree in Business Economics at the University of Asia and the Pacific.

Positions and offices held or currently holding with the registrant	None	
Term of office as director / officer and period already served	Independent Director	
Business experience for the past five (5) years	Chairman	GLOCKE SECURITY SYSTEMS INC.
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

RUELITO Q. SORIANO, Corporate Secretary

Ruel Soriano was appointed Corporate Secretary of RASLAG in April 2021. He is also the Managing Partner of the law firm of Quiason Makalintal Barot Torres Ibarra Sison & Damaso, and a supervising attorney for the Corporate Group and the Tax Group. He specializes in mergers & acquisitions, corporate & project financing, securities offerings, and tax planning and structuring advice for the firm's various clients.

Ruel concurrently serves as Co-Chief Compliance and Risk Management Officer for Operations of the Transnational Diversified Group. He is Chairman of the Board of Directors of MarCoPay, Inc. (a dual currency e-money issuer), MCP Finance, Inc., MCP Insurance and Management Agency, Inc., and MCP Innovations, Inc., and sits in the boards of Transnational Diversified Group, Inc., Adventure International Tours, Inc., Universal Holidays, Inc., among others. He also serves as Compliance Officer of Easycall Communications, Philippines, Inc., and Corporate Secretary of Tonik Digital Bank, Inc., among others.

He obtained his bachelor's degrees in Economics and Law from the Ateneo de Manila University.

Positions and offices held or currently holding with the registrant	Corporate Secretary	
Term of office as director / officer and period already served	Corporate Secretary	
Business experience for the past five (5) years	Managing Partner	QUIASON MAKALINTAL BAROT TORRES IBARRA SISON & DAMASO
	Chairman of the Board	MARCOPAY, INC.
	Chairman of the Board	MCP FINANCE, INC.
	Chairman of the Board	MCP INSURANCE AND MANAGEMENT AGENCY, INC.
	Chairman of the Board	MCP INNOVATIONS, INC.
	President	ARSEL DEVELOPMENT CORPORATION
	President	CALLIRHOE, INC.
	Director	TRANSNATIONAL DIVERSIFIED GROUP INC.
	Director	ADVENTURE INTERNATIONAL TOURS, INC.
	Director	UNIVERSAL HOLIDAYS, INC.
	Director	TRANSNATIONAL AIR SERVICES CORP.
	Director	APEX SECURITIES INC.
	Director	TRANSNATIONAL E-BUSINESS SOLUTIONS, INC.
	Director	TRANSNATIONAL PLANS, INC.
	Director	SILVER MACHINE COMMUNICATIONS, INC.
	Director	EUKELADE CORPORATION
	Co-Chief Compliance & Risk Management Officer for Operations	TRANSNATIONAL DIVERSIFIED CORPORATION
	Compliance Officer	TMU SOLAR PHILIPPINES, INC
	Compliance Officer	EASYCALL COMMUNICATIONS PHILIPPINES, INC.
	Director & Corporate Secretary	PINOY TRAVEL, INC.
	Director & Corporate Secretary	PINOY TRAVEL SOLUTIONS, INC.
	Corporate Secretary	LAGUNA ESTATES DEVELOPMENT CORPORATION
	Corporate Secretary	ROOSEVELT COLLEGE, INC.
	Corporate Secretary	TONIK DIGITAL BANK, INC.
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the	N/A	

company and the position held and period served.	

PAULO S. FAUSTINO, Assistant Corporate Secretary

Paulo Faustino is the Assistant Corporate Secretary of RASLAG Corporation, having assumed such position in April 2021. He is an associate lawyer of Quiason Makalintal Barot Torres Ibarra Sison & Damaso, where he specializes in corporate law, taxation law and special projects. He graduated with a degree of Juris Doctor from the University of the Philippines in 2017 and was admitted to the Philippine bar on 2018. He also holds a degree in BA Political Science which he obtained in 2011 from the University of the Philippines.

Positions and offices held or currently holding with the registrant	Assistant Corporate Secretary	
Term of office as director / officer and period already served	Assistant Corporate Secretary	
Business experience for the past five (5) years	Corporate Secretary	BETTZEIT SOUTHEAST ASIA INC.
	Corporate Secretary	RESIDENCIA SANTA FE INC.
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

LYRA GRACIA Y. LIPAE-FABELLA, Compliance Officer and Investor Relations Officer

Atty. Lipae-Fabella is a Certified Public Accountant and member of the Integrated Bar of the Philippines. She serves/has served as Corporate Secretary to a number of publicly-listed and private companies. She previously worked as Junior Auditor at Sycip Gorres Velayo & Co., Associate at Tan Venturanza Valdez and as Securities Counsel III with the Securities and Exchange Commission.

Atty. Lipae-Fabella obtained her Bachelor of Laws degree from San Beda College in Manila and her BS Business Administration and Accountancy degree from the University of the Philippines in Quezon City.

Positions and offices held or currently holding with the registrant	Compliance Officer and Investor Relations Officer	
Term of office as director / officer and period already served	Newly appointed	
Business experience for the past five (5) years	Legal Counsel to the Underwriter-Investment and Capital Corporation of the Philippines	Follow On Offering of Apollo Global Capital, Inc. of 12.35 Billion Common Shares as approved by the PSE on August 9, 2021
	Legal Counsel to Transpacific Broadband Group Intl., Inc.	Additional Listing of a total of 1.71 Billion Shares as approved by the PSE on June 23, 2021 and November 10, 2021
	Corporate Secretary (2017-present)	Oriental Peninsula Resources Group Inc.

	Corporate Secretary (2013-present)	Millennium Global Holdings, Inc.
	Corporate Secretary (2010-2018)	Boulevard Holdings, Inc. .
	Corporate Secretary (2016)	Pacifica, Inc.
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	Oriental Peninsula Resources Group Inc.-Corporate Secretary (2017-present)-4 years Millennium Global Holdings, Inc.- Corporate Secretary (2013-present)—8 years	

Significant Employees

Identify Significant Employees (if any), who are not executive officers but who are expected by the registrant to make a significant contribution to the business. (If any)

EPIFANIA B. MORAL, Accounting Manager

Epifania B. Moral is the Accounting Manager of RASLAG Corp. She is with the Company since its incorporation in 2013 and was part of the team that worked for the realization of the RASLAG-1, RASLAG-2, and RASLAG-3 Solar Projects. She also handles the Company's importation.

Fanny started her career with Angeles Power, Inc. in 1994 and rose from the ranks. She graduated Bachelor of Science in Accountancy from Polytechnic University of the Philippines and studied her Master's degree in Business Administration in 1998 from the Graduate School of the same university.

Positions and offices held or currently holding with the registrant	Accounting Manager (April 30, 2013 to Present)	
Term of office as director / officer and period already served	N/A	
Business experience for the past five (5) years	Accounting Manager *(April 30, 2013 to present)*	RASLAG CORP.
	Accounting Manager *(January 1, 2008 to January 31, 2021)* Accounting Supervisor *(January 1, 2003 to December 31, 2007* Accounting Clerk III *(November 8, 1994 to December 31, 2002)*	ANGELES POWER, INC.
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

ANGELO PAOLO L. USI, Operation & Business Development Research Engineer

Engr. Angelo Paolo L. Usi is one of the Operations and Business Development Research Engineers of RASLAG Corp. He is under the management of Engr. Conrado D. Pecjo and he took major roles in the project construction and successful commercial operation of RASLAG-1 and RASLAG-2 solar power plants. Engr. Usi started his career in 2010 as a staff engineer in Angeles Power, Inc., the conventional power generation company of the Nepomuceno Family.

Engr. Usi graduated from the Holy Angel University ("HAU") with a degree in B.S. Mechanical Engineering. He was the President of the Philippine Society of Mechanical Engineers ("PSME") HAU Junior Unit in his college days and upon graduation, he became a member of the PSME Pampanga Chapter and held the positions of Secretary in 2011-2013 and later on became Vice President for Internal Affairs in 2013-2014.

<table>
<tr><td>Positions and offices held or currently holding with the registrant</td><td colspan="2">Operation & Business Development Research Engineer (April 30, 2013 to Present)</td></tr>
<tr><td>Term of office as director / officer and period already served</td><td colspan="2">N/A</td></tr>
<tr><td rowspan="2">Business experience for the past five (5) years</td><td>Operation & Business Development Research Engineer
(April 30, 2013 to present)</td><td>RASLAG CORP.</td></tr>
<tr><td>Operation & Business Development Research Engineer
(September 26, 2013 to January 31, 2021)

Staff Engineer I – Operation & Business Development
(April 16, 2011 to September 25, 2013)</td><td>ANGELES POWER, INC.</td></tr>
<tr><td>If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.</td><td colspan="2">N/A</td></tr>
</table>

MARY SHEENA Y. PINEDA-MANALANG, Operation & Business Development Research Engineer

Mary Sheena Y. Pineda-Manalang is assigned as the Compliance Officer of RASLAG Corp. She is one of the pioneer employees of RASLAG who worked on the realization of RASLAG-1 and RASLAG-2 solar projects. She handles various regulatory and industry compliances including but not limited to market compliances and government permits and certifications.

Sheena is a Registered Electrical Engineer by profession. She acquired her Bachelor of Science degree in Electrical Engineering from Holy Angel University and took her Master's degree in Engineering Management from the same university.

Positions and offices held or currently holding with the registrant	Operation & Business Development Research Engineer (April 30, 2013 to Present)
Term of office as director / officer and period already served	N/A

Business experience for the past five (5) years	Operation & Business Development Research Engineer *(April 30, 2013 to Present)*	RASLAG CORP.
	Operation & Business Development Research Engineer *(September 01, 2012 to January 31, 2021)*	ANGELES POWER, INC.
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	**N/A**	

LOURDINO T. PAGUIO, Operation and Maintenance Supervisor

Lourdino Paguio is the Operation and Maintenance Supervisor of RASLAG Corporation. He has been with the Company since 2019, handling the operation and maintenance of the RASLAG-1 and RASLAG-2 Solar Projects. Before his transfer to RASLAG, Mr. Paguio was an Operations Supervisor in the Calibu Diesel Power Plant of Angeles Power, Inc. He was with API for more than 25 years and had experienced working in three different departments of the company (Logistics, Maintenance, Operations).

Mr. Paguio graduated from Holy Angel University with a degree in Electrical Engineering. He has attended various seminars and lectures regarding the operations and maintenance of solar power plants.

Positions and offices held or currently holding with the registrant	Operation and Maintenance Supervisor (January 01, 2018 to Present)	
Term of office as director / officer and period already served	N/A	
Business experience for the past five (5) years	Operation & Maintenance Supervisor *(January 01, 2018 to Present)*	RASLAG CORP.
	Lead Operator *(January 01, 2017 to January 31, 2021)* Lead Operator – Trainee *(July 01, 2016 to December 31, 2016)* Local Purchaser *(September 26, 2013 to June 30, 2016)* Inventory Planning Control Staff – III *(July 01, 2003 to September 25, 2013)* Plant Operator – II *(July 01, 1996 to June 30, 2003)* Plant Operator – I *(March 28, 1996 to June 30, 1996)*	ANGELES POWER, INC.

	Plant Operator *(July 03, 1995 to March 27, 1996)* Draftsman *(September 02, 1994 to July 02, 1995)*	
If a director/officer of a public or publicly listed company or company with secondary license issued by SEC, please identify the company and the position held and period served.	N/A	

Family Relationships

Peter G. Nepomuceno is the father of Robert Gerard B. Nepomuceno and uncle of Geromin T. Nepomuceno, Jr., Maria Rita Josefina V. Chua and Arsenio N. Valdes.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, none of the following enumerated events have occurred during the past five (5) years up to the date of this Prospectus that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the registrant:

(a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

CORPORATE GOVERNANCE

Corporate Governance Manuals

The Board of Directors, officers and employees of the Company commit themselves to the principles and best practices embodied in its Manual on Good Corporate Governance ("Manual"). The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.

The Company has a compliance system in place in the management of required corporate documents and disclosures in compliance with PSE, SEC, and other relevant rules and regulations, and corporate documents issued by the corporate secretary. The Compliance Manual applies to all directors, officers and employees of the Company in charge of corporate disclosure responsibilities related to the following rules and regulations:

- SEC Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19 Series of 2016) effective January 1, 2017

- 2015 Securities and Regulations Code of the Philippines (R.A. No. 8799 and its Implementing Rules and Regulations)

- PSE Listing and Disclosure Rules, Supplemental Rules and Guidance Notes

- Revised Corporation Code of the Philippines

- Department of Energy Annual Certification on validity of service contracts

- Mines and Geosciences Bureau Annual Certification for listed mining companies

Compliance Officer

The Board designates a Compliance Officer who reports to the Chairman of the Board. As required of publicly-listed companies, the appointment of Compliance Officer is properly disclosed to the SEC.

The Board also ensures the presence and adequacy of internal control mechanisms for good governance. The Compliance Officer's duties include ensuring proper on boarding of new directors (*i.e.*, orientation on the company's business, charter, articles of incorporation and by-laws, among others), monitor, review, evaluate and ensure compliance by the Company, its officers and directors with the relevant laws, with the SEC Code of Corporate Governance ("Code"), rules and regulations and all governance issuances of regulatory agencies, appear before the Securities and Exchange Commission upon summon on matters in relation to compliance with the Code, ensure the integrity and accuracy of all documentary submissions to regulators, determine violation/s of the Code and recommend to the Board the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation, identify possible areas of compliance issues and work towards the resolution of the same, develop and establish, subject to approval of the Board, a monitoring and evaluation system to determine compliance with this Manual, which system shall provide for a procedure that fulfils the requirements of due process, ensure the attendance of board members and key officers to relevant trainings and perform such other duties and responsibilities as may be provided by the SEC.

Integrated Annual Corporate Governance Report (I-ACGR)

SEC MC No. 15, Series of 2017 was released in December 2017 which mandates all publicly-listed companies to submit an Integrated Annual Corporate Governance Report ("I-ACGR") on or before 30 May of the following year for every year that the company remains listed in the PSE, covering all relevant information for the preceding year.

The I-ACGR supersedes the ACGR last submitted for the year 2016 to the SEC and the Compliance Report on Corporate Governance last submitted for the year 2016 to the PSE.

Evaluation System and Compliance

As part of its system for monitoring and assessing compliance with the Manual and the Code, each committee is required to report regularly to the Board of Directors and the Manual is subject to review when deemed necessary. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the Code. To strictly observe and implement the provisions of the Company's Manual, the Company's Board of Directors may impose penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation. The commission of a grave violation of the Manual by any member of the Board of Directors is sufficient cause for his removal as a director.

Committees of the Board

The Company has constituted the following Committees pursuant to its Manual on Corporate Governance:

A. Nomination, Compensation and Election Committee
B. Corporate Governance Committee
C. Board Risk Oversight Committee
D. Audit Committee

Executive Compensation

Information as to the aggregate compensation during the last 2 fiscal years paid to the Company's and five (5) most highly compensated executive officers, and all other officers and directors, as a group, are as follows:

	2019		**2020**		**2021**	
	Salaries (Php)	**Others (Php)**	**Salaries (Php)**	**Others (Php)**	**Salaries (Php)**	**Others (Php)**
Total Compensation of Five (5) Most Highly Compensated Officers Peter G. Nepomuceno Conrado D. Pecjo Epifania B. Moral Angelo Paolo L. Usi Mary Sheena P. Manalang	3,880,760	913,222	4,100,200	946,982	4,355,000	986,182
Total Compensation of Other Unnamed Officers and Directors	-	-	-	-	-	-
TOTAL	**3,880,760**	**913,222**	**4,100,200**	**946,982**	**4,355,000**	**986,182**

Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than 10% of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may determine, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Currently, each of the independent directors are receiving ₱20,000.00 per diem per meeting and each of other directors including the Chairman are receiving ₱10,000.00 per diem per meeting.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors. There are no special employment contracts between the Company and Senior Management.

Management Incentive Plans

The Company plans to establish a Bonus Scheme ("BS") to provide executives and key managers a long-term incentive that is designed to reward the achievements of those who exhibit exemplary performance in the business. The BS will grant cash bonuses to executives and managers of different salary grade levels assuming they have exceeded expectations on their Key Performance Indicators ("KPIs"), usually based on financial objectives. The Company's Board of Directors intends to setup several committees, one of which is the compensation committee that will provide oversight on its policies and implementation procedure. The approval of the BS will be based on the discretion and approval of the Board of Directors.

OWNERSHIP AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Stockholders

The following are the top 20 stockholders of the Company as of September 30, 2021.

Title of Class of Shares	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
common	J TEN EQUITIES, INC.	n/a	Filipino	865,370,995	75.2496517%
common	ANGELES POWER, INC.	n/a	Filipino	284,625,000	24.7500000%
common	PETER G. NEPOMUCENO	n/a	Filipino	400	0.0000348%
common	GEROMIN T. NEPOMUCENO, JR.	n/a	Filipino	400	0.0000348%
common	MARIA RITA JOSEFINA V. CHUA	n/a	Filipino	400	0.0000348%
common	RAFAEL N. MAPUA	n/a	Filipino	400	0.0000348%
common	THERESA GRACIA VALDES	n/a	Filipino	400	0.0000348%
common	ROBERT B. NEPOMUCENO	n/a	Filipino	400	0.0000348%
common	EMMANUEL JOSEPH M. NEPOMUCENO	n/a	Filipino	400	0.0000348%
common	ERWIN JAMES NEPOMUCENO	n/a	Filipino	400	0.0000348%
common	JEFFREY NEIL S. NEPOMUCENO	n/a	Filipino	400	0.0000348%
common	NOEL ANTHONY N. VALDES	n/a	Filipino	400	0.0000348%
common	ARSENIO N. VALDES	n/a	Filipino	1	0.0000001%
common	CONRADO D. PECJO	n/a	Filipino	1	0.0000001%
common	PEDRO H. MANIEGO, JR.	n/a	Filipino	1	0.0000001%
common	DANIEL GABRIEL M. MONTECILLO	n/a	Filipino	1	0.0000001%
common	OLIVER B. BUTALID	n/a	Filipino	1	0.0000001%
	TOTAL			**1,150,000,000**	100.00%

Security Ownership of the Company's Directors and Management

The following table shows the security ownership of directors and executive officers in the common shares of the Company as of September 30, 2021:

Title of Class of Shares	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	%
common	Peter G. Nepomuceno	N/A	Filipino	400	0.00
common	Maria Rita Josefina V. Chua	N/A	Filipino	400	0.00
common	Geromin T. Nepomuceno Jr.	N/A	Filipino	400	0.00

common	Robert Gerard B. Nepomuceno	N/A	Filipino	400	0.00
common	Arsenio N. Valdes	N/A	Filipino	1	0.00
common	Conrado D. Pecjo	N/A	Filipino	1	0.00
common	Pedro H. Maniego, Jr.	N/A	Filipino	1	0.00
common	Daniel Gabriel M. Montecillo	N/A	Filipino	1	0.00
common	Oliver B. Butalid	N/A	Filipino	1	0.00
common	Ruelito Q. Soriano	N/A	Filipino	-	0.00
common	Paulo S. Faustino	N/A	Filipino	-	0.00
TOTAL				**1,605**	**0.00**

Voting Trust

The Company is unaware of any person holding more than 5% of shares under a voting trust or similar agreement.

Change in Control

For information on Changes in Control, see the section "*Description of Shares*" on page 59 of this Prospectus.

THE SELLING SHAREHOLDER

J Ten Equities, Inc. was incorporated and registered to the SEC on October 31, 2001. Its primary purpose is to engage in acquiring, holding and investing in real and personal properties of all kinds. The Selling Shareholder is presently engaged in financing the operation of the companies within the Nepomuceno Group.

The following table sets forth, for the Selling Shareholder, the number of Shares and percentage of outstanding shares held before the Offer, the maximum number of Option Shares to be sold pursuant to the Overallotment Option and the number of shares and percentage of outstanding shares owned immediately after the Offer:

Selling Shareholder	No. of Shares before the Offer	% of Shares Outstanding before the Offer	No. of Option Shares to be sold pursuant to the Overallotment Option	No exercise of Overallotment Option		Full exercise of Overallotment Option	
				No. of Shares held after the Offer	% of Shares Outstanding after the Offer	No. of Shares held after the Offer	% of Shares Outstanding after the Offer
J Ten Equities, Inc.	[865,370,995]	[75.25%]	[52,500,000]	[865,370,995]	[57.69%]	[812,870,995]	[54.19%]

RELATED PARTY TRANSACTIONS

Note 20 of the Audited Financial Statements of RASLAG as of September 30, 2021 fully discloses related party transactions of the Company as follows:

Note 20. RELATED PARTY TRANSACTIONS

The Company's transactions with its present company, other stockholder, related party under common ownership, and the Company's key management, as of and for the years ended September 30, 2021 and December 31, 2020 are as follows:

Related Party Category	Note	2021		2020	
		Amount of Transaction	**Outstanding Balance**	**Amount of Transaction**	**Outstanding Balance**
Parent Company -					
Cash advances collected	20.1	₱ -	₱ -	(₱ 217,482)	₱ -
Stockholders:					
Cash advances Collected	20.1	-	-	(10,000,000)	-
Cash advances obtained	20.2	**215,000,000**	**(190,000,000)**	95,195,500	(100,000,000)
Transfer of employees	20.4	**6,637,048**	**6,416,852**	-	-
Related Parties Under Common Ownership -					
Sale of transportation equipment	20.3	**720,000**	-	-	-

20.1 Advances to Related Parties

In the normal course of business, the Company provides short-term, unsecured, noninterest-bearing cash advances to its parent company, other stockholder and a related party under common ownership, for working capital and other purposes. These advances are generally receivable in cash upon demand. The outstanding balance of these advances was fully settled in 2020.

20.2 Advances from Stockholders

In the normal course of business, the Company obtains short-term, unsecured, noninterest-bearing cash advances from its stockholders for working capital purposes. These advances are generally payable in cash within 12 months; hence, management considers the carrying amount to be a reasonable approximation of their fair values. Also, these advances include management fees for the manpower rendered by a stockholder to the Company amounting to P0.4 million and P2.2 million for 2021 and 2020, respectively, and are presented as part of Miscellaneous account under Other Operating Expenses in the statements of comprehensive income (see Note 14.1). The movements in the balance of Advances from Stockholders account are presented in Note 23.

20.3 Sale of Machinery and Equipment to AEC

In 2021, the Company sold a transportation equipment for P0.7 million, which is equal to its carrying amount, to AEC, a related party under common ownership. Proceeds from the sale were fully collected in 2021 (see Note 6).

20.4 Transfer of Employees from API

On April 1, 2021, API formally transferred seven employees to the Company. The employees were previously outsourced by the Company for a fee. As result of the transfer, past service liabilities to the same employees by API amounting to P6.3 million were also transferred to the Company. The outstanding balance arising from this transaction, which is, unimpaired, unsecured, noninterest-bearing and collectible on demand, is presented as Receivables from API under Trade and Other Receivables in the 2021 statement of financial position see Notes 9 and 15.2.

20.5 Corporate Guarantors of the Interest-bearing Loans and Borrowings

In prior years, the Company obtained certain interest-bearing loans and borrowings from a local bank, which was guaranteed by the parent company, the other major stockholder, a related party under common ownership, and the Company's president. As of September 30, 2021 and December 31, 2020, the outstanding balance of these loans amounted to P808.3 million and P821.4 million, respectively (see Note 11). The movements of these loans are presented in Note 23.

20.6 Retirement Plan

In 2021, the Company established a formal retirement plan which is administered, and managed by a trustee bank. The retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens. The details of the contributions of the Company to the plan are also presented in Note 15.2.

20.7 Key Management Personnel Compensation

Key management personnel compensation was shouldered by a stockholder in 2021 and 2020 at no cost to the Company.

COST AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

The Company has no pending concerns or issues on regulatory compliance related to environmental laws. However, there are costs incurred by the Company in fulfilling the requirements of these laws that support the Government's initiatives in protecting the environment.

Environmental Compliance Certificate ("ECC")

- The Company adheres to the requirements of the Department of Environment and Natural Resources ("DENR") Environmental Management Bureau to secure an ECC for each project. The following costs for each of the Company's projects are detailed below:

Project	Amount
RASLAG-1	₱7,000 one-time payment
RASLAG-2	₱7,000 one-time payment
RASLAG-3	₱7,080 one-time payment

Pollution Control Officer ("PCO")

- This is to comply with the requirements of the DENR as stipulated also in the ECC to train the corresponding personnel to assure the conformance with the environmental regulations and ordinances. Costs incurred for the following personnel are detailed below:

Personnel	Amount
Engr. Benedict C. Marcelino	₱12,000.00
Lourdino T. Paguio	₱7,000.00
Total	**₱19,000.00**

Tree Planting Activities

- The Company had conducted tree planting activities in compliance with the mandate of the Board of Investments to plant a minimum of 100 trees for each of its projects. Below are the details of the costs of the tree planting activities:

Project	Amount	Details
RASLAG-1	₱3,419.10	100 trees, Banaba and Mahogany; got donation from PENRO (Provincial Environment and Natural Resources Office) – Pampanga. Planted on June 9, 2015 at Brgy. Mining, Angeles City, Pampanga.
RASLAG-2	₱24,740.92	200 trees, Banaba and Mahogany, planted on July 24, 2015, also at Brgy. Mining, Angeles City, Pampanga.
RASLAG-3	₱30,000.00	Plan to execute thru donation to LGU. RASLAG will donate the seedlings to LGU provided that RASLAG will secure Certification indicating the number and type of seedlings and where to plant.

PHILIPPINE FOREIGN INVESTMENT, FOREIGN OWNERSHIP AND EXCHANGE CONTROLS

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, a foreign investment in listed Philippine securities (such as the Common Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon will be sourced from the banking system. If the foreign exchange required for servicing such capital repatriation or dividends, profits, and earnings remittance will be sourced outside the banking system, registration with the BSP is not required. The application for registration must be filed by a stockbroker/dealer or an underwriter directly with the BSP or with a custodian bank designated by the investor. A custodian bank may be any commercial bank or offshore banking unit in the Philippines appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) a purchase invoice, or subscription agreement and/or proof of listing in the PSE; and (ii) a credit advice or bank certification showing the amount of foreign currency inwardly remitted and converted to Pesos through a commercial bank; and (iii) in certain instances, transfer instructions from the stockholder and/or dealer, as the case may be. Upon submission of the required documents, a Bangko Sentral Registration Document ("BSRD") will be issued by the BSP or the investor's custodian bank.

Proceeds of divestments or dividends of registered investments are repatriable or remittable immediately in full through the Philippine commercial banking system, net of applicable tax, without need of BSP approval. Remittance is allowed upon presentation of the BSRD, at the exchange rate applicable on the date of actual remittance. Pending repatriation or reinvestment, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, is also remittable in full. Remittance of divestment proceeds of dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to restrict the availability of foreign exchange during an exchange crisis, when an exchange crisis is imminent or in times of national emergency.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

Foreign Ownership Controls

If and when the Company acquires real estate in the future, it would be subject to nationality restrictions found under the Philippine Constitution and other laws limiting land ownership to Philippine Nationals. The term "Philippine National" as defined under the R.A. No. 7042, as amended, shall mean a citizen of the Philippines, a domestic partnership or association wholly-owned by citizens of the Philippines or a corporation organized under the laws of the Philippines of which at least 60 per cent of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines under the Philippine Corporation Code of which 60% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60 per cent of the fund will accrue to the benefit of Philippine Nationals.

As of date of this Prospectus, 100% of the total outstanding capital stock of the Company is held by Philippine Nationals.

PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company or the Issue Manager or any of their respective affiliates or advisors in connection with sale of the Offer Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by Government and undertaken over the last few years have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system which integrates all bids and ask quotations from the bourses.

In June 1998, the Philippine SEC granted the PSE a Self-Regulatory Organization ("SRO") status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the Securities Regulation Code. The PSE has an authorized capital stock of PhP36.8 million, of which PhP15.3 million is subscribed and fully paid-up. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of PhP1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

The PSE Management deliberates on all applications for listing and, if the listing application is endorsed by the Management, forwards the application to the PSE board of directors for approval. Classified into financial, industrial, holding firms, property, services, mining and oil sectors, companies are listed either on the Exchange's Main Board and Small and Medium Enterprises Board. Each index represents the numerical average of the prices of component stocks. The PSE has as an index, referred to as the PSEi, which as at the date hereof reflects the price movements of 30 selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE replaced its online disclosure System with a new disclosure system, the PSE Electronic Disclosure Generation Technology ("EDGE"). The PSE EDGE, a new disclosure system co-developed with the Korea Exchange, went live. The PSE EDGE system provided a dedicated portal for listed company disclosures and also offered a free-to-download mobile application for easy access by investors, with a variety of features to (i) further standardize the disclosure reporting process of listed companies on the PSE, (ii) improve investors' disclosure searching and viewing experience, and (iii) enhance overall issuer transparency in the market.

The main index for PSE is the PSEi, which is a capitalization-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalization criteria. There are also six sector-based indices as well as a broader all shares index.

In June 2015, the PSE Trade system was replaced by PSE Trade XTS which utilizes NASDAQ's X- stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE also launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City, which currently houses the unified trading floors in Makati City and Pasig City.

The PSE issued Memorandum LA No. 2011-0032 dated September 1, 2011, regarding the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy ("RE") Companies (PRE Rules). In addition to the general listing requirements, Petroleum and RE Companies are required to submit the documentary requirements set forth in the Checklist of Documentary Requirements for Petroleum and RE Companies in case of an IPO or Listing by way of Introduction. Moreover, existing listed companies and Petroleum and RE Companies that will apply for initial listing with the PSE shall comply with the supplemental disclosure requires specified in the Supplemental Disclosure Guidelines and Requirements for Petroleum and Renewable Energy Companies.

The PSE Rules provide that an applicant Petroleum or RE company must, at a minimum, demonstrate to the PSE that it is an operator or a co-venturer of a valid and subsisting Service/Operating Contract duly approved and awarded by the DOE. Moreover, an applicant Petroleum or RE company should prove that it has the right to participate actively in the exploration for and/or extraction of natural resources through adequate control over the assets, or through adequate rights which give it sufficient influence in decisions over the exploration for and/or extraction of natural resources.

Selected Stock Exchange Data

The table below sets forth movements in the composite index from 2005 to October 2021, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (in Php billion)	Combined Value of Turnover (in Php billion)
1995	2,594.18	205	1,545.73	378.98
1996	3,170.56	216	2,121.76	668.87
1997	1,869.23	221	1,251.28	586.17
1998	1,968.78	221	1,373.70	408.68
1999	2,142.97	226	1,936.55	780.96
2000	1,494.50	230	2,576.51	357.66
2001	1,168.08	232	2,141.05	159.56
2002	1,018.41	234	2,083.13	159.73
2003	1,442.37	236	2,973.86	145.36

2004	1,822.83	236	4,766.67	206.56
2005	2,096.40	237	5,948.74	383.52
2006	2,982.54	240	7,173.19	572.63
2007	3,621.60	244	7,976.84	1,338.25
2008	1,872.85	246	4,072.16	763.90
2009	3,052.68	248	6,032.22	994.16
2010	4,201.14	253	8,866.11	1,207.38
2011	4,371.96	253	8,696.96	1,422.59
2012	5,812.73	268	10,930.09	1,771.71
2013	5,889.83	257	11,931.29	2,546.18
2014	7,230.57	261	14,251.72	2,130.12
2015	6,952.08	265	13,465.15	2,151.41
2016	6,840.64	265	14,438.77	1,929.50
2017	8,558.42	267	17,583.12	1,958.36
2018	7,466.02	267	16,146.69	1,736.82
2019	7815.26	268	16,705.35	1,772.58
2020	7,139.71	271	15,888.92	1,770.90
As of Oct. 2021	7,054.70	276	19,690.52	1,784.13

Source: Philippine Stock Exchange, Inc. and PSE annual reports

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. To trade, bids or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading date). Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade. For Small-Denominated Treasury Bonds, settlement is on the day the trade was made.

Trading on the PSE pre-opens at 9:00 am, opens at 9:30 am, breaks from 12:00 pm to 1:30 pm, pre-closes at 3:15 pm, in run-off from 3:20 pm and ends at 3:30 pm with a 10-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays. On account of the COVID-19 pandemic, trading in the PSE has been a continuous session from 9:30 am to 1:00 pm daily from March 19, 2020 to December 3, 2021. On December 6, 2021, the PSE has resumed its normal trading hours.

Minimum trading lots range from 10 to 5,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50.0% or down by 50.0% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the relevant company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading will be allowed only when the disclosure of the issuer is disseminated, subject again to the trading band.

Settlement

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly-owned subsidiary of the Philippine Stock Exchange, Inc., and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. It is responsible for (a) synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment ("DVP") clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the Exchange; (b) guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund ("CTGF"), and; (c) performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a 3-day rolling settlement environment, which means that settlement of trades takes place three (3) days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under PDTC's book entry system. Each Trading Participant maintains a Cash Settlement Account with one of the two existing Settlement Banks of SCCP which are Banco De Oro Unibank, Inc. and Rizal Commercial Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its new clearing and settlement system called Central Clearing and Central Settlement ("CCCS") last May 29, 2006. CCCS employs multilateral netting whereby the system automatically offsets "buy" and "sell" transactions on a per-issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-Eligible trade cleared through it.

Non-Resident Transactions

When the purchase or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Scripless Trading

In 1995, the Philippine Depository & Trust Corporation (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Rizal Commercial Banking Corporation and Banco De Oro Unibank, Inc.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation (''PCD Nominee''), a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. ''Immobilization'' is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and a new warrant or stock certificate covering all the warrants or shares lodged is issued in the name of PCD Nominee, or any other entity authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the Securities Regulation Code ("SRC"). This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement System (''CCCS''), in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a stockholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the stockholder the legal title to the shares lodged by surrendering the PCD Nominee certificate to a transfer agent which then issues a new stock certificate in the name of the shareholder and a report for the balance of the lodged shares. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depositary and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are canceled and a new certificate is issued in the name of PCD Nominee Corp. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current ''de facto'' custodianship.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the Securities Regulation Code. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in the amended rule on Lodgment of Securities of the Exchange.

Pursuant to such amendment, the PDTC issued an implementing procedure in support thereof to wit:

For new companies to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the Transfer Agent on the companies shall no longer issue a certificate to PCD Nominee Corp but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.

On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the Issuer's registry as of confirmation date.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a registry confirmation advice to the PDTC covering the new number of shares lodged under the PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

On December 1, 2017, the Philippine SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("SEC MC 13-2017") on the rules and regulations on minimum public ownership ("MPO") on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies listed on the PSE are required to (a) establish and implement an internal policy and procedure to monitor its MPO levels on a continuous basis; and (b) immediately report to the Philippine SEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the Philippine SEC a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from, within ten days from knowledge that its MPO has become deficient. Listed companies are also required to submit to the Philippine SEC a public ownership report and progress report on any such submitted business plan within 15 days after end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these MPO requirements subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

On August 4, 2020, the PSE issued Memorandum Circular 2020-0076 that provided the Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock post-IPO depending on its market capitalization, as follows:

Market Capitalization	**Minimum Public Offer**
Not exceeding ₱500M	33% or ₱50M, whichever is higher
Over ₱500M to ₱1B	25% or ₱100M, whichever is higher
Over ₱1B	20% or ₱250M, whichever is higher

A company listing through an IPO is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing (including listing by way of introduction), the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

Under Section 8.1 of the REIT Law and Section 5.1(a) of the Revised REIT IRR, a REIT must be a public company. It is required to maintain its status as a listed company and upon and after listing, have at least 1,000 Public Shareholders each owning at least 50 shares of any class of shares, and who, in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT. Failure to maintain the public ownership requirement will result to the imposition of a trading suspension for a period not more than six months. If the REIT still fails to comply with the public ownership requirement within the six-month period, it will be automatically delisted.

PHILIPPINE TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. This discussion is based upon laws, regulations, rulings, income tax conventions, treaties, administrative practices, and judicial decisions in effect at the date of this Prospectus. Subsequent legislative, judicial, or administrative changes or interpretations may be retroactive and could affect the tax consequence to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to an investor.

This general description does not purport to be a comprehensive description of the Philippine tax aspects of the investment in shares and no information is provided regarding the tax aspects of acquiring, owning, holding, or disposing of the shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding, and disposing of the shares in such other jurisdictions.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SUBJECT SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

As used in this Section, a "non-resident citizen" is a citizen of the Philippines who (a) establishes to the satisfaction of the Commissioner of Internal Revenue the fact of his physical presence abroad with a definite intention to reside therein, or (b) leaves the Philippines during the taxable year to reside abroad, either as an immigrant or for employment on a permanent basis, or works and derives income from abroad and whose employment thereat requires him to be physically present abroad most of the time during the taxable year. A citizen of the Philippines who has been previously considered as a non-resident citizen and who arrives in the Philippines at any time during the taxable year to reside permanently in the Philippines shall likewise be treated as a non-resident citizen for the taxable year in which he arrives in the Philippines with respect to his income derived from sources abroad until the date of his arrival in the Philippines.

A "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof.

A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a non-resident alien engaged in trade or business in the Philippines; otherwise, such non- resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a non-resident alien not engaged in trade or business in the Philippines.

A "domestic corporation" is created or organized under the laws of the Philippines; while a "foreign corporation" is one which is not domestic.

A "resident foreign corporation" is a foreign corporation engaged in trade or business in the Philippines; and a "non- resident foreign corporation" is a foreign corporation not engaged in trade or business in the Philippines.

General

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("TRAIN Law") was passed into law. The TRAIN Law amended various provisions of the National Internal Revenue Code of 1997, such as the individual income tax, capital gains tax on sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax.

On March 26, 2021, Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises ("CREATE Law") was signed into law. The CREATE Law effectively lowered corporate income tax and other taxes imposed on corporations to help boost economic recovery which was severely affected by the global pandemic.

Individual Income Tax

A resident citizen is taxed on income from all sources within and without the Philippines at progressive rates ranging from twenty percent (20%) to thirty-five percent (35%) of net taxable income (other than certain passive income and capital gains which are subject to final taxes). A resident alien, non-resident citizen, or non-resident alien engaged in trade or business in the Philippines is generally subject to income tax in the same manner and at the same progressive tax rates on taxable income from all sources within the Philippines (other than certain passive income and capital gains which are subject to final taxes).

The tax shall be computed in accordance with the rates established in the following schedule:

TABLE [●]: TAX SCHEDULE EFFECTIVE JANUARY 1, 2018 UNTIL DECEMBER 31, 2022:	
Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	20% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱30,000 + 25% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱130,000 + 30% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱490,000 + 32% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,410,000 + 35% of the excess over ₱8,000,000

TABLE [●]: TAX SCHEDULE EFFECTIVE JANUARY 1, 2023 ONWARDS:	
Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	15% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱22,500 + 20% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱102,500 + 25% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱402,500 + 30% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,202,500 + 35% of the excess over ₱8,000,000

A non-resident alien not engaged in trade or business in the Philippines is taxed on gross income from Philippine sources such as interest, cash and/or property dividends, rents, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodic or casual gains, profits, and income, and capital gains (other than capital gains from the sale of shares of stock in a domestic corporation and real property) at the rate of Twenty- five percent (25.00%) withheld at source.

Corporate Income Tax

Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Law provides that starting July 1, 2021, a domestic corporation is generally subject to regular income tax at the rate of twenty-five percent (25%) on its taxable income from all income sources within and outside the Philippines, except for certain passive incomes which are subject to final withholding tax. As an exception to this, the rate of twenty percent (20%) shall be applied if: (a) the domestic corporation's net taxable income is not more than Five Million Pesos (₱5,000,000.00); and (b) if the total assets of the corporation do not exceed One Hundred Million Pesos (₱100,000,000.00), excluding the land on which the corporation's office, plant or equipment are situated.

Taxable net income refers to pertinent items of gross income as specified under Section 32(A) of the NIRC, less deductions, if any, authorized by the NIRC or under special laws, or the optional standard deduction ("OSD") equivalent to an amount not exceeding forty percent (40%) of the corporation's gross sales or gross receipts.

The passive income of a corporation are as follows: (a) gross interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties derived from sources within the Philippines which are generally taxed at the lower final withholding tax rate of twenty percent (20%) of the gross amount of such income; (b) interest income from a depository bank under the expanded foreign exchange deposit system which is subject to a final tax of fifteen percent (15%) of such income; (c) net capital gains from the sale, exchange or other disposition of shares of stock in a domestic corporation not traded in the stock exchange which is subject to a final tax of fifteen percent (15%); and (d) capital gains presumed to have been realized on the sale, exchange, or disposition of lands and/or buildings that are treated as capital assets which is subject to final tax of six percent (6%) based on the gross selling price or fair market value, whichever is higher.

A resident foreign corporation (except certain types of corporations enumerated in the NIRC) is subject to a tax of twenty-five percent (25%) of its taxable income (gross income less allowable deductions, or OSD) from all sources within the Philippines except those passive incomes subject to final withholding tax, such as: (a) gross interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of twenty percent (20%) of the gross amount of such income; (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of fifteen percent (15 %) of such income; (c) income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with local commercial banks including branches of foreign banks as authorized by the *Bangko Sentral ng Pilipinas* (BSP) which is taxed at the rate of ten percent (10%) of such income; and (d) net capital gains from the sale, exchange or other disposition of shares of stock in a domestic corporation not traded in the stock exchange is subject to tax at the final tax rate of fifteen percent (15%).

Before the CREATE Law, a minimum corporate income tax of two percent (2%) of the gross income as of the end of the taxable year is imposed on domestic corporations and resident foreign corporations beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations when the minimum corporate income tax is greater than the regular corporate income tax for the taxable year. However, with the enactment of the CREATE law, the minimum corporate income tax rate was reduced from two percent (2%) to one percent (1%) for the period between July 1, 2020 to June 30, 2023. Nevertheless, any excess of the minimum corporate income tax over the regular corporate income tax shall be carried forward and credited against the latter for the three (3) immediately succeeding taxable years. Further, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation that suffers losses on account of a prolonged labor dispute, force majeure, or legitimate business reverses.

A final withholding tax of twenty-five percent (25%) is imposed, as a general rule, upon the gross income received during each taxable year of a non-resident foreign corporation from all sources within the Philippines, subject to the provisions of tax treaties between the Philippines and the country of residence of such foreign corporation.

Tax on Dividends

Cash and property dividends received from a domestic corporation by individual stockholders who are either citizens or residents of the Philippines are subject to final withholding tax at the rate of ten percent (10.00%). Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a twenty percent (20.00%) final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines or business in the Philippines from a domestic corporation are generally subject to tax at the rate of twenty-five percent (25.00%) of the gross amount subject, however, to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to tax, while those received by non-resident foreign corporations (i.e. foreign corporations not engaged in trade or business in the Philippines) are subject to a final withholding tax at the rate of twenty-five percent (25%).

The twenty-five percent (25%) rate for dividends paid to non-resident foreign corporations with countries of domicile having no tax treaty with the Philippines may be reduced to a lower rate of fifteen percent (15%) whenever its country of domicile: (a) imposes no tax on foreign sourced dividends; or (b) allows a credit against the tax due from the non-resident foreign corporation, for taxes deemed to have been paid in the Philippines equivalent to ten percent (10%), which represents the difference between the regular income tax of twenty-five percent (25%) and the fifteen percent (15%) tax on dividends.

Transfer taxes (e.g. documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends.

Stock dividends distributed pro-rata to any holder of shares of stock are not subject to Philippine income tax. However, the sale, exchange, or disposition of shares received as stock dividends by the holder is subject to stock transaction tax if the transfer is through a local stock exchange; and to capital gains tax and documentary stamp tax if the transfer is not through the local stock exchange

Preferential Rates under Income Tax Treaties

Philippine tax authorities have prescribed certain procedures, through an administrative issuance, for availment of tax treaty relief.

Revenue Memorandum Order No. 8-2017 provides for new procedures in claiming preferential tax treaty benefits on dividend income of nonresidents, following a system of self-assessment and automatic withholding of taxes subject to post-reporting validation, in lieu of obtaining a Tax Treaty Relief Application ("TTRA") ruling under Revenue Memorandum Order No. 72-2010. In order to claim tax treaty relief hereunder, the recipient must submit a duly accomplished Certificate of Residence for Tax Treaty Relief ("CORTT") Form to the Company before the dividend income is paid or credited. The CORTT Form serves as the proof of residency of the nonresident recipient. The withholding agent or income payor can withhold at a reduced rate or exempt the nonresident based on the duly accomplished CORTT Form submitted to it. The Company, on its part, must timely file the withholding tax returns and must also submit an original of the CORTT Form (together with the prescribed certificate of residency, as applicable) to the International Tax Affairs Division ("ITAD") of the BIR and to Revenue District Office ("RDO") No. 39 within thirty (30) days after payment of the withholding taxes due on the nonresident's dividend income based on the applicable tax treaty. Failure to submit a CORTT Form to the Company would mean that the nonresident recipient is not claiming any tax treaty relief and, therefore, such income will be subject to the normal tax rate under the NIRC. For these purposes, the CORTT Form shall be valid for two (2) years from the date of issuance, unless a prescribed certificate of residency is used, in which case the date of validity of the prescribed certificate of residency will prevail.

The Company must submit an updated Part II of the CORTT Form within thirty (30) days after payment of the withholding taxes if the CORTT Form filed with the ITAD and RDO No. 39 is used for another dividend payment within its prescribed period of validity.

Compliance check and post-reporting validation on withholding tax obligations and confirmation of appropriateness of availment of treaty benefits shall be part of the BIR's regular audit investigations conducted by the RDO where the Company is registered.

The following table lists some of the countries with which the Philippines has tax treaties, and the tax rates currently applicable to non-resident holders who are residents of those countries:

TABLE [●]: PREFERENTIAL RATES UNDER INCOME TAX TREATIES			
COUNTRY	DIVIDENDS (%)	STOCK TRANSACTION TAX ON SALE OR DISPOSITION	CAPITAL GAINS TAX DUE ON DISPOSITION OF SHARES

		EFFECTED THROUGH THE PSE (%)[9]	OUTSIDE THE PSE (%)
Canada	25[1]	0.6	May be exempt[13]
China	15[2]	Exempt[10]	May be exempt[13]
France	15[3]	Exempt[11]	May be exempt[13]
Germany	15[4]	Exempt[12]	May be exempt[13]
Japan	15[5]	0.6	May be exempt[13]
Singapore	25[6]	0.6	May be exempt[13]
United Kingdom	25[7]	0.6	Exempt[14]
USA	25[8]	0.6	May be exempt[13]

Notes:

(1) *15.0% if the recipient company which is a resident of Canada controls at least 10.0% of the voting power of the company paying the dividends; 25% in all other cases*

(2) *10.0% if the beneficial owner is a company which holds directly at least 10.0% of the capital of the company paying the dividends; 15% in all other cases*

(3) *10.0% if the recipient company (excluding a partnership) holds directly at least 10.0% of the voting shares of the company paying the dividends; 15% in all other cases*

(4) *5% if the recipient company (excluding a partnership) owns directly at least 70.0% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends; 15% in all other cases.*

(5) *10.0% if the recipient company holds directly at least 10.0% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six (6) months immediately preceding the date of payment of the dividends.*

(6) *15% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15.0% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.*

(7) *15% if the recipient company is a company which controls directly or indirectly at least 10.0% of the voting power of the company paying the dividends; 25% in all other cases.*

(8) *20% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10.0% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in all other cases. Notwithstanding the rates provided under the Republic of the Philippines-United States Treaty with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15.0% withholding tax rate under the tax-sparing clause of the Tax Code provided certain conditions are met.*

(9) *If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by Section 39 of the TRAIN Law.*

(10) *Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.*

(11) *Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic signed on January 9, 1976 was signed in Paris, France on June 26, 1995.*

(12) *Article 2(3)(a) of the Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxed on Income and Capital signed on September 9, 2013.*

(13) *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*

(14) *Under the tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of a Philippine corporation are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

Sale, Exchange, or Disposition of Common Shares Through Initial Public Offering

Pursuant to provisions of Section 244 of the NIRC and Section 6 of Republic Act No. 11494 otherwise known as the "Bayanihan to Recover as One Act", the tax on shares of stock sold, bartered, exchanged, or otherwise disposed through Initial Public Offering has been repealed. Thus, beginning September 15, 2020, every sale, barter, exchange, or other disposition through IPO of shares of stock in closely held corporations shall no longer be subject to the tax imposed under Section 127(B) of the NIRC.

A "closely held corporation" is defined under the NIRC as either a corporation with: (a) at least fifty percent (50%) in value of outstanding capital shares; or (b) at least fifty percent (50%) of the total combined voting power of all classes of shares entitled to vote, is owned directly or indirectly by or for not more than twenty (20) individuals, to be determined based on certain rules. For purposes of determining whether the corporation is a closely-held corporation, the stock owned directly or indirectly by or for a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries.

Sale, Exchange, or Disposition of Common Shares - Capital Gains Tax, if the Sale Was Made Outside the PSE

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange, or disposition of shares of stock in a Philippine corporation not listed at and effected outside of the facilities of the local stock exchange are subject to fifteen percent (15%) final tax.

Gains from the sale or disposition of shares in a Philippine corporation may be exempt from capital gains tax or subject to a preferential rate under a tax treaty. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities in order to obtain such exemption under a tax treaty. A prospective investor should consult its own tax adviser with respect to the applicable rates under the relevant tax treaty.

The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies, through the issuance of a Certificate Authorizing Registration, that the capital gains and documentary stamp taxes relating to the sale or transfer have been paid, or other conditions to qualify for exemption or reduction in tax rate have been met.

Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock listed and traded through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is generally subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

In addition, Value-Added Tax ("VAT") of 12% is imposed on the gross receipts of dealers in securities (PSE-registered broker), and is generally passed on to the client, the seller or transferor.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("MPO") which requires listed companies to maintain a minimum percentage of listed securities held by the public at ten percent (10%) of the listed companies issued and outstanding shares at all times. Consequently, the sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax, documentary stamp tax, and/or possibly donor's tax if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor's tax under Section 100 of the NIRC).

In connection with the foregoing, the PSE has previously issued Memo Circular No. 2012-0003 which states that listed companies that become non-compliant with the MPO requirement on or after January 1, 2013 shall be suspended from trading for a period of not more than six (6) months, and shall automatically be delisted if it remains non-compliant after the lapse of the trading suspension. The non- compliant company may request for a grace period from the PSE. The PSE may grant the same if it determines that there is a justifiable cause to do so.

Furthermore, BIR Revenue Regulations ("RR") No. 16-2012 requires publicly-listed companies to submit public ownership reports to the BIR within fifteen (15) days after the end of each quarter.

Value Added Tax

A Value-Added Tax of 12% is imposed on the gross receipts derived by dealers in securities from the sale of stock or securities in the Philippines, which is generally passed on to the client.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant, buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Documentary Stamp Tax

The original issue of shares of stock is subject to Documentary Stamp Tax (DST) of ₱2.00 for each ₱200.00 par value or a fraction thereof, of the par value of the shares of stock issued, which shall be paid and remitted to the BIR by the issuing corporation. The secondary transfer of shares of stock is subject to a documentary stamp tax of ₱1.50 for each ₱200.00 par value or a fractional part thereof of the par value of the shares of stock transferred, and may be paid by any of the parties (vendor or vendee of the shares).

On June 30, 2009, RA No. 9648 was signed into law and it permanently exempts the sale, barter or exchange of shares of stock listed and traded through the local stock exchange from the payment of documentary stamp tax and was made retroactive to March 20, 2009.

BIR RR 16-2012, which was issued on November 7, 2012, however imposes a DST in accordance with the above- mentioned rates on transfers of shares of stock of listed companies that are not compliant with the minimum public ownership requirement, upon execution of the deed transferring ownership or rights thereto, or upon delivery, assignment or indorsement of such shares in favor of another, and no transfer of shares of stock shall be recorded unless DST thereon has been duly paid for.

In addition, the borrowing and lending of securities, which will be executed under the securities borrowing and lending program to be implemented by a registered exchange, or which are in accordance with regulations prescribed by the appropriate regulatory authority, will likewise be exempt from DST. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR. Otherwise, such agreement would be subject to the DST on debt instruments at the rate of ₱1.00 on each ₱200.00 or the fractional part thereof of the issue price of such debt instrument.

Estate and Gift Taxes

Shares issued by a corporation organized under Philippine laws are deemed to have a Philippine *situs*, and any transfer thereof by way of donation or succession, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate and donor's tax.

Subject to certain exceptions, the transfer of shares upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine taxes at 6.00% based on value of the estate. On the other hand, individuals, whether or not citizen or residents of the Philippines, who transfer shares by way of gift or donation will be liable for donor's tax on such transfers at the rate of 6.00% based on the net gifts made during the year exceeding ₱250,000.00, regardless of the donor's relationship with the donee(s).

The estate or donor's taxes payable in the Philippines may be credited with amount of any estate or donor's taxes imposed by the tax authority of a foreign country, subject to limitations on the amount to be credited, and the tax situs of the donor.

Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the shares are transferred for less than an adequate and full consideration in money or money's worth, then the amount by which the fair market value of the Shares exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the Shares, based on Section 100 of the NIRC. The TRAIN Law, however, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Income Tax Holiday

The Investment Priorities Plan ("IPP") is a strategic plan to grow industries, not just or necessarily through incentives, but through other policy interventions and initiatives. The IPP undertakes to address the most binding constraints to the entry of new investments and moving up the value chain to enhance the local industries' competitiveness while creating a competitive market.

Mass housing infrastructure projects have been part of the IPP of the BOI since 2000. In the 2020 IPP, approved by the President on 18 November 2020, mass housing infrastructure projects include the development of mass housing units based on a price ceiling of Two Million Pesos (₱2,000,000.00) and in-city low-cost dwelling projects for lease/rent.

Taxation Outside the Philippines

Shares of stock issued by a corporation organized under Philippine laws are deemed to have a Philippine situs, and any gain derived from their sale is entirely from Philippine sources; hence, such gain is generally subject to Philippine income tax and the transfer of such shares by gift (donation), or succession, is generally subject to the donor's or estate taxes as above-stated.

As above-mentioned on taxes on transfer of shares through the PSE, unless an applicable income tax treaty exempts the sale from income and/or percentage tax, a sale or other disposition of shares of stock listed and traded through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is generally subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation.

IPO Tax

Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act," took effect on September 15, 2020. Section 6 of this law repealed Section 127(B) of the Philippine Tax Code on the IPO Tax. As such, the Offer is not subject to the IPO Tax.

Under Revenue Regulations No. 23-2020 issued by the BIR, tax on shares of stocks sold, bartered, exchanged or other disposition through IPO provided under Section 127(B) of the Philippine Tax Code is repealed. Every sale, barter, exchange or other disposition through IPO of shares of stock in closely held corporations shall no longer be subject to IPO Tax.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS/HER OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING, AND DISPOSING OF THE SUBJECT SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, AND NATIONAL TAX LAWS.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Atty. Lyra Gracia Y. Lipae-Fabella, CPA, legal counsel to the Company, and Picazo Buyco Tan Fider & Santos Law Offices, legal counsel to the Sole Issue Manager, Sole Underwriter and Sole Bookrunner.

Each of the foregoing legal counsel does not have substantial shareholdings in the Company nor any right whether legally enforceable or not, to nominate persons or to subscribe for securities in the Company. None of the legal counsel will receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INTEREST OF EXPERTS AND INDEPENDENT COUNSEL

The audited financial statements of the Company were audited by Punongbayan & Araullo as of and for the fiscal years ended December 31, 2018, 2019 and 2020 and the interim statements as of and for the nine months ended September 30, 2020 and 2021. Said external auditors have no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

The validity of the Offer Shares and other matters concerning the Offer were passed upon for the Company by Atty. Ronnie Ray F. Paraiso, independent legal and tax counsel of the Company, that all necessary and applicable licenses and permits of the Company and its subsidiaries are valid and existing. The independent legal counsel and tax counsel have no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

The named external auditors and the independent and legal and tax counsel have not acted and will not as promoter, underwriter, voting trustee, officer or employee of the Company.

INDEPENDENT PUBLIC ACCOUNTANTS (ACCOUNTING)

The financial statements of the Company were audited by Punongbayan & Araullo as of and for the fiscal years ended December 31, 2018, 2019 and 2020 and the interim statements as of and for the nine months ended September 30, 2020 and 2021. Said external auditors have no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the professional standard on independence set by the Board of Accountancy and the Professional Regulation Commission. Punongbayan & Araullo will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Punongbayan & Araullo has acted as the Company's external auditor since 2014. Renan Paimonte is the current audit partner for the Company and has served as such since 2018. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period.

External Audit Fees and Services

The following table sets out the approximate aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company's external auditors:

	2020	**2019**	**2018**
Audit Fee	431,801.00	630,050.00	244,042.00
Other Fees [1]	46,200.00	46,200.00	12,248.00
TOTAL	478,001.00	676,250.00	257,042.00

[1] Other fees refer to out of pocket expenses such as transportation costs

There were no other services rendered by the External Auditor to the Company. No tax advisory fees have likewise been paid. Hence, apart from the foregoing, no other services were rendered, or fees billed by the Company's auditors as of the fiscal years ended December 31, 2018, 2019, and 2020 and as of the nine months ended September 30, 2020 and 2021.

AUDIT COMMITTEE

The board has a duly constituted Audit Committee to enhance its oversight capability over the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations.

It oversees, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to: (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Company's financial data, and (d) ensure compliance with applicable laws and regulations.

The Audit Committee likewise reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements
- Reviews the recommendations in the External Auditor's management letter
- Performs oversight functions over the Company's Internal and External Auditors

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS (ACCOUNTING)

The Company did not change accountants and there has been no disagreement with previous and current accountants.

APPENDICES

APPENDIX A. Audited Interim Financial Statements as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021

APPENDIX B. Audited Financial Statements as of and for the years ended December 31, 2018, 2019 and 2020

APPENDIX C. RASLAG-1 Commercial and Technical Feasibility Studies

APPENDIX D. RASLAG-2 Commercial and Technical Feasibility Studies

APPENDIX E. RASLAG-3 Commercial and Technical Feasibility Studies

GENERAL CORPORATE INFORMATION

Incorporation

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the SEC on April 30, 2013.

Articles of Incorporation and By-Laws

The Articles of Incorporation of the Company was approved by the SEC on April 30, 2013. It was amended on September 27, 2013; August 10, 2016 and was further amended on August 29, 2019.

The By-Laws of the Company was registered with the SEC on April 30, 2013. The Company filed its new By-Laws on May 3, 2019.

Last June 14, 2021, the SEC approved the Company's amended Articles of Incorporation and Bylaws which included relevant provisions in preparation for its Initial Public Offering.

Primary Purpose

To develop, construct, own, operate and maintain power production facilities; sell the power capacity and energy produced either in bulk, wholesale or retail; construct, own, operate and maintain related substation, switchyard, transmission, sub-transmission and metering facilities to connect the power production facility to the transmission grid or distribution system; provided, that the corporation shall not engage in any public utility business without first obtaining the necessarily government franchise and licenses.

The exploration, development or utilization of Renewable Energy (RE) resources, actual operation of RE system and facilities and/or the generation of electricity from RE resources.

Capital Structure

The Company has an authorized capital stock of Two Billion Pesos (₱2,000,000,000.00) divided into Two Billion (2,000,000,000) Common Shares with a par value of One Peso per share (₱1.00).

As of September 30, 2021, the Company has a total paid-up capital of One Billion One Hundred Fifty Million Pesos (₱1,150,000,000.00).

Corporate Term

The Company is authorized to exist perpetually from the date of its incorporation.

Business Year

The business year of the Company begins on the first day of January and ends on the last day of December of each year.

Approvals

The issue and sale of the Common Shares to the public was duly authorized by resolutions of the Board of Directors of the Company passed on December 6, 2021.

Documents Available for Inspection

Copies of the Articles and By-laws are available for inspection by the Company’s stockholders at the principal office of the Company, during normal business hours on any day on which such office is open for business. Copies may also be inspected at the office of the SEC.

PARTIES TO THE OFFER

RASLAG CORP.
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda St.
Ortigas Center, Pasig City

SOLE ISSUE MANAGER, SOLE UNDERWRITER AND SOLE BOOKRUNNER

China Bank Capital Corporation
28/F BDO Equitable Tower
8751 Paseo de Roxas
Makati City

FINANCIAL ADVISOR

Sage Solutions Philippines, Inc.
Eurovilla II 6/F
118 V.A. Rufino,
Legaspi Village, Makati City

LEGAL ADVISORS

To the Issuer
Atty. Lyra Gracia Y. Lipae-Fabella, CPA
1060-A Clamor Compound
Bagumbong, Novaliches
Caloocan City

To the Sole Issue Manager, Sole Underwriter and Sole Bookrunner
Picazo Buyco Tan Fider & Santos Law Offices
Penthouse, Liberty Center
104 H.V. Dela Costa St.
Salcedo Village, Makati City

INDEPENDENT AUDITORS
Punongbayan & Araullo
19th and 20th Floor, Tower 1
The Enterprise Center
Ayala Avenue, Makati City

ESCROW AGENTS

For the Lock-up Shares
BPI Securities Corporation
11F Ayala North Exchange
6796 Ayala Avenue corner Salcedo
Legaspi Village, Makati City

For the Proceeds
China Bank Trust and
Asset Management Group
8/F China Bank Building
8745 Paseo de Roxas corner Villar St.
Makati City

APPENDIX A

Audited Interim Financial Statements as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021

P&A Grant Thornton

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

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors
Raslag Corp.
(A Subsidiary of JTEN Equities, Inc.)
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Raslag Corp. (the Company), which comprise the statements of financial position as at September 30, 2021 and December 31, 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the nine months ended September 30, 2021 and 2020, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and December 31, 2020, and its financial performance and its cash flows for the nine months ended September 30, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Other Matter

We have previously audited the Company's financial statements as of and for the year ended December 31, 2020, which are presented herein for comparative purposes, on which we have rendered our report thereon dated November 25, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8533237, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

November 25, 2021

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
(Amounts in Philippine Pesos)

	Notes		September 30, 2021		December 31, 2020
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment - net	6	**P**	**2,042,136,877**	P	1,730,058,929
Trade and other receivables	9		**104,812,496**		106,555,703
Total Non-Current Assets			**2,146,949,373**		1,836,614,632
CURRENT ASSETS					
Cash and cash equivalents	8		**294,765,295**		290,410,602
Trade and other receivables	9		**63,822,948**		51,485,114
Financial assets at fair value through profit or loss	7		**36,107,639**		34,775,590
Prepayments and other current assets	10		**11,484,244**		19,135,873
Total Current Assets			**406,180,126**		395,807,179
TOTAL ASSETS		**P**	**2,553,129,499**	P	2,232,421,811
LIABILITIES AND EQUITY					
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	11	**P**	**682,818,182**	P	695,909,091
Post-employment benefit obligation	15		**4,674,494**		-
Deferred tax liability	18		**10,959,048**		10,959,048
Total Non-current Liabilities			**698,451,724**		706,868,139
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	11		**125,454,545**		125,454,545
Trade and other payables	12		**158,380,320**		29,300,110
Advances from stockholders	20		**190,000,000**		100,000,000
Total Current Liabilities			**473,834,865**		254,754,655
Total Liabilities			**1,172,286,589**		961,622,794
EQUITY	16				
Capital stock			**1,150,000,000**		1,000,000,000
Retained earnings			**230,842,910**		270,799,017
Total Equity			**1,380,842,910**		1,270,799,017
TOTAL LIABILITIES AND EQUITY		**P**	**2,553,129,499**	P	2,232,421,811

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
SALE OF ELECTRICITY	13	**P 224,806,863**	P 220,444,233
COST OF ELECTRICITY SOLD	14	**(70,126,852)**	(73,636,027)
GROSS PROFIT		**154,680,011**	146,808,206
OTHER OPERATING EXPENSES	14	**(32,904,545)**	(21,322,972)
OTHER OPERATING INCOME		**-**	35,812
OPERATING PROFIT		**121,775,466**	125,521,046
FINANCE COSTS	14	**(22,102,263)**	(31,466,330)
FINANCE INCOME	14	**10,442,013**	1,353,835
PROFIT BEFORE TAX		**110,115,216**	95,408,551
TAX EXPENSE	18	**(71,323)**	(29,663)
NET PROFIT		**110,043,893**	95,378,888
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**P 110,043,893**	P 95,378,888
EARNINGS PER SHARE			
Basic and diluted	17	**P 0.11**	P 0.11

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in Philippine Pesos)

	Note	**2021**	2020
CAPITAL STOCK	16		
Balance at beginning of period		**P 1,000,000,000**	P 812,500,000
Issuance during the period		**150,000,000**	187,500,000
Balance at end of period		**1,150,000,000**	1,000,000,000
RETAINED EARNINGS	16		
Balance at beginning of period		**270,799,017**	141,996,399
Net profit for the period		**110,043,893**	95,378,888
Cash dividends		**(150,000,000)**	(50,000,000)
Balance at end of period		**230,842,910**	187,375,287
TOTAL EQUITY		**P 1,380,842,910**	P 1,187,375,287

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 110,115,216	P 95,408,551
Adjustments for:			
Depreciation	6	60,309,843	61,942,000
Interest expense	11, 15	21,318,211	27,237,270
Interest income	7, 8, 9, 14	(6,109,611)	(1,353,835)
Unrealized foreign currency losses (gains) - net	7, 8, 14	(4,332,402)	1,638,806
Fair value losses on financial assets at fair vaue through profit or loss	7	784,052	2,590,254
Operating profit before working capital changes		182,085,309	187,463,046
Increase in trade and other receivables		(7,834,793)	(5,263,280)
Decrease in advances to related parties		-	10,217,482
Decrease in prepayments and other current assets		9,867,930	8,394,790
Increase (decrease) in trade and other payables		10,682,863	(38,288,980)
Increase in retirement benefit obligation		4,480,291	-
Cash generated from operations		199,281,600	162,523,058
Interest received		3,349,777	1,353,835
Cash paid for final tax	18	(71,323)	(29,663)
Net Cash From Operating Activities		202,560,054	163,847,230
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	6	(245,653,141)	(25,765,486)
Proceeds from sale of transportation equipment	6	720,000	-
Net Cash From Investing Activities		(244,933,141)	(25,765,486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from stockholders	23	215,000,000	94,260,700
Proceeds from collection of subscription receivable	16	150,000,000	187,500,000
Cash dividends paid	16	(150,000,000)	-
Repayments of advances from stockholders	23	(125,000,000)	(4,804,500)
Repayments of interest-bearing loans and borrowings	23	(94,090,909)	(44,090,908)
Proceeds from interest-bearing loans and borrowings	23	81,000,000	-
Interest paid	23	(30,181,311)	(52,120,134)
Net Cash From Financing Activities		46,727,780	180,745,158
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,354,693	318,826,902
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		290,410,602	43,878,367
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 294,765,295	P 362,705,269

Supplemental Information on Non-cash Investing and Financing Activities:

1) In 2021, the Company acquired certain parcels of land totalling to P177.3 million. The unpaid portion of these acquisitions amounted to P127.5 million as of September 30, 2021 presented as part of Trade and Other Payables. (see Notes 6 and 12)

2) On September 25, 2020, the Company declared cash dividends amounting to P50.0 million to its shareholders on record. The dividends were paid in the subsequent month and remained outstanding as of September 30, 2020 (see Note 16).

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020
(With Comparative Figures as of December 31, 2020)
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Raslag Corp. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on April 30, 2013. The Company's primary purpose is to engage, develop, construct, own, and operate power production facilities; sell the power capacity and energy produced either in bulk, wholesale or retail; and, to construct, own, operate and maintain related substation, switchyard, transmission, sub-transmission and metering facilities to connect the power production facility to the transmission grid or distribution system. On October 22, 2013, the SEC approved the amendment of the Company's primary purpose to include the exploration, development or utilization of Renewable Energy (RE) resources, actual operation of RE system and facilities and/or the generation of electricity from RE resources. It is presently engaged in selling electricity from RE resources.

The Company's first solar power project, the 10.046 Megawatt-peak (MWp) Pampanga Solar Power Project Phase I (RASLAG-1) was awarded by the Department of Energy (DOE) eligibility for Round 1 of the Philippines' Feed-in-Tariff scheme for the Solar technology (the FIT-1) in 2015. On the same year, the Company's second solar power project, the 13.141 MWp Pampanga Solar Power Project Phase II (RASLAG-2) have also been declared eligible by the DOE for the Solar FIT Round 2 (the FIT-2) [see Notes 18.2 and 19].

The Company is a 75%-owned subsidiary of JTEN Equities, Inc. (JTEN or parent company). JTEN is a domestic financial holding company incorporated and domiciled in the Philippines and is primarily engaged in the business of holding equity securities.

The registered office of the Company and JTEN is both located at 1905 Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Pasig City. The power generating plant and related facilities of the Company are located at Brgy. Suclaban, Mexico, Pampanga.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the nine months ended September 30, 2021 (including the comparative financial statements as of December 31, 2020 and for the nine months ended September 30, 2020) were authorized for issue by the Company's Board of Directors (BOD) on November 25, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2021 that are Relevant to the Company

The Company adopted for the first time PFRS 9 (Amendments), *Financial Instruments*, PAS 39 (Amendments), *Financial Instruments: Recognition and Measurement*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform - Phase 2,* which are mandatorily effective for annual periods beginning on or after January 1, 2021. The amendments provide practical expedients for changes in the basis for determining the contractual cash flows and reliefs from certain hedge accounting requirements due to alteration of interest rate benchmark as a result of interest rate benchmark reform. Moreover, they require an entity to disclose information that enable users to understand the nature and extent of risks resulting from interest rate benchmark reform, the management of such risks, the progress of transition to alternative benchmark rates and the management of such transition. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective Subsequent to 2021 but not Adopted Early

There are pronouncements effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021* (effective from April 1, 2021). The amendments provide a one-year extension to the application period of the practical expedient previously issued which permits lessees not to assess whether the COVID-19 related rent concessions are lease modifications.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements which are effective from January 1, 2022, only PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities,* is relevant to the Company. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vi) PAS 1 (Amendments), *Presentation of Financial Statements* and PFRS Practice Statement 2 (Amendments), *Making Materiality Judgments – Disclosure of Accounting Policies* (effective from January 1, 2023). The amendments specify the requirement for an entity to disclose its material accounting policies instead of its significant accounting policies and provide guidance and examples with regards to application of the four-step materiality process in the identification of material accounting policy disclosures.

(vii) PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* (effective January 1, 2023). The amendments clarify the definition of accounting estimates as monetary amounts in the financial statements that are subject to measurement uncertainty and the difference of changes in accounting estimates from changes in accounting policies and corrections of prior period errors.

2.3 Property, Plant and Equipment

Land held for use in production or administration is stated at cost, less any impairment losses. All other items of property, plant and equipment are carried at acquisition cost or construction cost less subsequent depreciation and impairment losses, if any.

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

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	20 years
Building	20 years
Land improvements	5 years
Office equipment and furniture and fixtures	5 years

Construction in progress (CIP) represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.15) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

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

An item of property and equipment, including the related accumulated depreciation and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.4 Financial Assets

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

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

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the below and in the succeeding pages.

(i) Financial Assets at Amortized Cost

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

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

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

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents and Trade and Other Receivables.

Cash and cash equivalents represent cash on hand, unrestricted demand deposits and short-term highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. These generally earn interest based on daily bank deposit rates and are readily available for use in the Company's operations.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial asset at amortized costs, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Finance Income.

(ii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as Fair Value Gain (Loss) on FVTPL in the statements of comprehensive income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists. The Company's financial assets at FVTPL include investments in variable universal life insurance policies which are held for trading purposes and designated as at FVTPL. The fair value of this financial assets are determined by reference to active market transactions.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance, for trade and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company also assesses impairment of trade receivables as they possess shared credit risk characteristics, and have been group based on the days past due.

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

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

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

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

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

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of Financial Assets

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

2.5 Prepayments and Other Assets

Prepayments and other assets, which are non-financial assets, pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements at cost when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably. They are subsequently charged to profit or loss as applied against tax liabilities upon utilization.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

2.6 Financial Liabilities

Financial liabilities, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (excluding tax-related liabilities included therein) and Advances from Stockholders are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as part of Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. It is initially measured at their fair value and subsequently measured at amortized cost using the effective interest method for maturities beyond one year, less settlement payments. Finance charges are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables and advances from stockholders are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.7 Deposit for Future Stock Subscription

Deposit for future stock subscription represents the amount of money received from the parent company as deposit on the subscription relative to the Company's application for increase in authorized capital stock. Based on the requirements of the SEC, the Company recognizes a deposit for future subscription as part of equity if all of the criteria discussed below are met as at the end of the reporting period:

(a) lack or insufficiency of authorized unissued shares of stock to cover for the deposit;

(b) approval by the Company's BOD and stockholders for the increase in authorized capital stock to cover the shares corresponding to the amount of the deposit; and,

(c) application for the approval of the increase in authorized capital stock has been filed with the SEC.

If any of the foregoing criteria is not met at the end of the reporting period, the deposit for future stock subscription is recognized as a liability.

2.8 Offsetting Financial Instruments

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

2.9 Provisions and Contingencies

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

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

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.10 Revenue and Expense Recognition

Revenue arises mainly from the sale of renewable electricity.

To determine whether to recognize revenue, the Company follows a five-step process:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised service to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company often enters into transactions involving the generation and transmission of renewable energy to the National Transmission Corporation (TransCo). Also, the Company earns interest from the uncollected receivables that are already past due which are recognized as Other Operating Income in the statement of comprehensive income.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(a)]:

(a) *Sale of electricity* – revenue from sale of electricity using solar power is based on the applicable Feed-In-Tariff (FIT) rate as approved by Energy Regulatory Commission (ERC). Revenue from sale of electricity is recognized over time based on the actual energy delivered to TransCo that is completed over time (i.e., end of each month).

(b) *Interest income from operations* – revenue from interest runs from the time that the uncollected receivables become past due up to the date of its payment, which is covered under PFRS 9.

Costs and expenses are recognized in profit or loss upon utilization of goods and services or at the date they are incurred. Finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.15).

2.11 Impairment of Non-financial Assets

The Company's property, plant and equipment and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

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

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

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

2.12 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan, certain defined contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit pension plan covers all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for the expected benefit payments using a discount rate derived from the interest rates of zerocoupon government bonds as published by Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Income or Costs in the statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting period. They are included, if any, in the Trade and other payables account at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.13 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.14 Income Taxes

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

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

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

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

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

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or deferred tax liabilities that relate to items recognized in other comprehensive income or directly to equity are recognized in other comprehensive income or directly to equity, respectively.

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

2.15 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.16 Related Party Transactions and Relationships

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

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

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

2.17 Equity

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

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amount of dividends declared.

2.18 Earnings Per Share and Book Value Per Share

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

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

Book value per share is determined by dividing the Company's net assets (i.e., total assets less total liabilities) by the total number of outstanding common shares.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided by the Company's BOD; its chief operating decision-maker. The Company's BOD is responsible for assessing performance of the operating segments.

As of the end of the reporting periods, the Company has only one operating segment as disclosed in Note 13.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

2.20 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

(a) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenues from renewable energy generation services shall recognized over time. The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date to TransCo i.e., generally when the customers have acknowledged the Company's right to invoice.

(b) Determination of ECL on Trade Receivables and Advances to Related Parties

Management assessed that there is no need to establish allowance for expected credit losses on its trade receivables and advances to related parties, since these are expected to be collected in full, which is based on the Company's historical experience, current conditions and forecasted collectability of these financial assets based on the liquidity of thetd counterparties.

Details about the ECL on the Company's trade receivables and advances to related parties are disclosed in Notes 4.2, 9 and 20.1.

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

(d) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

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

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. The Company considers the land as an owner-occupied property; hence, classified under property, plant and equipment (see Note 6).

(f) Determination of Transaction Price from Sale of Electricity

The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Company recognized additional revenue and receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. Moreover, pending the approval of the 2021 FIT-Allowance rate and adjustment of FIT rates, the original approved FIT rates were used in determining the 2021 revenues, even when the original rate is lower than the 2020 adjusted rate, since the original FIT rates represent the best estimate of the transaction price the Company will be entitled to in exchange of the delivered energy.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.9 and disclosures on relevant provisions and contingencies are presented in Note 21.

3.2 Key Sources of Estimation Uncertainty

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

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2.

As of September 30, 2021 and December 31, 2020, management has not recognized any expected credit losses on its financial assets since management has deemed that its financial assets are fully collectible based on historical experience and expected collection (see Notes 9 and 4.2).

(b) Estimation of Useful Lives of Property, Plant and Equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amounts of property and equipment are analyzed in Note 6. Based on management's assessment as of September 30, 2021 and December 31, 2020, there is no change in the useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No provision for impairment losses on property, plant and equipment and other non-financial assets is necessary based on management's evaluation as at the end of the reporting periods.

(d) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The estimated post-employment benefit obligation and expense and analysis of movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation, are presented in Note 15.2.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks which result from its operating, investing and financing activities. The Company's BOD focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The most relevant financial risks to which the Company is exposed to are described in the succeeding pages.

4.1 Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's cash and cash equivalents and financial assets at fair value through profit or loss, which are denominated in United States (U.S.) dollars. As of September 30, 2021 and December 31, 2020, the Company's foreign currency denominated financial assets translated into Philippine pesos at the closing rate amounted to P135.6 million and P282.4 million, respectively.

As of September 30, 2021 and December 31, 2020, the sensitivity of the net result for the year which assumes a +/- 9.49% and +/- 8.07% changes in Philippine peso against U.S. dollar exchange rate, respectively, were estimated based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months estimated at 99% level of confidence.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored. If the Philippines peso had strengthened against the U.S. dollar, profit before tax would have decreased by P12.9 million and P32.3 million, respectively, in 2021 and 2020. On the other hand, if the Philippine peso had weakened against the U.S. dollar, then this would have increased profit before tax by the same amount.

The sensitivity analysis is based on the Company's foreign currency financial asset held at September 30, 2021 and December 31, 2020. Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting of receivables, advances to related parties, and placing deposits with banks.

The Company continuously monitors defaults of the counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position, as summarized in the succeeding page.

	Notes	**September 30, 2021**	December 31, 2020
Cash and cash equivalents	8	**P 294,765,295**	P 290,410,602
Trade and other receivables	9	**168,635,444**	158,040,817
		P 463,400,739	P 448,451,419

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described in the succeeding page.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents are considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term investment which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables. In respect of these receivables, the Company is significantly exposed to a single party as the Company's trade receivables and revenues are concentrated solely with TransCo. Nevertheless, management does not consider the risks to be probable since the counterparty is a government agency, which has an allotted budget from the national government. Moreover, based on the historical information about government agency default rates, management considers the credit quality of other receivables to be good and has concluded that there is no need for provision for expected credit loss for the year since these are all collected within a reasonable time.

With respect to advances to related parties, management does not consider the risks to be probable since the counterparties are stockholders and a related party under common ownership. Moreover, based on the historical information about the default rates and liquidity of these counterparties, probable losses are identified to be negligible.

4.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. The Company adopts a prudent liquidity risk management where it maintains sufficient cash to meet maturing obligations such as interest-bearing loans and borrowings and trade and other payables (except tax-related liabilities) as they fall due. This policy aims to honor all cash requirements on an ongoing basis and to avoid raising funds above market rates or through forced sale of assets.

As of September 30, 2021, the Company's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Beyond 5 Years
Interest-bearing loans and borrowings*	P 84,250,461	P 82,030,610	P 651,872,634	P 123,557,603
Trade payables and other payables	157,393,839	-	-	-
Advances from stockholders	190,000,000	-	-	-
	P 431,644,300	**P 82,030,610**	**P 651,872,634**	**P 123,557,603**

**Inclusive of future interest*

These compare to the maturities of the Company's financial liabilities as of December 31, 2020 as follows:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Beyond 5 Years
Interest-bearing loans and borrowings*	P 68,146,949	P 69,734,122	P 513,196,762	P 215,112,702
Trade payables and other payables	29,259,319	-	-	-
Advances from stockholders	100,000,000	-	-	-
	P 197,406,268	P 69,734,122	P 513,196,762	P 215,112,702

**Inclusive of future interest*

The contractual maturities presented in the foregoing tables reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods presented.

4.4 Operational Risk

Operational risks refer to the risk of loss of the Company that may incur from unexpected interruptions of operations, inability to deliver services and possible loss of key suppliers and sole customer. The Company is continually devising strategies to ensure uninterrupted operations to minimize cost and remain competitive in its business.

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

5.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The Company's financial assets at FVTPL are measured at fair value in the statements of financial position on a recurring basis as of September 30, 2021 and December 31, 2020. For the Company's other financial assets and financial liabilities as at September 30, 2021 and December 31, 2020 that are carried at amortized cost, management determined that their carrying amounts are equal to or approximate their fair values. Accordingly, no further comparison between the carrying amounts and fair values, as well as fair value hierarchy, is presented. The Company's cash and cash equivalents would fall under Level 1, the financial assets at FVTPL under Level 2 and all the rest are at Level 3 of the hierarchy.

The fair value hierarchy has the following levels:

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

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company's financial asset at FVTPL pertains to investments in variable universal life insurance policies. The fair values of these assets are derived using the net asset value per unit of the funds (computing by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period) published by the respective parties managing these investments.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

See Note 2.4 and 2.6 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2021 and 2020 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders. The Company has cash in certain local banks with which it has outstanding loans. In case of the Company's default on loan amortization, cash in bank amounting to P195.8 million and P44.4 million as of September 30, 2021 and December 31, 2020, respectively, can be applied against a portion of the outstanding loans as of September 30, 2021 and December 31, 2020. There was no other potential offsetting in both years.

6. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts of property, plant and equipment at the beginning and end of the reporting periods are as follows:

	Land	Land Improvements	Office Equipment and Furniture and Fixtures	Machinery and Equipment	Building	CIP	Total
September 30, 2021							
Cost	P 751,940,168	P 46,013,367	P 1,382,952	P 1,512,385,187	P 19,563,779	P 217,882,535	P 2,549,167,988
Accumulated depreciation	-	(27,108,044)	(1,091,173)	(472,392,150)	(6,439,744)	-	(507,031,111)
Net carrying amount	**P 751,940,168**	**P 18,905,323**	**P 291,779**	**P 1,039,993,037**	**P 13,124,035**	**P 217,882,535**	**P 2,042,136,877**
December 31, 2020							
Cost	P 574,543,768	P 46,013,367	P 1,242,552	P 1,513,465,187	P 19,563,779	P 22,311,544	P 2,177,140,197
Accumulated depreciation	-	(23,648,031)	(970,057)	(416,757,078)	(5,706,102)	-	(447,081,268)
Net carrying amount	P 574,543,768	P 22,365,336	P 272,495	P 1,096,708,109	P 13,857,677	P 22,311,544	P 1,730,058,929
January 1, 2020							
Cost	P 568,272,734	P 43,383,167	P 1,242,552	P 1,513,465,187	P 19,563,779	P -	P 2,145,927,419
Accumulated depreciation	-	(19,142,398)	(790,710)	(339,646,052)	(4,727,914)	-	(364,307,074)
Net carrying amount	P 568,272,734	P 24,240,769	P 451,842	P 1,173,819,135	P 14,835,865	P -	P 1,781,620,345

A reconciliation of the carrying amounts of property and equipment at the beginning and end of the reporting periods is shown below.

	Land	Land Improvements	Office Equipment and Furniture and Fixtures	Machinery and Equipment	Building	CIP	Total
Balance at January 1, 2021, net of accumulated depreciation	P 574,543,768	P 22,365,336	P 272,495	P 1,096,708,109	P 13,857,677	P 22,311,544	P1,730,058,929
Additions	177,396,400	-	140,400	-	-	195,570,991	373,107,791
Disposals	-	-	-	(720,000)	-	-	(720,000)
Depreciation charges for the period	-	(3,460,013)	(121,116)	(55,995,072)	(733,642)	-	(60,309,843)
Balance at September 30, 2021, net of accumulated depreciation	**P 751,940,168**	**P 18,905,323**	**P 291,779**	**P 1,039,993,037**	**P 13,124,035**	**P 217,882,535**	**P2,042,136,877**
Balance at January 1, 2020, net of accumulated depreciation	P 568,272,734	P 24,240,769	P 451,842	P 1,173,819,135	P 14,835,865	P -	P1,781,620,345
Additions	6,271,034	2,630,200	-	-	-	22,311,544	31,212,777
Depreciation charges for the year	-	(4,505,633)	(179,347)	(77,111,026)	(978,188)	-	(82,774,194)
Balance at December 31, 2020, net of accumulated depreciation	P 574,543,768	P 22,365,336	P 272,495	P 1,096,708,109	P 13,857,677	P 22,311,544	P1,730,058,929

The amount of depreciation presented in the statements of comprehensive income for the nine months ended September 30 is allocated as follows (see Note 14):

	2021	2020
Cost of electricity sold	**P 59,347,282**	P 60,899,966
Other operating expenses	**962,561**	1,042,034
	P 60,309,843	P 61,942,000

The Company's land and certain machineries and equipment are used as collaterals for certain interest-bearing loans and borrowings (see Note 11).

In 2021, the Company sold certain transportation equipment at its carrying amount; hence, there was no gain or loss on the transaction (see Note 20.3).

In August 2021, the Company acquired parcels of land located in Magalang, Pampanga from a third party with a purchase price of P177.4 million. The Company paid a down payment of 25% of the purchase price and the balance is payable in 12 equal monthly installments. The outstanding balance arising from this transaction as of September 30, 2021 is presented as part of Trade payables under Trade and Other Payables in the 2021 statement of financial position (see Note 12).

CIP pertains to the Raslag III Project constructed as part of the Company's expansion. The account is not depreciated until such time that the assets are completed and available for use. There is no capitalized borrowing cost yet for the project as the loan obtained to partially finance this construction was obtained only in September 2021.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In prior years, the Company acquired certain variable universal life insurance policies costing to P40.7 million, which are considered quoted securities. The beneficiary of the insurance policies is the Company.

These investments are classified as financial asset at fair value through profit or loss. The fair value of these investments as at September 30, 2021 and December 31, 2020 are shown below.

	2021	2020
Balance at beginning of the period	**P 34,775,590**	P 36,489,491
Foreign exchange gains (losses)	**2,116,101**	(1,947,294)
Fair value gains (losses)	**(784,052)**	233,393
Balance at end of the period	**P 36,107,639**	P 34,775,590

Foreign exchange loss and fair value gain from investments are presented as part of Finance Costs and Finance Income, respectively, in the statements of comprehensive income (see Note 14.2).

Interest earned from these investments amounted to P3.0 million and P1.2 million in 2021 and 2020, respectively, and are presented as part of Finance Income in the statements of comprehensive income.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows as at December 31:

	September 30, 2021	December 31, 2020
Cash on hand	**P 40,000**	P 40,000
Cash in banks	**202,315,294**	50,061,355
Short-term placements	**92,410,001**	240,309,247
	P 294,765,295	P 290,410,602

Cash in banks generally earn interest at rates based on daily bank deposit rates. Interest income earned on cash in banks amounted to P0.2 million for both the nine months ended September 30, 2021 and 2020, and is presented as part of Finance Income in the statements of comprehensive income (see Note 14.2).

Short-term placements have maturity period of 90 days and earn effective annual interest of 0.13% per annum. Interest income earned on short-term placements amounted to P0.4 million and P0.1 million in 2021 and 2020, respectively, and is presented as part of Finance Income in the statements of comprehensive income (see Note 14.2). The foreign exchange gains on cash and cash equivalents amounted to P2.2 million in 2021 and the foreign exchange loss amounted to P0.1 million in 2020, and is presented as part of Finance Income (Costs) in the statements of comprehensive income (see Note 14.2).

9. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**September 30, 2021**	December 31, 2020
Non-current –			
Receivable from FIT rate adjustment	13	**P 104,812,496**	P 106,555,703
Current:			
Trade receivables		**P 52,889,573**	P 51,239,693
Receivable from FIT rate adjustment	13	**4,516,523**	215,741
Receivable from Angeles Power Inc. (API)	20	**6,416,852**	-
Interest receivables		**-**	29,680
		P 63,822,948	P 51,485,114

Trade receivables are usually due within 60 days and do not bear any interest. Also, these receivables are assigned for certain interest-bearing loans and borrowings (see Note 11).

All of the Company's trade and other receivables are subject to credit risk. Based on the management's assessment of the ECL in 2021 and 2020, the losses were no longer recognized in the financial statements as the losses prove to be negligible [see Note 4.2(b)].

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	September 30, 2021	December 31, 2020
Prepaid expenses	**P 6,034,553**	P 15,607,829
Input value-added tax (VAT)	**5,200,765**	3,279,118
Deferred input VAT	**248,926**	248,926
	P 11,484,244	P 19,135,873

Prepaid expenses mainly include, among others, prepaid local taxes and insurance.

11. INTEREST-BEARING LOANS AND BORROWINGS

The breakdown of this account follows:

	September 30, 2021	December 31, 2020
Non-current	**P 682,818,182**	P 695,909,091
Current	**125,454,545**	125,454,545
	P 808,272,727	P 821,363,636

The Company has an unused credit line of P519.0 million and P630.0 million as of September 30, 2021 and December 31, 2020, respectively.

In 2015, the Company has made several drawdowns from the facility totaling to P500.0 million. These are payable on a quarterly basis until 2026. In 2016, the Company has made the final drawdown from the facility totaling P800.0 million, which are also payable on a quarterly basis beginning January 7, 2018 until October 7, 2027. In 2021, the Company has made the initial drawdown from the facility totaling P800.0 million, which are also payable on a quarterly basis beginning December 29, 2023 until September 29, 2031. The principal repayments of these loans amounted to P94.1 million and P44.1 million in 2021 and 2020, respectively.

The loans are subject to an interest rate ranging from 4.5% to 6.0% per annum in 2021 and 2020. Interest expense incurred from these loans amounted to P21.1 million and P27.3 million in for the nine months ended September 30, 2021 and 2020, respectively, and is presented as part of Finance Costs in the statements of comprehensive income (see Note 14.2). Accrued interest amounted to P6.6 million and P8.1 million as of September 30, 2021 and December 31, 2020, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in statements of financial position (see Note 12).

The interest-bearing loans and borrowings are secured by the following:

a. real estate mortgage on various parcels of land located in Brgy. Suclaban, Mexico, Pampanga with a carrying value of P574.5 million as of September 30, 2021 and December 31, 2020, respectively (see Note 6);

b. unregistered chattel mortgage on solar power plant, machinery and equipment with a carrying value of P550.0 million as of September 30, 2021 and December 31, 2020 (see Note 6);
c. stockholders' pledge on the shares of stock to the Company amounting to P550.0 million as of September 30, 2021 and December 31, 2020 (see Note 16.1);
d. assignment of receivables from offtaker and/or distribution utility amounting to P52.9 million and P51.2 million as of September 30, 2021 and December 31, 2020, respectively (see Note 9);
e. corporate guaranty of API, Angeles Electric Corporation (AEC) and JTEN (see Note 20.5); and,
f. personal guaranty of the Company's President (see Note 20.5).

The Company is required to maintain a debt-to-equity ratio of not more than 2.5 for the P800.0 million and P500.0 million debt facility. The Company is compliant with the required ratio as of September 30, 2020 and December 31, 2021. For the P600.0 million debt facility, the Company is required to maintain a 1.2 debt service coverage ratio starting 2022.

12. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**September 30, 2021**	December 31, 2020
Trade payables	6	**P 150,756,791**	P 8,435,017
Accrued expenses	11	**6,637,048**	20,824,302
Withholding taxes payable		**986,481**	40,791
		P 158,380,320	P 29,300,110

Trade payables include the outstanding balance on the acquisition of parcels of land in 2021.

13. SALE OF ELECTRICITY

The Company's revenues which is recognized overtime comprise of the following:

	2021	2020
RASLAG 1	**P 102,125,498**	P 106,478,498
RASLAG 2	**122,681,365**	113,965,735
	P 224,806,863	P 220,444,233

The Company has only one reportable segment which pertains to generation of renewable energy.

Further, the Company has only one geographical segment as all of its operations are based in Pampanga. The Company sells its electricity only to TransCo, as the latter have the jurisdiction to sell electricity to power distribution companies, shouldering the difference between the market rates and the ERC approved rates.

On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020, *A Resolution Approving the Adjustment to the Feed-in Tariff* (the Resolution), wherein the FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index and foreign exchange variations through Discounted Cash Flows Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. The Resolution also states that the incremental FIT rate shall be recovered for a period of five years starting 2021. The resolution was published in a newspaper of general circulation in the country on November 17, 2020 and took effect 15 days after its publication. Accordingly, the Company recognized accrued revenue, net of finance discount, amounting to P106.8 million upon the effectivity of the resolution in December 2020. This amount is not reflected in the statement of comprehensive income for the nine-month ended September 30, 2020. The outstanding balance of receivables arising from the adjustment amounted to P109.3 million and P106.8 million as of September 30, 2021 and December 31, 2020, respectively, and is presented under Trade and Other Receivables in the statements of financial position (see Note 9).

14. COST AND EXPENSES

14.1 Cost of Electricity Sold and Operating Expenses by Nature

Details of costs and operating expenses by nature are shown below.

	Notes	2021	2020
Depreciation	6	**P 60,309,843**	P 61,942,000
Taxes and licenses		**12,257,299**	11,404,565
Repairs and maintenance		**9,772,819**	12,534,736
Professional fees		**7,819,429**	2,593,964
Salaries and wages	15.1	**4,421,778**	-
Donation and contributions		**2,334,160**	1,933,964
Insurance		**1,876,449**	2,447,298
Communication, light and water		**1,395,600**	1,343,957
Representation		**38,698**	130,118
Miscellaneous	20.2	**2,805,322**	628,397
		P 103,031,397	P 94,958,999

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

	2021	2020
Cost of electricity sold	**P 70,126,852**	P 73,636,027
Other operating expenses	**32,904,545**	21,322,972
	P 103,031,397	P 94,958,999

Details of cost of electricity sold are as follows:

	Notes	2021	2020
Depreciation	6	**P 59,347,282**	P 60,899,966
Repairs and maintenance		**9,115,737**	12,534,736
Salaries and employee benefits	15.1	**1,451,400**	-
Miscellaneous		**212,433**	201,325
		P 70,126,852	P 73,636,027

14.2 Finance Costs and Finance Income

(a) Finance Costs

Details of finance costs are presented below.

	Notes	2021	2020
Interest expense on loans	11	**P 21,124,008**	P 27,237,270
Fair value losses on financial assets	7	**784,052**	2,590,254
Interest on post-employment benefit obligation	15.2	**194,203**	-
Foreign currency losses	7, 8	**-**	1,638,806
		P 22,102,263	P 31,466,330

(b) Finance Income

Details of finance income are presented below.

	Notes	2021	2020
Foreign currency gains	7, 8	**P 4,332,402**	P -
Interest income from financial assets at FVTPL	7	**2,990,595**	1,205,522
Interest income from FIT adjustment receivable	9	**2,759,834**	-
Interest income from cash cash and cash equivalents	8	**359,182**	148,313
		P 10,442,013	P 1,353,835

15. EMPLOYEE BENEFITS

15.1 Salaries and Employee Benefits

Details of salaries and employee benefits in 2021 are presented below.

Salaries, wages and other short-term benefits	P	4,026,500
Post-employment defined benefits		395,278
	P	4,421,778

Other benefits include employee meals, vacation pay, overtime pay, uniform, laundry, dry cleaning and others. Salaries and employee benefits are included under Cost of Electricity Sold and Other Operating Expenses in the 2021 statement of comprehensive income (see Notes 14.1).

Cost of Electricity Sold	P	1,451,400
Other Operating Expense		2,970,378
	P	4,421,778

15.2 Post-employment Defined Benefits

(a) Characteristics of Post-employment Defined Benefit Plan

On April 1, 2021, API, a related party under common ownership, transferred six employees to the Company. As result, the associated past service liabilities to the same employees were also transferred to the Company (see Note 20.4). The estimated cost of post-employment benefits, actuarially determined, as required by the provisions of Republic Act (R.A) No. 7641, *The Retirement Pay Law*, which is an unfunded, noncontributory and multi-employer post-employment defined benefit plan covering all regular full-time employees.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made regularly to update the post-employment benefit expense and the amount of contributions. All amounts presented are based on the actuarial valuation reports obtained from an independent actuary.

The amount of the post-employment benefit obligation recognized in the 2021 statement of financial position are determined as follows.

Post-employment benefit obligation	P	6,674,494
Fair value of plan assets	(	2,000,000)
	P	4,674,494

The movements in the present value of post-employment defined benefit obligation recognized in the financial statements are as follows:

	Notes		
Transfers from API	20.4	P	6,085,013
Current service cost			395,278
Interest expense	14.2		194,203
		P	6,674,494

The plan assets are composed of short-term time deposit certificates.

Current service cost is presented as part of Salaries and employee benefits under Cost of Electricity Sold while interest expense is presented as part of Finance Costs in the 2021 statement of comprehensive income.
In determining the retirement benefit obligation, the following actuarial assumptions were used:

Discount rates	4.00%
Expected rates of salary increases	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 28 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the plan asset's return and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan is heavily invested in time deposit certificates. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Company's long term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of September 30, 2021:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 1.0%	(P 48,441)	P 48,441
Salary growth rate	+/- 1.0%	79,056	(79,056)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the 2021 statement of financial position.

(ii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P4.7 million based on the Company's latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 20.4 years' time when a significant number of employees is expected to retire.

The Company expects to make contribution of P3.0 million to the plan over the next ten years.

The undiscounted expected benefit payment form the plan, which is expected to be paid within 10 years from the reporting date, amounted to P6.4 million as of September 30, 2021.

The weighted average duration of the defined benefit obligation at the end of September 30, 2021 is 20.4 years.

16. EQUITY

16.1 Capital Stock

The movements in capital stock are shown below:

	Shares		Amount	
	2021	2020	**2021**	2020
Common shares –				
Authorized –	**2,000,000,000**	2,000,000,000	**P2,000,000,000**	P 2,000,000,000
Issued and Outstanding:				
Balance at beginning of period	**750,000,000**	750,000,000	**P 750,000,000**	P 750,000,000
Issuance during the period	**150,000,000**	-	**150,000,000**	-
Balance at end of period	**900,000,000**	750,000,000	**P 900,000,000**	P 750,000,000
Subscribed:				
Balance at beginning of period	**250,000,000**	250,000,000	**250,000,000**	250,000,000
Subscription during the period	**150,000,000**	-	**150,000,000**	-
Issuance during the period	**(150,000,000)**	-	**(150,000,000)**	-
Balance at end of period	**250,000,000**	250,000,000	**250,000,000**	250,000,000
Subscription receivables:				
Balance at beginning of period			**-**	(187,500,000)
Subscription during the period			**(150,000,000)**	-
Collections during the period			**150,000,000**	187,500,000
Balance at end of year			**-**	-
			P 1,150,000,000	P1,000,000,000

In 2018, the BOD and stockholders approved the resolution for the application of the increase in the authorized capital stock of the Company from P1.0 billion, divided into 10.0 million common shares with a par value of P100 per share, to P2.0 billion, divided into 2.0 billion common shares with a par value of P1 per share. The application for the increase in authorized capital stock was filed with the SEC in January 2019 and was subsequently approved in August 2019. Accordingly, the P62.5 million deposit for future stock subscription received in 2018 was applied against the subscriptions receivable arising from the approved authorized capital stock.

On September 30, 2021, the Parent Company and API subscribed additional P112.9 million and P37.1 million common shares, respectively, from the Company at par value. These subscriptions were fully paid as of September 30, 2021.

In 2020, the Company received the remaining P187.5 million as payment for the unpaid subscription.

The Company's shares of stock were pledged for certain interest-bearing loans and borrowings (see Note 11).

As of September 30, 2021 and December 31, 2020, the Company has twelve and two stockholders, respectively, owning 100 or more shares each of the Company's capital stock.

16.2 Retained Earnings

On May 20, 2021, the Company's BOD approved the declaration of cash dividends of P0.15 per share, equivalent to P150.0 million, payable to stockholders of record as at May 20, 2021. These dividends were fully paid as of September 30, 2021.

On September 25, 2020, the Company's BOD approved the declaration of cash dividends of P0.05 per share, equivalent to P50.0 million, payable to stockholders of record as at September 25, 2020. These dividends were fully paid as of December 31, 2020.

17. EARNINGS PER SHARE AND BOOK VALUE PER SHARE

Earnings per share were computed as follows:

	2021	2020
Net profit for the period	**P 110,043,893**	P 95,378,888
Divided by the weighted average number of outstanding common shares	**1,000,000,000**	854,166,667
	P 0.11	P 0.11

Book value per share as of September 30, 2021 and December 31, 2020 were computed as follows:

	2021	2020
Total equity	**P1,380,842,910**	P 1,270,799,017
Divided by total outstanding common shares	**1,150,000,000**	1,000,000,000
Book value per share	**P 1.20**	P 1.27

18. TAXES

18.1 Current and Deferred Taxes

The Company reported final tax amounting to P71,323 and P29,663 for the nine months ended September 30, 2021 and 2020, respectively. This refers to the final tax on interest income on both peso and dollar deposits taxed at 20% and 15%, respectively.

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	2021	2020
Tax on pretax profit at 25% and 30%	**P 27,528,804**	P 28,622,565
Adjustment for income subjected to lower tax rates	**(18,473)**	(14,831)
Tax effects of:		
Net profit subject to ITH	**(27,004,151)**	(29,008,323)
Non-taxable income	**(551,636)**	-
Non-deductible expenses	**116,779**	430,252
	P 71,323	P 29,663

The Deferred tax liability amounted to P11.0 million as of September 30, 2021 and December 31, 2020. This is related to the future tax liabilities for the collection of the FIT rate adjustments after the expiration of Raslag 1 and Raslag 2's income tax holiday (see Note 18.2).

In 2021 and 2020, the Company opted to claim itemized deductions in computing for its income tax due.

18.2 Income Tax Holiday and Exemption

The Company is governed by the Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9513, otherwise known as the "*Renewable Energy Act of 2008*". R.A. No. 9513 states that, for seven years starting from the date of recognition or accreditation provided under Section 18 of the same Act, RE manufacturer, fabricator and supplier of RE equipment shall be fully exempt from income taxes levied by the National Government on net income derived from the sale of RE equipment, machinery, parts and services. Subsequent to the ITH period, the Company will be subjected to 10% renewable energy corporate income tax rate. Raslag 1, which started commercial operations on February 6, 2015, will be fully exempt until February 5, 2022, while Raslag 2, which started its operations on December 22, 2015, will be fully exempt until December 21, 2022.

19. CERTIFICATE OF COMPLIANCE (COC) WITH REPUBLIC ACT NO. 9136

On June 8, 2001, the Philippine Congress approved R.A. No. 9136, *Electric Power Industry Reform Act of 2001*, providing for restructuring of the electric power industry.

The Company's applications for COC on the Company's Solar Power Plant Phase 1 and Phase 2 were approved by the Energy Regulatory Commission on April 6, 2015 and February 29, 2016, respectively.

20. RELATED PARTY TRANSACTIONS

The Company's transactions with its parent company, other stockholder, related party under common ownership, and the Company's key management, as of and for the period ended September 31, 2021 and December 31 2020 are as follows:

Related Party Category	Note	2021 Amount of Transaction	2021 Outstanding Balance	2020 Amount of Transaction	2020 Outstanding Balance
Parent Company –					
Cash advances collected	20.1	**P -**	**P -**	(P 217,482)	P -
Stockholders:					
Cash advances collected	20.1	**-**	**-**	(10,000,000)	-
Cash advances obtained	20.2	**215,000,000**	**(190,000,000)**	95,195,500	(100,000,000)
Transfer of employees	20.4	**6,637,048**	**6,416,852**	-	-
Related Parties Under Common Ownership –					
Sale of transportation equipment	20.3	**720,000**	**-**	-	-

20.1 Advances to Related Parties

In the normal course of business, the Company provides short-term, unsecured, noninterest-bearing cash advances to its parent company, other stockholder and a related party under common ownership, for working capital and other purposes. These advances are generally receivable in cash upon demand. The outstanding balance of these advances was fully settled in 2020.

20.2 Advances from Stockholders

In the normal course of business, the Company obtains short-term, unsecured, noninterest-bearing cash advances from its stockholders for working capital purposes. These advances are generally payable in cash within 12 months; hence, management considers the carrying amount to be a reasonable approximation of their fair values. Also, these advances include management fees for the manpower rendered by a stockholder to the Company amounting to P0.4 million and P2.2 million for 2021 and 2020, respectively, and are presented as part of Miscellaneous account under Other Operating Expenses in the statements of comprehensive income (see Note 14.1).

The movements in the balance of Advances from Stockholders account are presented in Note 23.

20.3 Sale of Machinery and Equipment to AEC

In 2021, the Company sold a transportation equipment for P0.7 million, which is equal to its carrying amount, to AEC, a related party under common ownership. Proceeds from the sale were fully collected in 2021 (see Note 6).

20.4 Transfer of Employees from API

On April 1, 2021, API formally transferred seven employees to the Company. The employees were previously outsourced by the Company for a fee. As result of the transfer, past service liabilities to the same employees by API amounting to P6.3 million were also transferred to the Company. The outstanding balance arising from this transaction, which is, unimpaired, unsecured, noninterest-bearing and collectible on demand, is presented as Receivables from API under Trade and Other Receivables in the 2021 statement of financial position see Notes 9 and 15.2.

20.5 Corporate Guarantors of the Interest-bearing Loans and Borrowings

In prior years, the Company obtained certain interest-bearing loans and borrowings from a local bank, which was guaranteed by the parent company, the other major stockholder, a related party under common ownership, and the Company's president. As of September 30, 2021 and December 31, 2020, the outstanding balance of these loans amounted to P808.3 million and P821.4 million, respectively (see Note 11). The movements of these loans are presented in Note 23.

20.6 Retirement Plan

In 2021, the Company established a formal retirement plan which is administered, and managed by a trustee bank.

The retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

The details of the contributions of the Company to the plan are also presented in Note 15.2.

20.7 Key Management Personnel Compensation

Key management personnel compensation was shouldered by a stockholder in 2021 and 2020 at no cost to the Company.

21. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the accompanying financial statements. As at September 30, 2021 and December 30, 2020, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Company's financial statements.

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders. The Company monitors capital on the basis of the carrying amount of liabilities and equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	September 30, 2021	December 31, 2020
Total liabilities	**P 1,172,286,589**	P 961,622,794
Total equity	**1,380,842,910**	1,270,799,017
Debt-to-equity ratio	**0.85 : 1.00**	0.76 : 1.00

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, collect its receivables or sell assets to reduce debt.

As at September 30, 2021 and December 31, 2020, the Company is subject only to the capital requirements set by the bank for its long-term loans (see Note 11).

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below and in the succeeding page is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (see Note 11)	**Advances from Stockholders** (see Note 20)	**Accrued Interest Payable** (see Notes 11 and 12)	**Total**
Balance at January 1, 2021	P 821,363,636	P 100,000,000	P 8,068,384	P 929,432,020
Cash flows from financing activites:				
Additional borrowings	81,000,000	-	-	81,000,000
Repayment of borrowings	(94,090,909)	-	-	(94,090,909)
Additions to advances	-	215,000,000	-	215,000,000
Repayments of advances	-	(125,000,000)	-	(125,000,000)
Payment of interest	-	-	(30,181,311)	(30,181,311)
Non-cash financing activities –				
Accrual of interest	-	-	28,749,975	28,749,975
Balance at September 30, 2021	**P 808,272,727**	**P 190,000,000**	**P 6,637,048**	**P1,004,909,775**

	Interest-bearing Loans and Borrowings (see Note 11)	Advances from Stockholders (see Note 20)	Accrued Interest Payable (see Notes 11 and 12)	Total
Balance at January 1, 2020	P 946,818,181	P 4,804,500	P 13,128,643	P 964,751,324
Cash flows from financing activites:				
Repayment of borrowings	(125,454,545)	-	-	(125,454,545)
Additions to advances	-	100,000,000	-	100,000,000
Repayments of advances	-	(4,804,500)	-	(4,804,500)
Payment of interest	-	-	(52,120,134)	(52,120,134)
Non-cash financing activities –				
Accrual of interest	-	-	47,059,875	47,059,875
Balance at December 31, 2020	P 821,363,636	P 100,000,000	P 8,068,384	P 929,432,020

P&A Grant Thornton

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

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

T +63 2 8988 2288

The Board of Directors
Raslag Corp.
(A Subsidiary of JTEN Equities, Inc.)
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Raslag Corp. for the nine months ended September 30, 2021, on which we have rendered our report dated November 25, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8116553, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

November 25, 2021

RASLAG CORP.
LIST OF SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

* *The Company does not prepare any consolidated financial statements*
** *The Company does not have guarantees of securities of other issuers*

RASLAG CORP.
Schedule A
Financial Assets - Fair Value Through Profit or Loss, Fair Value Through Other Comprehensive Income and Amortized Cost
SEPTEMBER 30, 2021

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Positon as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
Fair Value through Profit of Loss				
Manulife Chinabank Life Assurance Corporation	P 809,786	P 36,107,639	P 0.875	P 2,990,595
Fair Value through Other Comprehensive Income				
	N/A	N/A	N/A	N/A
Financial Assets at Amortized Cost				
Cash and cash equivalents	N/A	P 294,765,295	P 294,765,295	P 359,182
Trade and other receivables - net	N/A	168,635,444	168,635,444	-
TOTAL		**P 463,400,739**	**P 463,400,739**	**P 359,182**

RASLAG CORP.
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
SEPTEMBER 30, 2021

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Receivable from employees	-	P 7,490,168	(P 1,073,316)	N/A	P 6,416,852	N/A	P 6,416,852

-

Note:

The total amount of receivables presented in this schedule pertains to the advances made to employees, which are used for official business purposes. The total amount is included as part of Other prepayments under the Other Current Assets account in the statement of financial position

RASLAG CORP.
Schedule D
Long-Term Debt
SEPTEMBER 30, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-Term Debt" in Related Statement of Financial Position
Bank loans (i)	P 808,272,727	P 125,454,545	P 682,818,182

RASLAG CORP.
Schedule E
Indebtedness to Related Parties
SEPTEMBER 30, 2021

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
JTEN Equities Inc.	P 100,000,000	P 160,000,000
Angeles Power Inc.	-	30,000,000

RASLAG CORP.
Schedule G
Capital Stock
SEPTEMBER 30, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption (i)	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common Shares - P100 par value	2,000,000,000	1,150,000,000	-	1,149,995,995	4,005	-

RASLAG CORP.
Reconciliation of Retained Earnings Available for Dividend Declaration
SEPTEMBER 30, 2021

Unappropriated Retained Earnings of the Company at Beginning of Period	P	270,799,017
Net Profit of the Company Realized During the Period		
Net Profit per audited financial statements		110,043,893
Other Transaction During the Period		
Cash dividend declaration	(	150,000,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Period	**P**	**230,842,910**

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Report of Independent Auditors on Components of Financial Soundness Indicators

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The Board of Directors
Raslag Corp.
(A Subsidiary of JTEN Equities, Inc.)
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Raslag Corp. (the Company) as of September 30, 2021 and December 31, 2020 and for the nine months ended September 30, 2021 and 2020, on which we have rendered our report dated November 25, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRS. Except for the current ratio, acid test ratio, debt-to-equity ratio, assets-to-equity ratio, return on equity and return on assets for September 30, 2020, the components of these financial soundness indicators have been traced to the Company's financial statements as at September 30, 2021 and December 31, 2020 and for the nine months ended September 30, 2021 and 2020 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8116553, January 2, 2020, Makati City
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Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

November 25, 2021

Raslag Corp.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2021

Ratio	Formula	2021	2020
Current ratio	Current assets / Current liabilities	0.86	1.54
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	0.76	1.34
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.24	0.22
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.59	0.65
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.85	1.76
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	6.17	4.50
Return on equity	Net profit (loss) / Average total stockholders' equity (capital deficiency)	0.08	0.09
Return on assets	Net profit (loss) / Average total assets	0.05	0.05
Net profit margin	Net profit (loss) / Total revenues****	0.49	0.43

APPENDIX B

Audited Financial Statements as of and for the years ended December 31, 2018, 2019 and 2020

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 3 0 8 1 4 7

Company Name

R A S L A G   C O R P .

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

R M .   1 9 0 5   R O B I N S O N S   E Q U I T A B L E
T O W E R ,   A D B   A V E .   C O R .   P O V E D A   S T
O R T I G A S   C E N T E R ,   P A S I G   I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
raslag.corp@yahoo.com.ph	(02)86366486 - 88	09209318033

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
12	April/19	December/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Rafael N. Mapua	mapua@skynet.net	(02)68386486 to 88	09175250503

Contact Person's Address

46 Trinidad St., Bf Homes, Executive Village 5, Paranaque City

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **RASLAG CORP.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, 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 misstatements, whether due to fraud or error.

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

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

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

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

Signature: ____________________

Name of the Chairman of the Board: **PETER G. NEPOMUCENO**

Signature: ____________________

Name of the Chief Executive Officer: **PETER G. NEPOMUCENO**

Signature: ____________________

Name of Chief Financial Officer : **GEROMIN T. NEPOMUCENO JR.**

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FOR SEC FILING

Financial Statements and Independent Auditors' Report

Raslag Corp.

December 31, 2019 and 2018

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1200 Makati City
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Report of Independent Auditors

The Board of Directors
Raslag Corp.
(A Subsidiary of JTEN Equities, Inc.)
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Raslag Corp. (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of a Matter

We draw attention to Note 22 to the financial statements, which describes the likely negative impact of the business disruption as a result of the coronavirus outbreak to the Company's financial condition and performance after the end of the reporting period. Our opinion is not modified with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2019 required by the Bureau of Internal Revenue as disclosed in Note 23 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

BIR - RR7B - EAST NCR PASIG CITY
RECEIVED
0 9 JUN 2020
JAIME DOMINGO R. MONTALES
ASSESSMENT SECTION
RDO 43

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8116553, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 8, 2020

P&A
Grant Thornton
An instinct for growth™

Punongbayan & Araullo
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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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Supplemental Statement of Independent Auditors

The Board of Directors
Raslag Corp.
(A Subsidiary of JTEN Equities, Inc.)
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Pasig City

We have audited the financial statements of Raslag Corp. (the Company) for the year ended December 31, 2019, on which we have rendered the attached report dated April 8, 2020.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two stockholders owning 100 or more shares each of the Company's capital stock as of December 31, 2019, as disclosed in Note 14 to the financial statements.

PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
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April 8, 2020

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment - net	6	P 1,781,620,345	P 1,803,626,495
CURRENT ASSETS			
Cash in banks	4	43,878,367	80,770,989
Short-term investments	8	-	10,000,000
Trade and other receivables	9	51,065,372	76,535,285
Financial assets at fair value through profit or loss	7	36,489,491	36,248,179
Advances to related parties	17	10,217,482	13,421,502
Prepayments and other current assets	10	17,034,179	15,356,877
Total Current Assets		158,704,891	232,332,832
TOTAL ASSETS		P 1,940,325,236	P 2,035,959,327
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	P 821,363,636	P 954,318,182
Deposit for future stock subscription	14	-	62,500,000
Deferred tax liability	15	-	461,708
Total Non-current Liabilities		821,363,636	1,017,279,890
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	125,454,545	117,954,546
Trade and other payables	12	34,206,156	22,381,822
Advances from stockholders	17	4,804,500	3,340,571
Total Current Liabilities		164,465,201	143,676,939
Total Liabilities		985,828,837	1,160,956,829
EQUITY	14		
Capital stock		812,500,000	750,000,000
Retained earnings		141,996,399	125,002,498
Total Equity		954,496,399	875,002,498
TOTAL LIABILITIES AND EQUITY		P 1,940,325,236	P 2,035,959,327

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
SALE OF ELECTRICITY	2	P 284,305,500	P 300,920,145
COST OF ELECTRICITY SOLD	13	(97,430,338)	(95,015,956)
GROSS PROFIT		186,875,162	205,904,189
OTHER OPERATING EXPENSES	13	(42,394,696)	(39,573,000)
OTHER OPERATING INCOME	2	9,645,861	-
OPERATING PROFIT		154,126,327	166,331,189
FINANCE COSTS	7, 11	(66,920,291)	(45,252,787)
FINANCE INCOME	7, 8	4,479,927	4,317,507
PROFIT BEFORE TAX		91,685,963	125,395,909
TAX INCOME (EXPENSE)	15	307,938	(564,472)
NET PROFIT		91,993,901	124,831,437
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		P 91,993,901	P 124,831,437

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Note	2019	2018
CAPITAL STOCK	14		
Balance at beginning of year		P 750,000,000	P 550,000,000
Application of deposit for future stock subscription and issuance during the year		62,500,000	200,000,000
Balance at end of year		812,500,000	750,000,000
RETAINED EARNINGS	14		
Balance at beginning of year		125,002,498	240,171,061
Net profit for the year		91,993,901	124,831,437
Cash dividends		(75,000,000)	(240,000,000)
Balance at end of year		141,996,399	125,002,498
TOTAL EQUITY		P 954,496,399	P 875,002,498

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTBN Equities, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 91,685,963	P 125,395,909
Adjustments for:			
Depreciation	6	82,281,969	82,246,858
Interest expense	11	65,316,914	39,258,537
Interest income from financial assets at fair value through profit or loss	7	(1,864,970)	(2,044,222)
Fair value losses (gains) on financial assets at fair value through profit or loss	7	(1,844,689)	5,994,250
Unrealized foreign currency loss (gain)	7	1,603,377	(1,539,028)
Interest income from short-term investments	8	(538,135)	(389,274)
Interest income from cash in banks		(232,133)	(124,676)
Gain on redemption of short-term investments		-	(220,307)
Operating profit before working capital changes		236,408,296	248,578,047
Decrease in trade and other receivables		25,449,913	132,158,676
Decrease (increase) in advances to related parties		3,204,020	(13,421,502)
Increase in prepayments and other current assets		(1,677,302)	(1,944,934)
Increase (decrease) in trade and other payables		7,367,889	(6,002,666)
Cash generated from operations		270,752,816	359,367,621
Interest received		2,635,238	2,638,879
Cash paid for final tax	15	(153,770)	(102,764)
Net Cash From Operating Activities		273,234,284	361,903,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	(60,275,819)	(186,471,866)
Proceeds from redemption of short-term investments	8	10,000,000	20,479,442
Net Cash Used in Investing Activities		(50,275,819)	(165,992,424)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of interest-bearing loans and borrowings	11, 20	(125,454,547)	(125,454,545)
Cash dividends declared and paid	14	(75,000,000)	(240,000,000)
Interest paid	11, 20	(60,860,469)	(39,258,537)
Advances from stockholders	17, 20	1,463,929	4,382,581
Proceeds from issuance of capital stock	14	-	200,000,000
Proceeds from deposit for future stock subscription	14	-	62,500,000
Repayments of advances from stockholders	17, 20	-	(3,035,000)
Net Cash Used in Financing Activities		(259,851,087)	(140,865,501)
NET INCREASE (DECREASE) IN CASH IN BANKS		(36,892,622)	55,045,811
CASH IN BANKS AT BEGINNING OF YEAR		80,770,989	25,725,178
CASH IN BANKS AT END OF YEAR		P 43,878,367	P 80,770,989

Supplemental Information on Non-cash Investing and Financing Activities:

In 2018 and prior years, the Company acquired certain parcels of land on account (see Notes 6 and 12).

In 2019, the deposit for future stock subscription received in 2018 was applied against the Company's subscription receivable following the approval by the Securities and Exchange Commission of the Company's application for increase in authorized capital stock (see Note 14).

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Raslag Corp. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on April 30, 2013 and has a corporate life of 50 years. The Company's primary purpose is to engage, develop, construct, own, and operate power production facilities; sell the power capacity and energy produced either in bulk, wholesale or retail; and, to construct, own, operate and maintain related substation, switchyard, transmission, sub-transmission and metering facilities to connect the power production facility to the transmission grid or distribution system. On October 22, 2013, the SEC approved the amendment of the Company's primary purpose to include the exploration, development or utilization of Renewable Energy (RE) resources, actual operation of RE system and facilities and/or the generation of electricity from RE resources. It is presently engaged in selling electricity from RE resources.

In October 2018, JTEN Equities, Inc. (JTEN or the parent company) subscribed to additional shares of the Company which resulted to an increase in its effective ownership to 67%, making it the new parent company. Prior to JTEN's subscription, the Company's parent company was Angeles Power, Inc (API).

JTEN was incorporated in the Philippines on October 31, 2001, primarily to engage in acquiring, holding and investing in real and personal properties of all kinds. The parent company is presently engaged in financing the operations of the companies within the Nepomuceno Group.

API was incorporated in the Philippines on February 8, 1993, primarily to engage in the operation of a power generating plant and related facilities for the production and supply of electricity using bunker fuel. API is also engaged in the purchase and sale of electricity from other power suppliers.

The registered office of the Company, API and JTEN is located at 1905 Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Pasig City. The power generating plant and related facilities of the Company are located at Brgy. Suclaban, Mexico, Pampanga, while the power generating plant and related facilities of API is located at Angeles Industrial Park, Special Economic Zone, Bo. Calibutbut, Bacolor, Pampanga.

The financial statements of the Company as of and for the year ended December 31, 2019 (including the comparative financial statements as of and for the year ended December 31, 2018) were authorized for issue by the Company's Board of Directors (BOD) on April 8, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2019 that are Relevant to the Company

The Company adopted for the first time the following amendments, interpretations and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PFRS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization

Discussed below and in the succeeding page are the relevant information about these new standards and annual improvement.

(i) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation*. The amendments clarify that prepayment features with negative compensation attached to financial assets may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income. The application of these amendments had no significant impact on the Company's financial statements.

(ii) IFRIC 23, *Uncertainty over Income Tax Treatments*. This interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. The application of this interpretation had no significant impact on the Company's financial statements.

(ii) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2019, are relevant to the Company but has been identified not to have a significant impact on the financial statements.

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends.* The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that if any specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, such borrowing is treated as part of the entity's general borrowings when calculating the capitalization rate.

(b) Effective in 2019 that are not Relevant to the Company

The following PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2019 but are not relevant to the Company's financial statements:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PAS 28 (Amendments)	:	Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
PFRS 16	:	Leases
Annual Improvements to PFRS (2015-2017 Cycle)		
PFRS 3 and PFRS 11 (Amendments)	:	Business Combinations and Joint Arrangements: Remeasurement of Previously Held Interests in a Joint Operation

(c) Effective Subsequent to 2019 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the relevant pronouncements in the succeeding page in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

2.3 Property, Plant and Equipment

Land held for use in production or administration is stated at cost, less any impairment losses. All other items of property, plant and equipment are carried at acquisition cost or construction cost less subsequent depreciation and impairment losses, if any.

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

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	20 years
Building	20 years
Land improvements	5 years
Office equipment and furniture and fixtures	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

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

An item of property and equipment, including the related accumulated depreciation and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.4 Financial Assets

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

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

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding page.

(i) Financial Assets at Amortized Cost

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

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

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

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash in Banks, Trade and Other Receivables (except for advances to officers and employees included therein), Short-term Investments and Advances to Related Parties.

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

For purposes of cash flows reporting and presentation cash in banks represent demand deposits that are unrestricted and readily available for use in the Company's operations. These generally earn interest based on daily bank deposit rates.

(ii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. The Company's financial assets at FVTPL include certain variable universal life insurance policies which are designated as at FVTPL.

Financial assets at FVTPL are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statements of comprehensive income.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Company calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

Interest income earned on financial assets and the net fair value gains (losses) on financial assets at FVTPL is recognized in the statement of comprehensive income as part of Finance Income or Finance Costs.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

At the end of the reporting period, the Company assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance, for trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company also assesses impairment of trade receivables and contract assets as they possess shared credit risk characteristics, and have been group based on the days past due.

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

For cash in banks and short-term investments, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

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

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

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

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) *Derecognition of Financial Assets*

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

2.5 Prepayments and Other Assets

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

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

2.6 Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (excluding tax-related liabilities included therein) and advances from stockholders are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as part of Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables and advances from stockholders are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.7 Deposit for Future Stock Subscription

Deposit for future stock subscription represents the amount of money received from the parent company as deposit on the subscription relative to the Company's application for increase in authorized capital stock. Based on the requirements of the SEC, the Company recognizes a deposit for future subscription as part of equity if all of the criteria discussed below are met as at the end of the reporting period:

(a) Lack or insufficiency of authorized unissued shares of stock to cover for the deposit;

(b) Approval by the Company's BOD and stockholders for the increase in authorized capital stock to cover the shares corresponding to the amount of the deposit; and,

(c) Application for the approval of the increase in authorized capital stock has been filed with the SEC.

If any of the foregoing criteria is not met at the end of the reporting period, the deposit for future stock subscription is recognized as a liability.

2.8 Offsetting Financial Instruments

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

2.9 Provisions and Contingencies

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

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

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.10 Revenue and Expense Recognition

Revenue arises mainly from the sale of renewable electricity.

To determine whether to recognize revenue, the Company follows a five-step process:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised service to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company often enters into transactions involving the generation and transmission of renewable energy to the National Transmission Corporation (TransCo). Also, the Company earns interest from the uncollected receivables that are already past due which are recognized as Other Operating Income in the statement of comprehensive income.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(a)]:

(a) *Sale of electricity* – Revenue from energy generation is recognized over time by the amount in which the Company has transferred the value of services rendered to TransCo that is completed over time (i.e., end of each month), which is based on the Feed-In-Tariff (FIT) rate mandated by the Energy Regulatory Commission (ERC).

(b) *Interest income from operations* – Revenue from interest runs from the time that the uncollected receivables becomes past due up to the date of its payment, which is covered under PFRS 9.

Costs and expenses are recognized in profit or loss upon utilization of goods and services or at the date they are incurred. Finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.13).

2.11 Impairment of Non-financial Assets

The Company's property, plant and equipment and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

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

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

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

2.12 Income Taxes

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

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

2.16 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements (see Note 22).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

(a) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenues from renewable energy generation services shall recognized over time. The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date to TransCo i.e., generally when the customers have acknowledged the Company's right to invoice.

(b) Determination of ECL on Trade Receivables and Advances to Related Parties

Management assessed that there's no need to establish allowance for expected credit losses on its trade receivables and advances to related parties, since these are expected to be collected in full, which is based on the Company's historical experience, current conditions and forecasted collectability of these financial assets based on the liquidity of the counterparties.

Details about the ECL on the Company's trade receivables and advances to stockholders and a related party are disclosed in Notes 4.1 and 9.

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

(d) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

(e) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.9 and disclosures on relevant provisions and contingencies are presented in Note 18.

3.2 Key Sources of Estimation Uncertainty

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

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.1.

As of December 31, 2019, management has not recognized any expected credit losses on its financial assets since management has deemed that its financial assets are fully collectible based on historical experience and expected collection (see Notes 9 and 17.1).

(b) Estimation of Useful Lives of Property, Plant and Equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amounts of property and equipment are analyzed in Note 6. Based on management's assessment as of December 31, 2019 and 2018, there is no change in the useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Company's financial assets at FVTPL and the amounts of fair value changes recognized on these assets are disclosed in Note 7.

(d) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No provision for impairment losses on property, plant and equipment and other non-financial assets is necessary based on management's evaluation as at the end of the reporting periods.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks which result from its operating, investing and financing activities. The Company's BOD focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The most relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

4.1 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting of receivables, advances to stockholders and related party, and placing deposits with banks.

The Company continuously monitors defaults of the counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position, as summarized below.

	Notes	2019	2018
Cash in banks	2	P 43,878,367	P 80,770,989
Short-term investments	8	-	10,000,000
Trade and other receivables	9	46,363,172	73,768,364
Advances to related parties	17.1	10,217,482	13,421,502
		P 100,459,021	P 177,960,855

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) Cash in Banks and Short-term Investments

The credit risk for cash in banks and short-term investments are considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term investment which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade Receivables and Advances to Related Parties

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables. In respect of these receivables, the Company is significantly exposed to a single party as the Company's trade receivables and revenues are concentrated solely with TransCo. Nevertheless, management does not consider the risks to be probable since the counterparty is a government agency, which has an allotted budget from the national government. Moreover, based on the historical information about government agency default rates, management considers the credit quality of other receivables to be good and has concluded that there is no need for provision for expected credit loss for the year since these are all collected within a reasonable time.

With respect to advances to related parties, management does not consider the risks to be probable since the counterparties are stockholders and a related party under common ownership. Moreover, based on the historical information about the default rates and liquidity of these counterparties, probable losses are identified to be negligible.

4.2 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. The Company adopts a prudent liquidity risk management where it maintains sufficient cash to meet maturing obligations such as interest-bearing loans and borrowings and trade and other payables (except tax-related liabilities) as they fall due. This policy aims to honor all cash requirements on an ongoing basis and to avoid raising funds above market rates or through forced sale of assets.

As of December 31, 2019, the Company's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Beyond 5 Years
Interest-bearing loans and borrowings	P 71,787,049	P 71,101,494	P 544,105,853	P 324,316,314
Trade payables and other payables	34,172,345	-	-	-
Advances from stockholders	4,804,500	-	-	-
	P 110,763,894	P 71,101,494	P 544,105,853	P 324,316,314

These compare to the maturities of the Company's financial liabilities as of December 31, 2018 as follows:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Beyond 5 Years
Interest-bearing loans and borrowings	P 61,277,086	P 68,409,869	P 662,110,367	P 329,828,456
Trade payables and other payables	22,349,169	-	-	-
Advances from stockholders	3,340,571	-	-	-
	P 86,966,826	P 68,409,869	P 662,110,367	P 329,828,456

The contractual maturities presented in the foregoing tables reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods presented.

4.3 Operational Risk

Operational risks refer to the risk of loss of the Company that may incur from unexpected interruptions of operations, inability to deliver services and possible loss of key suppliers and sole customer. The Company is continually devising strategies to ensure uninterrupted operations to minimize cost and remain competitive in its business.

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

5.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The Company's financial assets at FVTPL are measured at fair value in the statements of financial position on a recurring basis as of December 31, 2019 and 2018. For the Company's other financial assets and financial liabilities as at December 31, 2019 and 2018 that are carried at amortized cost, management determined that their carrying amounts are equal to or approximate their fair values. Accordingly, no further comparison between the carrying amounts and fair values, as well as fair value hierarchy, is presented. The Company's cash in banks and short-term investments would fall under Level 1, the financial assets at FVTPL under Level 2 and all the rest are at Level 3 of the hierarchy.

The fair value hierarchy has the following levels:

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

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company's financial asset at FVTPL pertains to investments in variable universal life insurance policies. The fair values of these assets are derived using the net asset value per unit of the funds (computing by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period) published by the respective parties managing these investments.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

See Note 2.4 and 2.6 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2019 and 2018 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders. The Company has cash in certain local banks with which it has outstanding loans. In case of the Company's default on loan amortization, cash in bank amounting to P38.5 million and P75.5 million in 2019 and 2018, respectively, can be applied against a portion of the outstanding loans as of December 31, 2019 and 2018. There was no other potential offsetting in both years.

6. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts of property, plant and equipment at the beginning and end of 2019 and 2018 are as follows:

	Land	Land Improvements	Office Equipment and Furniture and Fixtures	Machinery and Equipment	Building	Total
December 31, 2019						
Cost	P 568,272,734	P 43,383,167	P 1,242,552	P1,513,465,187	P 19,563,779	P 2,145,527,419
Accumulated depreciation	-	(19,142,398)	(790,710)	(339,646,052)	(4,727,914)	(364,307,074)
Net carrying amount	P 568,272,734	P 24,240,769	P 451,842	P1,173,819,135	P 14,835,865	P 1,781,620,345
December 31, 2018						
Cost	P 510,134,220	P 43,049,305	P 996,329	P1,511,907,967	P 19,563,779	P 2,085,651,600
Accumulated depreciation	-	(14,837,467)	(591,444)	(262,846,469)	(3,749,725)	(282,025,105)
Net carrying amount	P 510,134,220	P 28,211,838	P 404,885	P1,249,061,498	P 15,814,054	P 1,803,626,495
January 1, 2018						
Cost	P 505,886,220	P 42,938,940	P 866,658	P1,511,332,967	P 19,563,779	P 2,080,588,564
Accumulated depreciation	-	(10,540,814)	(409,428)	(186,056,469)	(2,771,536)	(199,778,247)
Net carrying amount	P 505,886,220	P 32,398,126	P 457,230	P1,325,276,498	P 16,792,243	P 1,880,810,317

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2019 and 2018 is shown below.

	Land	Land Improvements	Office Equipment and Furniture and Fixtures	Machinery and Equipment	Building	Total
Balance at January 1, 2019	P 510,134,220	P 28,211,838	P 404,885	P1,249,061,498	P 15,814,054	P 1,803,626,495
Additions	58,138,514	333,862	246,223	1,557,220	-	60,275,819
Depreciation charges for the year	-	(4,304,931)	(199,266)	(76,799,583)	(978,189)	(82,281,969)
Balance at December 31, 2019, net of accumulated depreciation	P 568,272,734	P 24,240,769	P 451,842	P1,173,819,135	P 14,835,865	P 1,781,620,345
Balance at January 1, 2018	P 505,886,220	P 32,398,126	P 457,230	P1,325,276,498	P 16,792,243	P 1,880,810,317
Additions	4,248,000	110,365	129,671	575,000	-	5,063,036
Depreciation charges for the year	-	(4,296,653)	(182,016)	(76,790,000)	(978,189)	(82,246,858)
Balance at December 31, 2018, net of accumulated depreciation	P 510,134,220	P 28,211,838	P 404,885	P1,249,061,498	P 15,814,054	P 1,803,626,495

The amount of depreciation presented in the statements of comprehensive income is allocated as follows (see Note 13):

	2019	2018
Cost of electricity sold	P 81,104,514	P 81,086,644
Other operating expenses	1,177,455	1,160,214
	P 82,281,969	P 82,246,858

The Company's land and certain machineries and equipment are used as collaterals for certain interest-bearing loans and borrowings (see Note 11).

In 2018 and prior years, the Company acquired certain parcels of land. The outstanding balance arising from these transactions amounted to P8.8 million and P11.7 million in 2019 and 2018, respectively, and are presented as part of Trade payables under Trade and Other Payables in the statements of financial position (see Note 12).

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In prior years, the Company acquired certain variable universal life insurance policies costing to P40.7 million, which are considered unquoted securities. The beneficiary of the insurance policies is the Company.

These investments are classified as financial asset at fair value through profit or loss upon adoption of PFRS 9 by the Company in 2018. The fair value gain/loss and foreign exchange gain/loss from these investments are as follows:

	2019	2018
Fair value gain (loss)	P 1,844,689	(P 5,994,250)
Foreign exchange gain (loss)	(1,603,377)	1,539,028
	P 241,312	P 4,455,222

These are presented as part of Finance Costs and Finance Income in the statements of comprehensive income.

Interest earned from these investments amounted to P1.9 million and P2.0 million in 2019 and 2018, respectively, and are presented as part of Finance Income in the statements of comprehensive income.

8. SHORT-TERM INVESTMENTS

The reconciliation of the carrying amounts of short-term investments are as follows:

	2019	2018
Balance at the beginning of year	P 10,000,000	P 30,363,135
Redemption	(10,000,000)	(20,259,135)
Interest received	-	(104,000)
Balance at end of year	P -	P 10,000,000

The Company's short-term investments pertain to the time deposit acquired in the previous years which has original maturities of more than 90 days.

The interest income amounting to P0.5 million in 2019 and P0.4 million in 2018 is presented as part of Finance Income in the statements of comprehensive income.

9. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	2019	2018
Trade receivables	P 46,339,879	P 73,745,071
Advances to officers and employees	4,722,200	2,766,921
Interest receivables	23,293	23,293
	P 51,085,372	P 76,535,285

Trade receivables are usually due within 60 days and do not bear any interest. Also, these receivables are pledged for certain interest-bearing loans and borrowings (see Note 11).

Advances to officers and employees represent unsecured, noninterest-bearing cash advances, which are subject to liquidation or collected through salary deduction.

All of the Company's trade and other receivables are subject to credit risk. Based on the management's assessment of the ECL in 2019 and 2018, the losses were no longer recognized in the financial statements as the losses prove to be negligible [see Note 4.1(b)].

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Note	2019	2018
Prepaid expenses		P 14,986,076	P 14,131,245
Input VAT	23(b)	1,799,177	1,057,581
Deferred input VAT	23(b)	248,926	168,051
		P 17,034,179	P 15,356,877

Prepaid expenses mainly include, among others, prepaid local taxes and insurance.

11. INTEREST-BEARING LOANS AND BORROWINGS

The breakdown of this account follows:

	2019	2018
Current	P 125,454,545	P 117,954,546
Non-current	821,363,636	954,318,182
	P 946,818,181	P 1,072,272,728

The Company has an unused credit line of P353.2 million and P227.7 million as of December 31, 2019 and 2018, respectively.

In 2015, the Company has made several drawdowns from the facility totaling to P500.0 million. These are payable on a quarterly basis until 2026. In 2016, the Company has made the final drawdown from the facility totaling P800.0 million, which are also payable on a quarterly basis beginning January 7, 2018 until October 7, 2027. The principal repayments of these loans amounted to P125.5 million in both 2019 and 2018.

The loans are subject to an interest rate of 6.0% and 3.5% per annum in 2019 and 2018, respectively. Interest expense incurred from these loans amounted to P65.3 million and P39.3 million in 2019 and 2018, respectively, and is presented as part of Finance Costs in the statements of comprehensive income. Accrued interest amounted to P13.1 million and P8.7 million as of December 31, 2019 and 2018, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in statements of financial position (see Note 12).

The interest-bearing loans and borrowings are secured by the following:

a. Real estate mortgage on various parcels of land located in Brgy. Suclaban, Mexico, Pampanga with a carrying value of P568.3 million and P510.0 million as of December 31, 2019 and 2018, respectively (see Note 6);
b. Unregistered chattel mortgage on solar power plant, machinery and equipment with a carrying value of P1.2 billion in 2019 and 2018 (see Note 6);
c. Stockholders' pledge on the shares of stock to the Company amounting to P812.5 million and P750.0 million as of December 31, 2019 and 2018, respectively (see Note 14);
d. Assignment of receivables from offtaker and/or distribution utility amounting to P46.3 million and P73.7 million as of December 31, 2019 and 2018, respectively (see Note 9);
e. Corporate guaranty of API, Angeles Electric Corporation (AEC) and JTEN (see Note 17.3); and,
f. Personal guaranty of the Company's President (see Note 17.3).

12. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2019	2018
Trade payables	5	P 20,508,486	P 13,456,079
Accrued expenses	11	13,663,859	8,893,090
Withholding taxes payable		33,811	32,653
		P 34,206,156	P 22,381,822

Trade payables include the obligations to various sellers for the acquisition of the parcels of land in prior years necessary for the expansion of the Company's operations (see Note 6).

13. COSTS AND OPERATING EXPENSES BY NATURE

Details of costs and operating expenses by nature are shown below.

	Notes	2019	2018
Depreciation	6	P 82,281,969	P 82,246,858
Taxes and licenses	23(f)	19,231,604	15,206,474
Repairs and maintenance		16,062,401	13,550,855
Professional fees		4,765,911	14,286,485
Insurance		2,814,754	2,613,919
Representation		2,373,978	109,850
Communication, light and water		1,772,003	1,721,543
Miscellaneous	17.2	10,522,414	4,852,972
		P 139,825,034	P 134,588,956

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

	2019	2018
Cost of electricity sold	P 97,430,338	P 95,015,956
Other operating expenses	42,394,696	39,573,000
	P 139,825,034	P 134,588,956

Details of cost of electricity sold in 2019 and 2018 are as follows:

	Note	2019	2018
Depreciation	6	P 81,104,514	P 81,086,644
Repairs and maintenance		16,062,401	13,550,855
Miscellaneous		263,423	378,457
		P 97,430,338	P 95,015,956

14. EQUITY

14.1 Capital Stock

The movements in capital stock are shown below:

	Shares		Amount	
	2019	2018	2019	2018
Common shares –				
Authorized:				
Balance at beginning of year	10,000,000	10,000,000	P 1,000,000,000	P 1,000,000,000
Increase in authorized capital stock	1,990,000,000	-	1,000,000,000	-
Balance at end of year	2,000,000,000	10,000,000	P 2,000,000,000	P 1,000,000,000
Issued and Outstanding:				
Balance at beginning of year	750,000,000	5,500,000	P 750,000,000	P 550,000,000
Issuance during the year	-	2,000,000	-	200,000,000
Balance at end of year	750,000,000	7,500,000	750,000,000	750,000,000
Subscribed:				
Balance at beginning of year	-	-	-	-
Subscription during the year	250,000,000	-	250,000,000	-
Balance at end of year	250,000,000	-	250,000,000	-
Subscriptions receivable:				
Balance at beginning of year			-	-
Subscription during the year			(250,000,000)	-
Application of deposit for future stock subscription			62,500,000	-
Balance at end of year			(187,500,000)	-
			P 812,500,000	P 750,000,000

In 2018, the BOD and stockholders approved the resolution for the application of the increase in the authorized capital stock of the Company from P1.0 billion, divided into 10.0 million common shares with a par value of P100 per share, to P2.0 billion, divided into 2.0 billion common shares with a par value of P1 per share. The application for the increase in authorized capital stock was filed with the SEC in January 2019 and was subsequently approved in August 2019. Accordingly, the P62.5 million deposit for future stock subscription received in 2018 was applied against the subscriptions receivable arising from the newly approved authorized capital stock.

In October 2018, the Company received P200.0 million from one of its stockholders, representing additional subscription of 2,000,000 common shares, at a par value of P100 per share.

As of December 31, 2019 and 2018, the Company has two stockholders owning 100 or more shares each of the Company's capital stock.

14.2 Retained Earnings

On May 10, 2019, the Company's BOD approved the declaration of cash dividends of P10.0 per share, equivalent to P75.0 million, payable to stockholders of record as at May 10, 2019. These dividends were fully paid as of December 31, 2019.

On October 12, 2018, the Company's BOD approved the declaration of cash dividends of P32.0 per share, equivalent to P240.0 million, payable to stockholders of record as at October 10, 2018. These dividends were fully paid as of December 31, 2018.

15. TAXES

15.1 Current and Deferred Taxes

The components of tax expense (income) reported in the statements of comprehensive income are as follows for the years ended December 31:

	2019	2018
Final tax at 20% and 15%	P 153,770	P 102,764
Deferred tax expense (income) relating to origination and reversal of temporary differences	(461,708)	461,708
	(P 307,938)	P 564,472

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss follows.

	2019	2018
Tax on pretax profit at 30%	P 27,505,789	P 37,618,773
Adjustment for income subjected to lower tax rates	(77,310)	(51,421)
Tax effects of:		
Net profit subject to ITH	(27,412,739)	(38,206,145)
Non-taxable income	(559,491)	(679,359)
Non-deductible expenses	235,813	1,882,624
	(P 307,938)	P 564,472

The deferred tax liability recognized as of December 31, 2018 amounting to P0.5 million only pertains to the net unrealized foreign exchange gains and losses from the financial asset at FVTPL.

In 2019 and 2018, the Company opted to claim itemized deductions in computing for its income tax due.

15.2 Income Tax Holiday and Exemption

The Company is governed by the Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9513, otherwise known as the "*Renewable Energy Act of 2008*". R.A. No. 9513 states that, for seven years starting from the date of recognition or accreditation provided under Section 18 of the same act, RE manufacturer, fabricator and supplier of RE equipment shall be fully exempt from income taxes levied by the National Government on net income derived from the sale of RE equipment, machinery, parts and services. Subsequent to the ITH period, the Company will be subjected to 10% renewable energy corporate income tax rate.

16. CERTIFICATE OF COMPLIANCE (COC) WITH REPUBLIC ACT NO. 9136

On June 8, 2001, the Philippine Congress approved R.A. No. 9136, *Electric Power Industry Reform Act of 2001*, providing for restructuring of the electric power industry.

The Company's application for COC on the Company's Solar Power Plant Phase 1 and Phase 2 was approved by the Energy Regulatory Commission on April 6, 2015 and February 29, 2016, respectively.

17. RELATED PARTY TRANSACTIONS

The Company's transactions with its parent company, other stockholder, related party under common ownership, and the Company's key management, as of and for the years ended December 31, 2019 and 2018 are as follows:

Related Party Category	Notes	2019 Amount of Transaction	2019 Outstanding Balance	2018 Amount of Transaction	2018 Outstanding Balance
Parent Company –					
Cash advances granted	17.1	(P 3,000,700)	P 217,482	P 3,218,182	P 3,218,182
Deposit for future stock subscription	14	-	-	62,500,00	(62,500,000)
Stockholders –					
Cash advances granted	17.1	-	10,000,000	10,000,000	10,000,000
Cash advances obtained	17.2	1,463,929	(4,804,500)	(1,347,581)	(3,540,571)
Related Parties Under Common Ownership:					
Cash advances granted	17.1	(203,320)	-	203,320	203,320

17.1 Advances to Parent Company, Other Stockholder and a Related Party

In the normal course of business, the Company provides short-term, unsecured, noninterest-bearing cash advances to its parent company, other stockholder and a related party under common ownership, for working capital and other purposes. These advances are generally receivable in cash upon demand. Outstanding balance of these advances are presented as Advances to Related Parties in the statements of financial position.

These advances were subject to credit risk. Based on the evaluation of management, the impairment loss required to be recognized from these advances in 2019 and 2018 is not material to the financial statements.

17.2 Advances from Stockholders

In the normal course of business, the Company obtains short-term, unsecured, noninterest-bearing cash advances from its stockholders for working capital purposes. These advances are generally payable in cash within 12 months; hence, management considers the carrying amount to be a reasonable approximation of their fair values. Also, these advances include management fees for the manpower rendered by a stockholder to the Company, and are presented as part of Miscellaneous account under Other Operating Expenses in the statements of comprehensive income (see Note 13).

The movements in the balance of Advances from Stockholders account are presented in Note 20.

17.3 Corporate Guarantors of the Interest-bearing Loans and Borrowings

In prior years, the Company acquired certain interest-bearing loans and borrowings from a local bank, which was guaranteed by the parent company, the other major stockholder, a related party under common ownership, and the Company's president. As of December 31, 2019 and 2018, the outstanding balance of these loans amounted to P0.9 billion and P1.1 billion, respectively (see Note 11). The movements of these loans are presented in Note 20.

17.4 Key Management Personnel Compensation

Key management personnel compensation was shouldered by a stockholder in 2019 and 2018.

18. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the accompanying financial statements. As at December 31, 2019 and 2018, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Company's financial statements.

19. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders. The Company monitors capital on the basis of the carrying amount of liabilities and equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2019	2018
Total liabilities	P 985,828,837	P 1,160,956,829
Total equity	954,496,399	875,002,498
Debt-to-equity ratio	1.03 : 1.00	1.33 : 1.00

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, collect its receivables or sell assets to reduce debt.

As at December 31, 2019 and 2018, the Company is not subject to any externally imposed capital requirement.

20. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (see Note 11)	Advances from Stockholders (see Note 17)	Deposit from Future Subscription (see Note 14)	Accrued Interest Payable (see Notes 11 and 12)	Total
Balance at January 1, 2019	P 1,072,272,728	P 3,340,571	P 62,500,000	P 8,672,198	P 1,146,785,497
Cash flows from financing activities:					
Repayment of borrowings	(125,454,547)	-	-	-	(125,454,547)
Additions to advances from stockholders	-	1,463,929	-	-	1,463,929
Payment of interest	-	-	-	(60,860,469)	(60,860,469)
Non-cash financing activities -					
Application to capital stock subscription	-	-	(62,500,000)	-	(62,500,000)
Accrual of interest	-	-	-	65,316,914	65,316,914
Balance at December 31, 2019	P 946,818,181	P 4,804,500	P -	P 13,128,643	P 964,751,324
Balance at January 1, 2018	P 1,197,727,273	P 1,992,990	P -	P 8,672,198	P 1,208,392,461
Cash flows from financing activities:					
Repayment of borrowings	(125,454,545)	-	-	-	(125,454,545)
Additions to advances from stockholders	-	4,382,581	-	-	4,382,581
Repayments of advances from stockholders	-	(3,035,000)	-	-	(3,035,000)
Proceeds from deposit for future stock subscription	-	-	62,500,000	-	62,500,000
Payment of interest	-	-	-	(39,258,537)	(39,258,537)
Non-cash financing activities -					
Accrual of interest	-	-	-	39,258,537	39,258,537
Balance at December 31, 2018	P 1,072,272,728	P 3,340,571	P 62,500,000	P 8,672,198	P 1,146,785,497

21. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION

R.A. No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (the Revised Corporation Code) took effect on March 8, 2019. The new provisions of the Revised Corporation Code or any amendments thereof have no significant impact to the Company's financial statements.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

In December 2019, a novel strain of corona virus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared the outbreak as a 'public health emergency of international concern.' COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of enhanced quarantine and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. This resulted in a wide-ranging business suspension – disrupting the supply chains, affecting production and sales across a range of industries, and weakening the stock market.

The Company believes that the result of this event will not have a significant impact on the Company's operations as the sale of electricity, being a commodity, will continue despite the pandemic. Moreover, its operations employ a limited number of employees that are allowed by the government to perform their work despite the quarantine restrictions. On the other hand, management believes that the collection of the receivables in 2020 will become slower since the counterparty is a government agency and the Philippine Government currently focuses on spending that are related to addressing the effect of the pandemic. The same may impact its loan repayments and financing requirements. As of the date of the approval of the financial statements, the impact of the said event to the Company's operations and ultimately, in its financial statements is not yet quantifiable. Management will continue to evaluate the impact of the outbreak to the Company's business and to its financial condition and performance.

Management has determined that these events are non-adjusting subsequent events. Accordingly, their impact was not reflected in the Company's financial statements as of and for the year ended December 31, 2019.

23. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Following is the supplementary information which is required by the BIR under Revenue Regulation (RR) 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

The Company is subject to zero-rated sales on its sale of generated power from renewable sources of energy pursuant to Section 15 (G) of R.A. No. 9513. The tax base amounting to P315,317,426 is the Company's gross receipts during the year, which is different from the amount of revenues recognized in the 2019 statement of comprehensive income.

(b) Input VAT

The movement in Input VAT in 2019 are summarized below.

Balance at beginning of year	P	1,057,581
Purchase of services		741,596
Balance at end of year	**P**	**1,799,177**

Outstanding balance of deferred input VAT as of December 31, 2019 amounting to P248,926 is presented as Deferred input VAT under Prepayments and Other Current Assets in the 2019 statement of financial position (see Note 10).

(c) Taxes on Importation

The Company did not have any transaction that is subject to taxes on importation in 2019.

(d) Excise Tax

The Company did not have any transaction that is subject to excise tax in 2019.

(e) Documentary Stamp Tax

The Company incurred documentary stamp tax in 2019 amounting to P2.5 million relative to stock subscriptions during the year [see Note 23(f)].

(f) Taxes and Licenses

Details of taxes and licenses, presented as part of Other Operating Expenses in the 2019 statement of comprehensive income, are shown below.

	Notes	
Real property taxes	23(e)	P 12,909,823
Documentary stamp tax		2,500,000
Municipal licenses and permits		1,693,137
Annual registration fee		34,000
Miscellaneous		2,094,644
	13	P 19,231,604

(g) Withholding Taxes

The Company remitted expanded withholding taxes amounting to P307,770 in 2019. The Company did not have any income payments subject to withholding tax on compensation and final withholding tax in 2019.

(h) Deficiency Tax Assessments and Tax Cases

As of December 31, 2019, the Company does not have any deficiency tax assessments from the BIR nor does it have tax cases outstanding nor pending in courts or bodies of the BIR in any of the open taxable years.

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Raslag Corp.

December 31, 2020 and 2019

P&A Grant Thornton

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

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Report of Independent Auditors

The Board of Directors
Raslag Corp.
(A Subsidiary of JTEN Equities, Inc.)
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Raslag Corp. (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of Matters

We draw attention to Note 1 to the financial statements, which describes management's assessment of the continuing impact on the Company's financial statements of the business disruption brought by the COVID-19 pandemic.

We also draw attention to Note 2 to the financial statements which discusses that the financial statements have been revised and reissued to amend and to include additional adjustments in 2020. This report supersedes our audit report on the previously issued financial statements dated April 8, 2021.

Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2020 required by the Bureau of Internal Revenue as disclosed in Note 24 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8533237, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

November 25, 2021

Supplemental Statement of Independent Auditors

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The Board of Directors
Raslag Corp.
(A Subsidiary of JTEN Equities, Inc.)
1905 Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Pasig City

We have audited the financial statements of Raslag Corp. (the Company) for the year ended December 31, 2020, on which we have rendered the attached report dated November 25, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two stockholders owning 100 or more shares each of the Company's capital stock as of December 31, 2020, as disclosed in Note 15 to the financial statements.

We also draw attention to Note 2 to the financial statements which discusses that the f inancial statements have been revised and reissued to amend and to include additional adjustments in 2020.

This report supersedes our audit report on the previously issued financial statements dated April 8, 2021.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

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November 25, 2021

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
A S S E T S			
NON-CURRENT ASSETS			
Property, plant and equipment - net	6	**P 1,730,058,929**	P 1,781,620,345
Trade and other receivables	9	**106,555,703**	-
Total Non-current Assets		**1,836,614,632**	1,781,620,345
CURRENT ASSETS			
Cash and cash equivalents	8	**290,410,602**	43,878,367
Trade and other receivables	9	**51,485,114**	51,085,372
Financial assets at fair value through profit or loss	7	**34,775,590**	36,489,491
Advances to related parties	19	**-**	10,217,482
Prepayments and other current assets	10	**19,135,873**	17,034,179
Total Current Assets		**395,807,179**	158,704,891
TOTAL ASSETS		**P 2,232,421,811**	P 1,940,325,236
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	**P 695,909,091**	P 821,363,636
Deferred tax liability	17	**10,959,048**	-
Total Non-current Liabilities		**706,868,139**	821,363,636
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	**125,454,545**	125,454,545
Trade and other payables	12	**29,300,110**	34,206,156
Advances from stockholders	19	**100,000,000**	4,804,500
Total Current Liabilities		**254,754,655**	164,465,201
Total Liabilities		**961,622,794**	985,828,837
EQUITY	15		
Capital stock		**1,000,000,000**	812,500,000
Retained earnings		**270,799,017**	141,996,399
Total Equity		**1,270,799,017**	954,496,399
TOTAL LIABILITIES AND EQUITY		**P 2,232,421,811**	P 1,940,325,236

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
SALE OF ELECTRICITY	2, 13	**P 395,881,509**	P 284,305,500
COST OF ELECTRICITY SOLD	14	**(100,306,839)**	(97,430,338)
GROSS PROFIT		**295,574,670**	186,875,162
OTHER OPERATING EXPENSES	14	**(45,143,884)**	(42,394,696)
OTHER OPERATING INCOME	9	**35,812**	9,645,861
OPERATING PROFIT		**250,466,598**	154,126,327
FINANCE COSTS	7, 8, 11	**(62,834,233)**	(66,920,291)
FINANCE INCOME	7, 8, 10	**2,190,734**	4,479,927
PROFIT BEFORE TAX		**189,823,099**	91,685,963
TAX INCOME (EXPENSE)	17	**(11,020,481)**	307,938
NET PROFIT		**178,802,618**	91,993,901
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**P 178,802,618**	P 91,993,901
EARNINGS PER SHARE	16		
Basic and diluted		**P 0.20**	P 0.12

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Note	2020	2019
CAPITAL STOCK	15		
Balance at beginning of year		**P 812,500,000**	P 750,000,000
Issuance during the year		**187,500,000**	-
Application of deposit for future stock subscription		**-**	62,500,000
Balance at end of year		**1,000,000,000**	812,500,000
RETAINED EARNINGS	15		
Balance at beginning of year		**141,996,399**	125,002,498
Net profit for the year		**178,802,618**	91,993,901
Cash dividends		**(50,000,000)**	(75,000,000)
Balance at end of year		**270,799,017**	141,996,399
TOTAL EQUITY		**P 1,270,799,017**	P 954,496,399

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 189,823,099	P 91,685,963
Adjustments for:			
Depreciation	6	82,774,194	82,281,969
Interest expense	11	47,059,875	65,316,914
Unrealized foreign currency losses	7	1,947,294	1,603,377
Interest income from financial assets at fair value through profit or loss (FVTPL)	7	(1,607,362)	(1,864,970)
Fair value gains on financial assets at FVTPL	7	(233,393)	(1,844,689)
Interest income from cash in banks	8	(190,328)	(232,133)
Interest income from short-term investments	8, 10	(159,650)	(538,135)
Operating profit before working capital changes		319,413,729	236,408,296
Decrease (increase) in trade and other receivables		(106,955,445)	25,449,913
Decrease in advances to related parties		10,217,482	3,204,020
Increase in prepayments and other current assets		(2,101,694)	(1,677,302)
Increase in trade and other payables		11,791,343	7,367,889
Cash generated from operations		232,365,415	270,752,816
Interest received		1,957,341	2,635,238
Cash paid for final tax	17	(61,434)	(153,770)
Net Cash From Operating Activities		234,261,322	273,234,284
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	6	(42,849,908)	(60,275,819)
Proceeds from redemption of short-term investments	10	-	10,000,000
Net Cash Used in Investing Activities		(42,849,908)	(50,275,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from collection of subscription receivable	15	187,500,000	-
Repayments of interest-bearing loans and borrowings	11, 22	(125,454,545)	(125,454,547)
Advances from stockholders	19, 22	100,000,000	1,463,929
Interest paid	11, 22	(52,120,134)	(60,860,469)
Cash dividends paid	15	(50,000,000)	(75,000,000)
Repayments of advances from stockholders	19, 22	(4,804,500)	-
Net Cash From (Used in) Financing Activities		55,120,821	(259,851,087)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		246,532,235	(36,892,622)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		43,878,367	80,770,989
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 290,410,602	P 43,878,367

Supplemental Information on Non-cash Investing and Financing Activities:

In 2019, the deposit for future stock subscription received in 2018 was applied against the Company's subscription receivable following the approval by the Philippine Securities and Exchange Commission of the Company's application for increase in authorized capital stock (see Note 15).

In prior years, the Company acquired certain parcels of land on account which was fully paid in 2020 (see Notes 6 and 12).

See Notes to Financial Statements.

RASLAG CORP.
(A Subsidiary of JTEN Equities, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Raslag Corp. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on April 30, 2013. The Company's primary purpose is to engage, develop, construct, own, and operate power production facilities; sell the power capacity and energy produced either in bulk, wholesale or retail; and, to construct, own, operate and maintain related substation, switchyard, transmission, sub-transmission and metering facilities to connect the power production facility to the transmission grid or distribution system. On October 22, 2013, the SEC approved the amendment of the Company's primary purpose to include the exploration, development or utilization of Renewable Energy (RE) resources, actual operation of RE system and facilities and/or the generation of electricity from RE resources. It is presently engaged in selling electricity from RE resources.

The Company is a 75% owned subsidiary of JTEN Equities, Inc. (JTEN or parent company). JTEN is a domestic financial holding company incorporated and domiciled in the Philippines and is primarily engaged in the business of holding equity securities.

The registered office of the Company and JTEN is both located at 1905 Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Pasig City. The power generating plant and related facilities of the Company are located at Brgy. Suclaban, Mexico, Pampanga.

1.2 Impact of Coronavirus (COVID-19) Pandemic on the Company's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Company's business operations.

The following are the impact of the COVID-19 pandemic to the Company's business:

- temporary suspension of the on-going construction of Raslag III Project;
- temporary closure of Manila office from March 18, 2020 to April 30, 2020; and,
- incurrence of additional administrative expenses to ensure health and safety of its employees such as the frequent disinfection of facilities and transportation provided to its employees.

The Company have implemented strict measures, followed government-mandated protocols, and activated business continuity initiatives for its operations (i.e., implemented flexible working arrangements, ensured availability of line personnel, provided employee assistance, shifted to online meetings, etc.) to mitigate the risk involved and alleviate the impact of COVID-19 on the health of the employees and the Company's operations.

The management projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

1.3 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2020 (including the comparative financial statements as of and for the year ended December 31, 2019) were authorized for issue by the Company's Board of Directors (BOD) on November 25, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

(d) Revision and Reissuance of Previously Issued Financial Statements

The previously issued financial statements of the Company as of and for the years ended December 31, 2020 and 2019 dated April 8, 2021 have been withdrawn and are replaced by these financial statements. The revision was necessary to amend the balances due to the recognition of additional revenues, receivables, deferred tax liabilities and deferred tax expense in 2020 arising from Energy Regulatory Commission (ERC) Resolution No. 6, Series of 2020, *A Resolution Approving the Adjustment to the Feed-in Tarriff (FIT)* (the Resolution) - *effective in December 2020* [see Notes 3.1(f) 9, 13 and 17.1]. In addition, management provided additional information on Sale of Electricity, Earnings Per Share and Book Value Per Share in Notes 13 and 16, respectively.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the Company

The Company adopted for the first time the following revisions and amendments to existing framework and amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Company's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements*, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform.* The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective in 2020 that are not Relevant to the Company

Among the amendments to existing standards which are mandatorily effective for annual periods beginning on or after January 1, 2020, only PFRS 3 (Amendments), *Business Combinations – Definition of a Business*, is not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2020 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements which are effective from January 1, 2022, only PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities* is relevant to the Company. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

(iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

2.3 Property, Plant and Equipment

Land held for use in production or administration is stated at cost, less any impairment losses. All other items of property, plant and equipment are carried at acquisition cost or construction cost less subsequent depreciation and impairment losses, if any.

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

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	20 years
Building	20 years
Land improvements	5 years
Office equipment and furniture and fixtures	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

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

An item of property and equipment, including the related accumulated depreciation and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.4 Financial Assets

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

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

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the below and in the succeeding pages.

(i) Financial Assets at Amortized Cost

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

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

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

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (except for advances to officers and employees included therein), and Advances to Related Parties.

Cash and cash equivalents represent cash on hand, unrestricted demand deposits and short-term highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. These generally earn interest based on daily bank deposit rates and are readily available for use in the Company's operations.

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

For purposes of cash flows reporting and presentation cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include unrestricted demand deposits and short-term highly liquid investments readily convertible to know amounts of cash and which are subject to insignificant risk of changes in value. These generally earn interest based on daily bank deposit rates and are readily available for use in the Company's operations.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial asset at amortized costs, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Finance Income.

(ii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as Fair Value Gain (Loss) on FVTPL in the statements of comprehensive income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists. The Company's financial assets at FVTPL include investments in variable universal life insurance policies which are held for trading purposes and designated as at FVTPL. The fair value of this financial assets are determined by reference to active market transactions.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

At the end of the reporting period, the Company assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance, for trade and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company also assesses impairment of trade receivables as they possess shared credit risk characteristics, and have been group based on the days past due.

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

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

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

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

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

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of Financial Assets

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

2.5 Prepayments and Other Assets

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

2.6 Financial Liabilities

Financial liabilities, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (excluding tax-related liabilities included therein) and Advances from Stockholders are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as part of Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. It is initially measured at their fair value and subsequently measured at amortized cost using the effective interest method for maturities beyond one year, less settlement payments. Finance charges are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables and advances from stockholders are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.7 Deposit for Future Stock Subscription

Deposit for future stock subscription represents the amount of money received from the parent company as deposit on the subscription relative to the Company's application for increase in authorized capital stock. Based on the requirements of the SEC, the Company recognizes a deposit for future subscription as part of equity if all of the criteria discussed below are met as at the end of the reporting period:

(a) lack or insufficiency of authorized unissued shares of stock to cover for the deposit;

(b) approval by the Company's BOD and stockholders for the increase in authorized capital stock to cover the shares corresponding to the amount of the deposit; and,

(c) application for the approval of the increase in authorized capital stock has been filed with the SEC.

If any of the foregoing criteria is not met at the end of the reporting period, the deposit for future stock subscription is recognized as a liability.

2.8 Offsetting Financial Instruments

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

2.9 Provisions and Contingencies

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation.

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

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.10 Revenue and Expense Recognition

Revenue arises mainly from the sale of renewable electricity.

To determine whether to recognize revenue, the Company follows a five-step process:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised service to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company often enters into transactions involving the generation and transmission of renewable energy to the National Transmission Corporation (TransCo). Also, the Company earns interest from the uncollected receivables that are already past due which are recognized as Other Operating Income in the statement of comprehensive income.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(a):

(a) *Sale of electricity* – revenue from sale of electricity using solar power is based on the applicable FIT rate as approved by ERC. Revenue from sale of electricity is recognized over time based on the actual energy delivered to TransCo that is completed over time (i.e., end of each month).

(b) *Interest income from operations* – revenue from interest runs from the time that the uncollected receivables becomes past due up to the date of its payment, which is covered under PFRS 9.

Costs and expenses are recognized in profit or loss upon utilization of goods and services or at the date they are incurred. Finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.14).

2.11 Impairment of Non-financial Assets

The Company's property, plant and equipment and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

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

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

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

2.12 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.13 Income Taxes

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

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

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

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

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

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or deferred tax liabilities that relate to items recognized in other comprehensive income or directly to equity are recognized in other comprehensive income or directly to equity, respectively.

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

2.14 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.15 Related Party Transactions and Relationships

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

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

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

2.16 Equity

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

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amount of dividends declared.

2.17 Earnings Per Share and Book Value Per Share

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

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

Book value per share is determined by dividing the Company's net assets (i.e., total assets less total liabilities) by the total number of outstanding common shares.

2.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided by the Company's BOD; its chief operating decision-maker. The Company's BOD is responsible for assessing performance of the operating segments.

As of the end of the reporting periods, the Company has only one operating segment as disclosed in Note 13.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

2.19 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

(a) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenues from renewable energy generation services shall recognized over time. The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date to TransCo i.e., generally when the customers have acknowledged the Company's right to invoice.

(b) Determination of ECL on Trade Receivables and Advances to Related Parties

Management assessed that there's no need to establish allowance for expected credit losses on its trade receivables and advances to related parties, since these are expected to be collected in full, which is based on the Company's historical experience, current conditions and forecasted collectability of these financial assets based on the liquidity of the counterparties. Details about the ECL on the Company's trade receivables and advances to stockholders and a related party are disclosed in Notes 4.2, 9 and 19.1.

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

(d) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classificaion of financial assets, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

(e) *Distinction Among Investment Properties and Owner-occupied Properties*

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. The Company considers the land as an owner-occupied property; hence, classified under property, plant and equipment (see Note 6).

(f) Determination of Transaction Price from Sale of Electricity

The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Company recognized additional revenue and receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021 generation billing. Currently, there's a moratorium on interest on the delayed payments. It is expected that the adjusted FIT rates applicable for 2021 will also be collected in arrears in accordance with the approval of the ERC.

The Company determined the present value of the FIT rate increment through discounted cash flow model using BVAL risk-free interest rates of five-year tenor for government securities that are denominated in Philippine peso currency, being the rate that the Company would receive in a similar economic environment with similar terms, security and conditions. The valuation technique is validated and periodically reviewed by qualified personnel independent of the area that created them.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.9 and disclosures on relevant provisions and contingencies are presented in Note 20.

3.2 Key Sources of Estimation Uncertainty

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

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2.

As of December 31, 2020 and 2019, management has not recognized any expected credit losses on its financial assets since management has deemed that its financial assets are fully collectible based on historical experience and expected collection (see Notes 9 and 19.1).

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

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amounts of property and equipment are analyzed in Note 6. Based on management's assessment as of December 31, 2020 and 2019, there is no change in the useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No provision for impairment losses on property, plant and equipment and other non-financial assets is necessary based on management's evaluation as at the end of the reporting periods.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks which result from its operating, investing and financing activities. The Company's BOD focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The most relevant financial risks to which the Company is exposed to are described in the succeeding pages.

4.1 Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's cash and cash equivalents and financial assets at fair value through profit or loss, which are denominated in United States (U.S.) dollars. As of December 31, 2020 and 2019, the Company's foreign currency denominated financial assets translated into Philippine pesos at the closing rate amounted to P282.4 million and P40.6 million, respectively.

At December 31, 2020 and 2019, the sensitivity of the net result for the year which assumes a +/- 8.07% and +/-13.78% changes in Philippine peso against U.S dollar exchange rate, respectively, were estimated based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months estimated at 99% level of confidence.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored. If the Philippines peso had strengthened against the U.S. dollar, profit before tax would have decreased by P22.8 million and P5.6 million, respectively, in 2020 and 2019. On the other hand, if the Philippine peso had weakened against the U.S. dollar, then this would have increased profit before tax by the same amount.

The sensitivity analysis is based on the Company’s foreign currency financial asset held at December 31, 2020 and 2019. Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Company’s currency risk.

4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting of receivables, advances to stockholders and related party, and placing deposits with banks.

The Company continuously monitors defaults of the counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company’s policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position, as summarized below.

	Notes	**2020**	2019
Cash and cash equivalents	8	**P 290,370,602**	P 43,838,367
Trade and other receivables	9	**158,040,817**	46,363,172
Advances to related parties	19.1	**-**	10,217,482
		P 448,411,419	P 100,419,021

None of the Company’s financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described in the succeeding page.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents are considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term investment which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade Receivables and Advances to Related Parties

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables. In respect of these receivables, the Company is significantly exposed to a single party as the Company's trade receivables and revenues are concentrated solely with TransCo. Nevertheless, management does not consider the risks to be probable since the counterparty is a government agency, which has an allotted budget from the national government. Moreover, based on the historical information about government agency default rates, management considers the credit quality of other receivables to be good and has concluded that there is no need for provision for expected credit loss for the year since these are all collected within a reasonable time.

With respect to advances to related parties, management does not consider the risks to be probable since the counterparties are stockholders and a related party under common ownership. Moreover, based on the historical information about the default rates and liquidity of these counterparties, probable losses are identified to be negligible.

4.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. The Company adopts a prudent liquidity risk management where it maintains sufficient cash to meet maturing obligations such as interest-bearing loans and borrowings and trade and other payables (except tax-related liabilities) as they fall due. This policy aims to honor all cash requirements on an ongoing basis and to avoid raising funds above market rates or through forced sale of assets.

As of December 31, 2020, the Company's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Beyond 5 Years
Interest-bearing loans and borrowings	P 68,146,949	P 69,734,122	P 513,196,762	P 215,112,702
Trade payables and other payables	29,259,319	-	-	-
Advances from stockholders	100,000,000	-	-	-
	P 197,406,268	P 69,734,122	P 513,196,762	P 215,112,702

These compare to the maturities of the Company's financial liabilities as of December 31, 2019 as follows:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Beyond 5 Years
Interest-bearing loans and borrowings	P 71,787,049	P 71,101,494	P 544,105,853	P 324,316,314
Trade payables and other payables	34,172,345	-	-	-
Advances from stockholders	4,804,500	-	-	-
	P 110,763,894	P 71,101,494	P 544,105,853	P 324,316,314

The contractual maturities presented in the foregoing tables reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods presented.

4.4 Operational Risk

Operational risks refer to the risk of loss of the Company that may incur from unexpected interruptions of operations, inability to deliver services and possible loss of key suppliers and sole customer. The Company is continually devising strategies to ensure uninterrupted operations to minimize cost and remain competitive in its business.

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

5.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The Company's financial assets at FVTPL are measured at fair value in the statements of financial position on a recurring basis as of December 31, 2020 and 2019. For the Company's other financial assets and financial liabilities as at December 31, 2020 and 2019 that are carried at amortized cost, management determined that their carrying amounts are equal to or approximate their fair values. Accordingly, no further comparison between the carrying amounts and fair values, as well as fair value hierarchy, is presented. The Company's cash and cash equivalents would fall under Level 1, the financial assets at FVTPL under Level 2 and all the rest are at Level 3 of the hierarchy.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company's financial asset at FVTPL pertains to investments in variable universal life insurance policies. The fair values of these assets are derived using the net asset value per unit of the funds (computing by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period) published by the respective parties managing these investments.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

See Notes 2.4 and 2.6 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2020 and 2019 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders. The Company has cash in certain local banks with which it has outstanding loans. In case of the Company's default on loan amortization, cash in bank amounting to P44.4 million and P38.5 million in 2020 and 2019, respectively, can be applied against a portion of the outstanding loans as of December 31, 2020 and 2019. There was no other potential offsetting in both years.

6. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts of property, plant and equipment at the beginning and end of 2020 and 2019 are as follows:

	Land	Land Improvements	Office Equipment and Furniture and Fixtures	Machinery and Equipment	Building	Construction in Progress	Total
December 31, 2020							
Cost	P 574,543,768	P 46,013,367	P 1,242,552	P 1,513,465,187	P 19,563,779	P 22,311,544	P 2,177,140,197
Accumulated depreciation	-	(23,648,031)	(970,057)	(416,757,078)	(5,706,102)	-	(447,081,268)
Net carrying amount	**P 574,543,768**	**P 22,365,336**	**P 272,495**	**P 1,096,708,109**	**P 13,857,677**	**P 22,311,544**	**P 1,730,058,929**
December 31, 2019							
Cost	P 568,272,734	P 43,383,167	P 1,242,552	P 1,513,465,187	P 19,563,779	P -	P 2,145,927,419
Accumulated depreciation	-	(19,142,398)	(790,710)	(339,646,052)	(4,727,914)	-	(364,307,074)
Net carrying amount	P 568,272,734	P 24,240,769	P 451,842	P 1,173,819,135	P 14,835,865	P -	P 1,781,620,345
January 1, 2019							
Cost	P 510,134,220	P 43,049,305	P 996,329	P 1,511,907,967	P 19,563,779	P -	P 2,085,651,600
Accumulated depreciation	-	(14,837,467)	(591,444)	(262,846,469)	(3,749,725)	-	(282,025,105)
Net carrying amount	P 510,134,220	P 28,211,838	P 404,885	P 1,249,061,498	P 15,814,054	P -	P 1,803,626,495

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2020 and 2019 is shown below.

	Land	Land Improvements	Office Equipment and Furniture and Fixtures	Machinery and Equipment	Building	Construction in Progress	Total
Balance at January 1, 2020, net of accumulated depreciation	P 568,272,734	P 24,240,769	P 451,842	P 1,173,819,135	P 14,835,865	P -	P1,781,620,345
Additions	6,271,034	2,630,200	-	-	-	22,311,544	31,212,778
Depreciation charges for the year	-	(4,505,633)	(179,347)	(77,111,026)	(978,188)	-	(82,774,194)
Balance at December 31, 2020, net of accumulated depreciation	**P 574,543,768**	**P 22,365,336**	**P 272,495**	**P 1,096,708,109**	**P 13,857,677**	**P 22,311,544**	**P1,730,058,929**
Balance at January 1, 2019, net of accumulated depreciation	P 510,134,220	P 28,211,838	P 404,885	P 1,249,061,498	P 15,814,054	P -	P1,803,626,495
Additions	58,138,514	333,862	246,223	1,557,220	-	-	60,275,819
Depreciation charges for the year	-	(4,304,931)	(199,266)	(76,799,583)	(978,189)	-	(82,281,969)
Balance at December 31, 2019, net of accumulated depreciation	P 568,272,734	P 24,240,769	P 451,842	P 1,173,819,135	P 14,835,865	P -	P1,781,620,345

The amount of depreciation presented in the statements of comprehensive income is allocated as follows (see Note 14):

	2020	2019
Cost of electricity sold	**P 81,400,658**	P 81,104,514
Other operating expenses	**1,373,536**	1,177,455
	P 82,774,194	P 82,281,969

The Company's land and certain machineries and equipment are used as collaterals for certain interest-bearing loans and borrowings (see Note 11).

Construction in progress pertains to the Raslag III Project constructed as part of the Company's expansion. The account is not depreciated until such time that the assets are completed and available for use. The Company's loans pertains to construction of Raslag I and II completed in 2016. There were no new loans yet for the construction of Raslag III, hence no borrowing cost was capitalized as of the years ended.

In prior years, the Company acquired certain parcels of land on account. The outstanding balance arising from these transactions in 2019 which was fully paid in 2020 amounted to P8.8 million and was presented as part of Trade payables under Trade and Other Payables accounts in the 2019 statement of financial position (see Note 12).

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In prior years, the Company acquired certain variable universal life insurance policies costing P40.7 million which are considered quoted securities. The beneficiary of the insurance policies is the Company.

These investments are classified as financial asset at fair value through profit or loss. The fair value of these investments as at December 31 are shown below.

	2020	2019
Balance at beginning of year	**P 36,489,491**	P 36,248,179
Foreign exchange losses	**(1,947,294)**	(1,603,377)
Fair value gains	**233,393**	1,844,689
Balance at end of the year	**P 34,775,590**	P 36,489,491

Foreign exchange losses and fair value gains from these investments were presented as part of Finance Costs and Finance Income, respectively, in the statements of comprehensive income.

Interest earned from these investments amounted to P1.6 million and P1.9 million in 2020 and 2019, respectively, and are presented as part of Finance Income in the statements of comprehensive income.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows as at December 31:

	2020	2019
Cash on hand	**P 40,000**	P 40,000
Cash in banks	**50,061,355**	43,838,367
Short-term placements	**240,309,247**	-
	P 290,410,602	P 43,878,367

Cash in banks generally earn interest at rates based on daily bank deposit rates. Interest income earned on cash in banks amounted to P0.2 million in both years and is presented as part of Finance Income in the statements of comprehensive income.

Short-term placements have maturity period of 90 days and earn effective annual interest of 0.13% per annum in 2020. Interest income earned on short-term placements amounted to P0.2 million in 2020 and is presented as part of Finance Income in the 2020 statement of comprehensive income. The foreign exchange losses on cash and cash equivalents amounted to P13.9 million for the year ended December 31, 2020 and is presented as part of Finance cost in the 2020 statement of comprehensive income. There were no similar transactions in 2019.

9. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2020**	2019
Non-current –			
Receivable from FIT rate adjustment	13, 2.1(d)	**P 106,555,703**	P -
Current:			
Trade receivables		**P 51,185,733**	P 46,339,879
Receivable from FIT rate adjustment	13, 2.1(d)	**269,701**	-
Advances to officers and employees		**-**	4,722,200
Interest receivables		**29,680**	23,393
		P 51,485,114	P 51,085,372

Trade receivables are usually due within 60 days and do not bear any interest. Also, these receivables are assigned for certain interest-bearing loans and borrowings (see Note 11).

Advances to officers and employees represent unsecured, noninterest-bearing cash advances, which are subject to liquidation or collected through salary deduction.

In previous years, the Company has outstanding trade receivables to TransCo that was fully settled in 2019. Income earned from these receivables, pertaining to late payments of billed income from previous years, amounted to P9.6 million in 2019 and was presented as part of Other Operating Income account in the 2019 statement of comprehensive income. There was no similar transaction in 2020.

All of the Company's trade and other receivables are subject to credit risk. Based on the management's assessment of the ECL in 2020 and 2019, the losses were no longer recognized in the financial statements as the losses prove to be negligible [see Note 4.2(b)].

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

The composition of this account is shown below.

	2020	2019
Prepaid expenses	**P 15,607,829**	P 14,986,076
Input value-added tax (VAT)	**3,279,118**	1,799,177
Deferred input VAT	**248,926**	248,926
	P 19,135,873	P 17,034,179

Prepaid expenses mainly include, among others, prepaid local taxes and insurance.

10.2 Short-term Investments

In previous years, the Company has short-term investments that pertain to time deposit acquired with original maturities of more than 90 days amounting to P10.0 million which was fully redeemed in 2019. The interest income amounting to P0.5 million in 2019 was presented as part of Finance Income in the 2019 statement of comprehensive income. There was no similar transaction in 2020.

11. INTEREST-BEARING LOANS AND BORROWINGS

The breakdown of this account follows:

	2020	2019
Non-current	**P 695,909,091**	P 821,363,636
Current	**125,454,545**	125,454,545
	P 821,363,636	P 946,818,181

The Company has an unused credit line of P630.0 million and P353.2 million as of December 31, 2020 and 2019, respectively.

In 2015, the Company has made several drawdowns from the facility totaling to P500.0 million. These are payable on a quarterly basis until 2026. In 2016, the Company has made the final drawdown from the facility totaling P800.0 million, which are also payable on a quarterly basis beginning January 7, 2018 until October 7, 2027. The principal repayments of these loans amounted to P125.5 million in both 2020 and 2019.

The loans are subject to an interest rate of 4.5% and 6.0% per annum in 2020 and 2019, respectively. Interest expense incurred from these loans amounted to P47.1 million and P65.3 million in 2020 and 2019, respectively, and is presented as part of Finance Costs in the statements of comprehensive income. Accrued interest amounted to P8.1 million and P13.1 million as of December 31, 2020 and 2019, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in statements of financial position (see Note 12).

The interest-bearing loans and borrowings are secured by the following:

a. real estate mortgage on various parcels of land located in Brgy. Suclaban, Mexico, Pampanga with a carrying value of P574.5 million and P568.3 million as of December 31, 2020 and 2019, respectively (see Note 6);
b. unregistered chattel mortgage on solar power plant, machinery and equipment with a carrying value of P1.1 billion and P1.2 billion in 2020 and 2019, respectively (see Note 6);
c. stockholders' pledge on the shares of stock to the Company amounting to P550.0 million as of December 31, 2020 and 2019 (see Note 15);
d. assignment of receivables from offtaker and/or distribution utility amounting to P51.2 million and P46.3 million as of December 31, 2020 and 2019, respectively (see Note 9);
e. corporate guaranty of API, Angeles Electric Corporation (AEC) and JTEN (see Note 19.3); and,
f. personal guaranty of the Company's President (see Note 19.3).

The Company is required to maintain a debt-to-equity ratio of not more than 2.5 for the P800.0 million and P500.0 million debt facility. The Company is compliant with the required ratio for December 31, 2020 and 2019. For the P600.0 million debt facility, the Company is required to maintain a 1.2 debt service coverage ratio starting 2022.

12. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2020**	2019
Accrued expenses	11	**P 20,824,302**	P 13,663,859
Trade payables	6	**8,435,017**	20,508,486
Withholding taxes payable		**40,791**	33,811
		P 29,300,110	P 34,206,156

Accrued expenses pertain to the unpaid donation and contribution expenses in relation to the government share for Raslag I and Raslag II.

Trade payables in 2019 include the obligations to various sellers for the acquisition of the parcels of land in prior years necessary for the expansion of the Company's operations. The outstanding balance in 2019 amounting to P8.8 million was fully settled in 2020 (see Note 6).

13. SALE OF ELECTRICITY

The Company's revenues which is recognized overtime comprise of the following:

	2020	2019
RASLAG I	**P 188,782,093**	P 129,527,848
RASLAG II	**207,099,416**	154,777,652
	P 395,881,509	P 284,305,500

The Company has only one reportable segment which pertains to generation of renewable energy.

Further, the Company has only one geographical segment as all of its operations are based in Pampanga.

On May 26, 2020, ERC approved the Resolution, described in Note 2.1(d) wherein the FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index and foreign exchange variations through Discounted Cash Flows Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. The Resolution also states that the incremental FIT rate shall be recovered for a period of five years starting 2021. The resolution was published in a newspaper of general circulation in the country on November 17, 2020 and took effect 15 days after its publication. Accordingly, the Company recognized accrued revenue, net of finance discount, amounting to P106.8 million upon the effectivity of the resolution in December 2020. The accrued revenue is presented as part of Sale of Electricity in the 2020 statement of comprehensive income while the outstanding balance is presented as Receivable from FIT rate adjustment under Trade and Other Receivables in the 2020 statement of financial position (see Note 9).

14. COSTS AND OPERATING EXPENSES BY NATURE

Details of costs and operating expenses by nature are shown below.

	Notes	2020	2019
Depreciation	6	**P 82,774,194**	P 82,281,969
Repairs and maintenance		**18,684,011**	16,062,401
Donation and contributions		**16,178,643**	5,432,972
Taxes and licenses		**15,869,162**	19,231,604
Professional fees		**3,798,323**	4,765,911
Insurance		**2,111,768**	2,814,754
Communication, light and water		**1,726,629**	1,772,003
Representation		**1,423,882**	2,373,978
Miscellaneous	19.2	**2,884,111**	5,089,442
		P 145,450,723	P 139,825,034

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

	2020	2019
Cost of electricity sold	**P 100,306,839**	P 97,430,338
Other operating expenses	**45,143,884**	42,394,696
	P 145,450,723	P 139,825,034

Details of cost of electricity sold are as follows:

	Note	2020	2019
Depreciation	6	**P 81,400,658**	P 81,104,514
Repairs and maintenance		**18,684,011**	16,062,401
Miscellaneous		**222,170**	263,423
		P 100,306,839	P 97,430,338

15. EQUITY

15.1 Capital Stock

The movements in capital stock are shown below

	Shares		Amount	
	2020	2019	**2020**	2019
Common shares –				
Authorized:				
Balance at beginning of year	**2,000,000,000**	10,000,000	**P2,000,000,000**	P 1,000,000,000
Increase in authorized capital stock	**-**	1,990,000,000	**-**	1,000,000,000
Balance at end of year	**2,000,000,000**	2,000,000,000	**P2,000,000,000**	P2,000,000,000

	Shares		Amount	
	2020	2019	**2020**	2019
Issued and Outstanding –	**750,000,000**	750,000,000	**P 750,000,000**	P 750,000,000
Subscribed:				
Balance at beginning of year	**250,000,000**	-	**250,000,000**	-
Subscription during the year	**-**	250,000,000	**-**	250,000,000
Balance at end of year	**250,000,000**	250,000,000	**250,000,000**	250,000,000
Subscriptions receivable:				
Balance at beginning of year			**(187,500,000)**	-
Collections during the year			**187,500,000**	-
Application of deposit for future stock subscription			**-**	62,500,000
Subscription during the year			**-**	(250,000,000)
Balance at end of year			**-**	(187,500,000)
			P1,000,000,000	P 812,500,000

In 2018, the BOD and stockholders approved the resolution for the application of the increase in the authorized capital stock of the Company from P1.0 billion, divided into 10.0 million common shares with a par value of P100 per share, to P2.0 billion, divided into 2.0 billion common shares with a par value of P1 per share. The application for the increase in authorized capital stock was filed with the SEC in January 2019 and was subsequently approved in August 2019. Accordingly, the P62.5 million deposit for future stock subscription received in 2018 was applied against the subscriptions receivable arising from the approved authorized capital stock.

In 2020, the Company received the remaining P187.5 million as payment for the unpaid subscription.

The Company's shares of stock were pledged for certain interest-bearing loans and borrowings (see Note 11).

As of December 31, 2020 and 2019, the Company has two stockholders owning 100 or more shares each of the Company's capital stock.

15.2 Retained Earnings

On September 25, 2020, the Company's BOD approved the declaration of cash dividends of P0.05 per share, equivalent to P50.0 million, payable to stockholders of record as at September 25, 2020. These dividends were fully paid as of December 31, 2020.

On May 10, 2019, the Company's BOD approved the declaration of cash dividends of P10.0 per share, equivalent to P75.0 million, payable to stockholders of record as at May 10, 2019. These dividends were fully paid as of December 31, 2019.

16. EARNINGS PER SHARE AND BOOK VALUE PER SHARE

Earnings per share were computed as follows:

	2020	2019
Net profit for the year	**P 178,802,618**	P 91,993,901
Divided by the weighted average number of outstanding common shares	**892,625,000**	750,000,000
	P 0.20	P 0.12

Book value per share as of December 31, 2020 and 2019 were computed as follows:

	2020	2019
Total equity	**P1,270,799,017**	P 954,496,399
Divided by total outstanding common shares	**1,000,000,000**	750,000,000
Book value per share	**P 1.27**	P 1.27

17. TAXES

17.1 Current and Deferred Taxes

The components of tax expense (income) reported in the statements of comprehensive income are as follows for the years ended December 31:

	2020	2019
Final tax at 20% and 15%	**P 61,433**	P 153,770
Deferred tax expense (income) relating to origination and reversal of temporary differences	**10,959,048**	(461,708)
	P 11,020,481	(P 307,938)

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	2020	2019
Tax on pretax profit at 30%	**P 56,946,930**	P 27,505,789
Adjustment for income subjected to lower tax rates	**(21,961,657)**	(77,310)
Tax effects of:		
Net profit subject to ITH	**(28,607,035)**	(27,412,739)
Non-deductible expenses	**5,194,470**	235,813
Non-taxable income	**(552,227)**	(559,491)
Tax expense (income)	**P 11,020,481**	(P 307,938)

The deferred tax expense recognized in 2020 pertains to the accrual of the long-term receivable related to the resolution [see Note 2.1(d)]. The deferred tax income recognized in the 2019 statement of comprehensive income pertains to the reversal of unrealized foreign exchange loss from financial assets in prior year.

In 2020 and 2019, the Company opted to claim itemized deductions in computing for its income tax due.

17.2 Income Tax Holiday and Exemption

The Company is governed by the Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9513, otherwise known as the "*Renewable Energy Act of 2008*". R.A. No. 9513 states that, for seven years starting from the date of recognition or accreditation provided under Section 18 of the same act, RE manufacturer, fabricator and supplier of RE equipment shall be fully exempt from income taxes levied by the National Government on net income derived from the sale of RE equipment, machinery, parts and services. Raslag I, which started commercial operations on February 6, 2015, will be fully exempt until February 5, 2022, while Raslag II, which started its operations on December 22, 2015, will be fully exempt until December 21, 2022. Subsequent to the ITH period, the Company will be subjected to 10% renewable energy corporate income tax rate.

18. CERTIFICATE OF COMPLIANCE (COC) WITH REPUBLIC ACT NO. 9136

On June 8, 2001, the Philippine Congress approved R.A. No. 9136, *Electric Power Industry Reform Act of 2001*, providing for restructuring of the electric power industry.

The Company's application for COC on the Company's Solar Power Plant Phase 1 and Phase 2 was approved by the Energy Regulatory Commission on April 6, 2015 and February 29, 2016, respectively.

19. RELATED PARTY TRANSACTIONS

The Company's transactions with its parent company, other stockholder, related party under common ownership, and the Company's key management, as of and for the years ended December 31, 2020 and 2019 are as follows:

		2020		2019	
Related Party Category	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Parent Company –					
Cash advances granted	19.1	**(P 217,482)**	**P -**	(P 3,000,700)	P 217,482
Stockholders:					
Cash advances granted	19.1	**(10,000,000)**	**-**	-	10,000,000
Cash advances obtained	19.2	**95,195,500**	**(100,000,000)**	1,463,929	(4,804,500)
Related Parties Under Common Ownership –					
Cash advances granted	19.1	**-**	**-**	(203,320)	-

19.1 Advances to Parent Company, Other Stockholder and a Related Party Under Common Ownership

In the normal course of business, the Company provides short-term, unsecured, noninterest-bearing cash advances to its parent company, other stockholder and a related party under common ownership, for working capital and other purposes. These advances are generally receivable in cash upon demand. The outstanding balance of these advances as of December 31, 2019, which was fully settled in 2020, was presented as Advances from Related Parties in the 2019 statement of financial position.

These advances were subject to credit risk. Based on the evaluation of management, the impairment loss required to be recognized from these advances in 2020 and 2019 is not material to the financial statements.

19.2 Advances from Stockholders

In the normal course of business, the Company obtains short-term, unsecured, noninterest-bearing cash advances from its stockholders for working capital purposes. These advances are generally payable in cash within 12 months; hence, management considers the carrying amount to be a reasonable approximation of their fair values. Also, these advances include management fees for the manpower rendered by a stockholder to the Company, and are presented as part of Miscellaneous account under Other Operating Expenses in the statements of comprehensive income (see Note 14).

The movements in the balance of Advances from Stockholders account are presented in Note 22.

19.3 Corporate Guarantors of the Interest-bearing Loans and Borrowings

In prior years, the Company acquired certain interest-bearing loans and borrowings from a local bank, which was guaranteed by the parent company, the other major stockholder, a related party under common ownership, and the Company's president. As of December 31, 2020 and 2019, the outstanding balance of these loans amounted to P821.4 million and P946.8 million, respectively (see Note 11). The movements of these loans are presented in Note 22.

19.4 Key Management Personnel Compensation

Key management personnel compensation was shouldered by a stockholder in 2020 and 2019.

20. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the accompanying financial statements. As at December 31, 2020 and 2019, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Company's financial statements.

21. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders.
The Company monitors capital on the basis of the carrying amount of liabilities and equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2020	2019
Total liabilities	**P 961,622,794**	P 985,828,837
Total equity	**1,270,799,017**	954,496,399
Debt-to-equity ratio	**0.76 : 1.00**	1.03 : 1.00

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, collect its receivables or sell assets to reduce debt.

As at December 31, 2020 and 2019, the Company is not subject to any externally imposed capital requirement.

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (see Note 11)	**Advances from Stockholders** (see Note 19)	**Deposit from Future Subscription** (see Note 15)	**Accrued Interest Payable** (see Notes 11 and 12)	**Total**
Balance at January 1, 2020	P 946,818,181	P 4,804,500	P -	P 13,128,643	P 964,751,324
Cash flows from financing activities:					
Repayment of borrowings	(125,454,545)	-	-	-	(125,454,545)
Additions to advances from stockholders	-	100,000,000	-	-	100,000,000
Repayments of advances from stockholders	-	(4,804,500)	-	-	(4,804,500)
Payment of interest	-	-	-	(52,120,134)	(52,120,134)
Non-cash financing activities –					
Accrual of interest	-	-	-	47,059,875	47,059,875
Balance at December 31, 2020	**P 821,363,636**	**P 100,000,000**	**P -**	**P 8,068,384**	**P 929,432,020**
Balance at January 1, 2019	P 1,072,272,728	P 3,340,571	P 62,500,000	P 8,672,198	P 1,146,785,497
Cash flows from financing activities:					
Repayment of borrowings	(125,454,547)	-	-	-	(125,454,547)
Additions to advances from stockholders	-	1,463,929	-	-	1,463,929
Payment of interest	-	-	-	(60,860,469)	(60,860,469)
Non-cash financing activities:					
Application to capital stock subscription	-	-	(62,500,000)	-	(62,500,000)
Accrual of interest	-	-	-	65,316,914	65,316,914
Balance at December 31, 2019	P 946,818,181	P 4,804,500	P -	P 13,128,643	P 964,751,324

23. EVENTS AFTER THE REPORTING PERIOD

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, amending certain provisions of the National Internal Revenue Code of 1997, as amended, was signed into law with veto on certain provisions and shall be effective 15 days after its publication. The CREATE Act has several provisions with retroactive effect beginning July 1, 2020. The CREATE Act aims to lower certain corporate taxes and rationalize tax incentives given to certain taxpayers. Given that the CREATE Act was signed after the end of the current reporting period, the Company determined that this event is a non-adjusting subsequent event. Also, the Company has determined that the changes brought about by the CREATE Act do not have significant impact on the Company's financial statements.

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Following is the supplementary information which is required by the BIR under Revenue Regulations (RR) 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

The Company is subject to zero-rated sales on its sale of generated power from renewable sources of energy pursuant to Section 15 (G) of R.A. No. 9513. The tax base amounting to P282,223,611 is the Company's gross receipts during the year, which is different from the amount of revenues recognized in the 2020 statement of comprehensive income.

(b) Input VAT

The movement in Input VAT in 2020 are summarized below.

Balance at beginning of year	P	1,799,177
Purchase of services		1,479,941
Balance at end of year	**P**	**3,279,118**

Outstanding balance of deferred input VAT as of December 31, 2020 amounting to P248,926.

(c) Taxes on Importation

The Company did not have any transaction that is subject to taxes on importation in 2020.

(d) Excise Tax

The Company did not have any transaction that is subject to excise tax in 2020.

(e) Documentary Stamp Tax

The Company did not have any transaction which is subject to documentary stamp tax during the year.

(f) Taxes and Licenses

Details of taxes and licenses are shown below.

Real property taxes	P 14,106,856
Municipal licenses and permits	1,411,866
Annual registration fee	500
Miscellaneous	349,940
	P 15,869,162

(g) Withholding Taxes

The Company remitted expanded withholding taxes amounting to P622,691 in 2020. The Company did not have any income payments subject to withholding tax on compensation and final withholding tax in 2020.

(h) Deficiency Tax Assessments and Tax Cases

As of December 31, 2020, the Company does not have any deficiency tax assessments from the BIR nor does it have tax cases outstanding nor pending in courts or bodies of the BIR in any of the open taxable years.

APPENDIX C

RASLAG-1 Commercial and Technical Feasibility Studies

Commercial Feasibility Study

for

RASLAG Corp.
10 MWp Photovoltaic Solar Park Project

Project Owner:

RASLAG Corp.
Room 1905 Robinsons Equitable Tower
ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Manila
Philippines

August 4th, 2014

Syntegra Solar International AG

Tellenmattstr. 37
CH-6317 Oberwil

Content

1. Introduction

1.1. Background

RASLAG Corp. (“RASLAG”) has decided on an investment into a 10 MWp Photovoltaic (“PV”) Power Plant, located in Barangay Suclaban, Mexico, Pampanga, Philippines; the project has been developed during the last months and has matured to a point where construction of first phase is imminent.

In course of the Tender Solicitation and Bid Evaluations Process, which was conducted in two iterations and yielded excellent, RASLAG decided to expand this project to an overall capacity of 10 MWp, located at the same site.

Electric power generated by the PV Power Plant shall be compensated by the national Solar PV Feed in Tariff scheme. To assure a long-term attractive and save investment, the PV Power system shall best combine quality and cost-effectiveness.

1.2. Objective

Syntegra Solar Intl. AG as Owners Engineer for this 10 MWp PV Power Plant has been mandated by RASLAG to conduct this Commercial Feasibility Study, which includes a cost evaluation and a calculation of profitability.

For this purpose RASLAG provided relevant information and key data. Other information is gained from the offers received by the shortlisted bidders, and from Syntegra Solar internal databases. Estimates are validated; simulations have been iterated for optimization of results.

The technical feasibility study shall give an overview about the costs, revenues and return on investment.

2. Assumptions

For the ROI calculation, input data are needed and assumptions have to be made.

In the following chapter 2, all relevant input data are to be defined and explained. Some data are known, others have to be assumed (all assumptions shall be well-founded and verifiable).

Data base values and economic calculations are conservative to arrive at reliable, robust results. Values are given in PHP as well as in US $ (1 $ = 43,72 PHP, exchange rate as of 04.08.2014).

2.1. Upfront Investment

The upfront investment is composed of project development costs, implementation costs and few other costs as explained below. Assumptions are explained as well in the table below:

	Item	Provider	Cost US $	Cost PHP	Source
Land acquisition	Cost of land		**$1.601.135**	**70.000.000 PHP**	Actual costs
Project Development	Permits and licensing	API/authorities	$55.000	2.404.545 PHP	est.
	Technical Works	Syntegra Solar	$149.700	6.544.734 PHP	detailed offer
	Feasibility studies	Syntegra Solar			detailed offer
	Financial closing	NN	$68.000	2.972.892 PHP	est.
	Administration	internal	$48.000	2.098.512 PHP	est.
	others, contingencies	NN	$40.000	1.748.760 PHP	est.
	Sum		**$360.700**	**15.769.443 PHP**	
Project Implementation	Site Preparation	NN	$137.240	6.000.000 PHP	offer
	EPC: Procurement, Turn Key installation	Offshore: Conergy	$12.250.000	535.557.750 PHP	offer
		Onshore: SCHEMA Consult	$3.142.021	137.366.000 PHP	offer
	Grid interconnection	NN	$200.000	8.743.800 PHP	survey, current costs
	Fencing, others	NN	$182.987	8.000.000 PHP	specific offer
	Commissioning, Test	NN	$32.000	1.399.008 PHP	est.
	Sum		**$15.944.248**	**697.066.558 PHP**	
Others	Administration	internal	$75.000	3.278.925 PHP	est
	Supervision	Syntegra Solar	$46.000	2.011.074 PHP	detailed offer
	Set up operating company	internal	$22.000	961.818 PHP	est.
	Success fee price negotiations	Syntegra Solar	$135.000	5.902.065 PHP	
	others/ contingencies	NN	$40.000	1.748.760 PHP	est.
	Sum		**$318.000**	**13.902.642 PHP**	
SUM total			**$18.224.082**	**796.738.643 PHP**	
Sum per kWp			*$1.814*	*79.309 PHP*	

Note: The item "EPC" contains the procurement of all PV system components, incl. PV modules, inverters, mounting system, cables, array combiner boxes, monitoring system (with sensors) and others, as well as the turn- key installation of the PV Power Plant.

2.2. Operating Costs

Operating costs for a PV Power Plant are rather low compared to fuel-fired plants, as no fuel is needed for a PV Power plant.

The operating costs are categorized in technical O&M costs; safety & security costs; commercial bookkeeping and administrative expenses; insurance cost; provision reserve for repairs.

The annual costs are listed in the table below:

Item	cost ($/kWp)	total cost ($)	cost (PHP/kWp)	total cost (PHP)	Ann. growth rate
Technical O&M (full service package)	$14,00	$140.000	612 PHP	6.120.800 PHP	-
Insurance (all risk insurance, liability)	$4,00	$40.000	175 PHP	1.748.800 PHP	-
Annual reserve for repairs	$5,50	$55.000	240 PHP	2.404.600 PHP	-
Administrative	$2,50	$25.000	109 PHP	1.093.000 PHP	3%
Security 24/7	$4,00	$40.000	175 PHP	1.748.800 PHP	3%
Commercial bookkeeping	$2,00	$20.000	87 PHP	874.400 PHP	3%
Monitoring, Performance Check	$1,60	$16.000	70 PHP	699.520 PHP	3%
SUM	**$33,60**	**$336.000**	**1.469 PHP**	**14.689.920 PHP**	

Due to scaling and learning effects, technical O&M and insurance costs do not increase over time. As the annual reserve for repairs is a calculative cost item, there is also no increase for this item. All other costs have an annual growth rate of 3,0%.

For this economic calculation, there are costs in the order of 10.274.200 PHP (US$ 235.000) with no increase over time and costs in the order of 4.415.720 PHP (101.000 $) with an annual growth rate of 3%.

2.3. Financing costs

The debt capital financing scheme is defined in the table below. Debt capital is 560.000.000 PHP (12.808.783 $) at an interest rate of 6%. Term is 10 years with a grace period of one year:

Purpose:	10 MW Solar Power Polant Project in Suclaban, Mexico									
Period	**# of days**	**Principal Amortization Due PHP**	**Interest (@ 6%) PHP**	**Outstanding Balance PHP**	**Total Quarterly Payment PHP**	**Principal Amortization Due USD**	**Interest (@ 6%) USD**	**Outstanding Balance USD**	**Total Quarterly Payment USD**	
01.01.2014		(RELEASE DATE)		560.000.000				$12.808.783		
01.04.2014	90	0	8.284.932	560.000.000	8.284.932	-	$189.500	$12.808.783	$189.500	
01.07.2014	91	0	8.376.986	560.000.000	8.376.986	-	$191.605	$12.808.783	$191.605	
01.10.2014	92	0	8.469.041	560.000.000	8.469.041	-	$193.711	$12.808.783	$193.711	
01.01.2015	92	0	8.469.041	560.000.000	8.469.041	-	$193.711	$12.808.783	$193.711	
01.04.2015	90	15.555.556	8.284.932	544.444.444	23.840.487	$355.800	$189.500	$12.452.984	$545.299	
01.07.2015	91	15.555.556	8.144.292	528.888.889	23.699.848	$355.800	$186.283	$12.097.184	$542.083	
01.10.2015	92	15.555.556	7.998.539	513.333.333	23.554.094	$355.800	$182.949	$11.741.385	$538.749	
01.01.2016	92	15.555.556	7.763.288	497.777.778	23.318.843	$355.800	$177.568	$11.385.585	$533.368	
01.04.2016	91	15.555.556	7.446.210	482.222.222	23.001.766	$355.800	$170.316	$11.029.786	$526.115	
01.07.2016	91	15.555.556	7.213.516	466.666.667	22.769.072	$355.800	$164.994	$10.673.986	$520.793	
01.10.2016	92	15.555.556	7.057.534	451.111.111	22.613.090	$355.800	$161.426	$10.318.186	$517.225	
01.01.2017	92	15.555.556	6.822.283	435.555.556	22.377.839	$355.800	$156.045	$9.962.387	$511.844	
01.04.2017	90	15.555.556	6.443.836	420.000.000	21.999.391	$355.800	$147.389	$9.606.587	$503.188	
01.07.2017	91	15.555.556	6.282.740	404.444.444	21.838.295	$355.800	$143.704	$9.250.788	$499.504	
01.10.2017	92	15.555.556	6.116.530	388.888.889	21.672.085	$355.800	$139.902	$8.894.988	$495.702	
01.01.2018	92	15.555.556	5.881.279	373.333.333	21.436.834	$355.800	$134.521	$8.539.189	$490.321	
01.04.2018	90	15.555.556	5.523.288	357.777.778	21.078.843	$355.800	$126.333	$8.183.389	$482.133	
01.07.2018	91	15.555.556	5.351.963	342.222.222	20.907.519	$355.800	$122.415	$7.827.590	$478.214	
01.10.2018	92	15.555.556	5.175.525	326.666.667	20.731.081	$355.800	$118.379	$7.471.790	$474.178	
01.01.2019	92	15.555.556	4.940.274	311.111.111	20.495.830	$355.800	$112.998	$7.115.991	$468.798	
01.04.2019	90	15.555.556	4.602.740	295.555.556	20.158.295	$355.800	$105.278	$6.760.191	$461.077	
01.07.2019	91	15.555.556	4.421.187	280.000.000	19.976.743	$355.800	$101.125	$6.404.392	$456.925	
01.10.2019	92	15.555.556	4.234.521	264.444.444	19.790.076	$355.800	$96.855	$6.048.592	$452.655	
01.01.2020	92	15.555.556	3.999.269	248.888.889	19.554.825	$355.800	$91.475	$5.692.793	$447.274	
01.04.2020	91	15.555.556	3.723.105	233.333.333	19.278.661	$355.800	$85.158	$5.336.993	$440.957	
01.07.2020	91	15.555.556	3.490.411	217.777.778	19.045.967	$355.800	$79.836	$4.981.193	$435.635	
01.10.2020	92	15.555.556	3.293.516	202.222.222	18.849.072	$355.800	$75.332	$4.625.394	$431.132	
01.01.2021	92	15.555.556	3.058.265	186.666.667	18.613.820	$355.800	$69.951	$4.269.594	$425.751	
01.04.2021	90	15.555.556	2.761.644	171.111.111	18.317.199	$355.800	$63.167	$3.913.795	$418.966	
01.07.2021	91	15.555.556	2.559.635	155.555.556	18.115.190	$355.800	$58.546	$3.557.995	$414.346	
01.10.2021	92	15.555.556	2.352.511	140.000.000	17.908.067	$355.800	$53.809	$3.202.196	$409.608	
01.01.2022	92	15.555.556	2.117.260	124.444.444	17.672.816	$355.800	$48.428	$2.846.396	$404.227	
01.04.2022	90	15.555.556	1.841.096	108.888.889	17.396.651	$355.800	$42.111	$2.490.597	$397.911	
01.07.2022	91	15.555.556	1.628.858	93.333.333	17.184.414	$355.800	$37.257	$2.134.797	$393.056	
01.10.2022	92	15.555.556	1.411.507	77.777.778	16.967.062	$355.800	$32.285	$1.778.998	$388.085	
01.01.2023	92	15.555.556	1.176.256	62.222.222	16.731.811	$355.800	$26.904	$1.423.198	$382.704	
01.04.2023	90	15.555.556	920.548	46.666.667	16.476.104	$355.800	$21.056	$1.067.399	$376.855	
01.07.2023	91	15.555.556	698.082	31.111.111	16.253.638	$355.800	$15.967	$711.599	$371.767	
01.10.2023	92	15.555.556	470.502	15.555.556	16.026.058	$355.800	$10.762	$355.800	$366.561	
01.01.2024	92	15.555.556	235.251	0	15.790.807	$355.800	$5.381	$0	$361.180	
		560.000.000	**189.042.192**		**749.042.192**	**$12.808.783**	**$4.323.929**		**$17.132.713**	

For the following calculations, the upfront costs of 796.738.643 PHP ($18.224.082) shall be covered by 560.000.000 PHP (12.808.783 $) debt capital and 236.738.643 PHP (5.414.882 $) equity capital.

2.4. Revenues

The revenues are generated by power sales. The Feed-In Tariff rate is 9.68 PHP/kWh or 0.2214 US$/kWh. The power output in the first year is 14.838.000 kWh according to the energy harvest report in the technical feasibility study. The annual degradation of the power output is 0,3 %.

Period under consideration for the cash flow simulations is ten years (credit period, see chapter 2.3. financing costs). All calculations are before tax.

3. Calculation and results

The table below shows the annual cash flow values according to the assumptions defined in chapter 2 (from PV Sol Expert 5.0):

Position	Total [PHP]	Year 1	Year 2	Year 3	Year 4	Year 5
Self-Financing	-236.769.938	-236.769.938	0	0	0	0
Income from Export to utility grid	1.422.318.260	144.178.232	143.745.697	143.313.163	142.880.628	142.448.093
Depreciation	0	0	0	0	0	0
Total Investments	-796.769.938	-796.769.938	0	0	0	0
Total Operating Costs	-102.742.000	-10.274.200	-10.274.200	-10.274.200	-10.274.200	-10.274.200
Total Consumption Costs	-50.621.281	-4.415.720	-4.548.192	-4.684.637	-4.825.176	-4.969.932
Total Loan Payments	-749.000.000	-33.600.000	-94.422.222	-90.688.889	-86.955.556	-83.222.222
Total Loan Interest	-189.000.000	-33.600.000	-32.200.000	-28.466.667	-24.733.333	-21.000.000
Outstanding Loan Payments		-715.400.000	-620.977.778	-530.288.889	-443.333.333	-360.111.111
Results	1.079.954.979	95.888.312	96.723.306	99.887.659	103.047.918	106.203.962
Cash Flow	283.185.041	-140.881.625	34.501.084	37.665.437	40.825.696	43.981.739
Cash Balance (Accrued Cash Flow)		-140.881.625	-106.380.542	-68.715.105	-27.889.409	16.092.330
Cash balance less outstanding loans		-856.281.625	-727.358.320	-599.003.994	-471.222.743	-344.018.781

Position	Year 6	Year 7	Year 8	Year 9	Year 10	Residual Value
Self-Financing	0,00	0,00	0,00	0,00	0,00	0
Income from Export to utility grid	142.015.558,67	141.583.023,97	141.150.489,28	140.717.954,58	140.285.419,88	0
Depreciation	0,00	0,00	0,00	0,00	0,00	0
Total Investments	0,00	0,00	0,00	0,00	0,00	0
Total Operating Costs	-10.274.200,00	-10.274.200,00	-10.274.200,00	-10.274.200,00	-10.274.200,00	0
Total Consumption Costs	-5.119.029,72	-5.272.600,61	-5.430.778,63	-5.593.701,98	-5.761.513,04	0
Total Loan Payments	-79.488.888,89	-75.755.555,56	-72.022.222,22	-68.288.888,89	-64.555.555,56	0
Total Loan Interest	-17.266.666,67	-13.533.333,33	-9.800.000,00	-6.066.666,67	-2.333.333,33	0
Outstanding Loan Payments	-280.622.222,22	-204.866.666,67	-132.844.444,44	-64.555.555,56	0,00	0
Results	109.355.662,29	112.502.890,03	115.645.510,65	118.783.385,93	121.916.373,51	0
Cash Flow	47.133.440,07	50.280.667,81	53.423.288,43	56.561.163,71	59.694.151,29	0
Cash Balance (Accrued Cash Flow)	63.225.770,20	113.506.438,01	166.929.726,44	223.490.890,15	283.185.041,43	0
Cash balance less outstanding loans	-217.396.452,02	-91.360.228,66	34.085.282,00	158.935.334,59	283.185.041,43	0

The electricity production costs are min. 7,92 PHP/kWh and the minimum system operating period is 7,8 years.

Results According to Net Present Value Method

Net Present Value:	**207.824.050,77 PHP**
Minimum System Operating Period	**7,8 Years**
Internal Rate of Return of Capital Resources	**18,4 %**
Electriciy Production Costs:	**7,92 PHP/kWh**

A detailed cash flow analysis is provided in Attachment 1 a and b.

4. Conclusion

For the proposed RASLAG 10 MWp PV Power Plant, a conservative approach was chosen for this Commercial Feasibility Study: all assumptions are validated and have been confirmed independently. Definitions of input factors and explanations are given in chapter 2. Furthermore, contingencies are included to arrive at robust but balanced results.

Syntegra believes that the results of the cash flow simulations will be met in practice.

Conclusion:
The PV Power Plant economics under the given FIT regime are attractive, and full commercial feasibility of the Project can be assessed.

In respect to risk assessment and mitigation, no show stoppers have been identified.

Oberwil, August 4th, 2014 ______________________________

Dipl. Ing Tobias Preuss

Managing Partner, Syntegra Solar Intl. AG

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syntegra solar CONSULTING & ADVISORY SERVICES

Attachment 1a:

Economic Efficiency Calculation

System Data

PV Output: 10.046,40 kWp
System Operating Start: *01.01.2015* Total Degradation: 6,00 %

Electricity Feed-in

Grid Concept:	Full Feed-in
For the First 20 Years:	9,6800 PHP/kWh
Thereafter:	9,6800 PHP /kWh

Basic Economic Efficiency Parameters

Assessment Period:	10 Years

All entries without sales tax

Income and expenditure

Investments:	796.769.937,60 PHP
Operating Costs I:	10.274.200,00 PHP /a
Operating Costs II: 3% annual increase	4.415.720,00 PHP /a
Feed-in Payment Received in First Year:	144.178.232,15 PHP/a

Financing

Loan 1

Total loan:	560.000.000,00 PHP

Results According to Net Present Value Method

Net Present Value:	**207.824.050,77 PHP**
Minimum System Operating Period	**7,8 Years**
Internal Rate of Return of Capital Resources	**18,4 %**
Electriciy Production Costs:	**7,92 PHP/kWh**

Detailed List of all Payments Received and Made

Investments

Position	Service Life [a]	Inflation [%]	Amount[phpPHP]
Investments	10	0,00	796.769.937,60

Operating Costs I

Position	Inflation [%]	Amount[PHP]/a
Running Costs	0,00	10.274.200,00

Operating Costs II

Position	Inflation [%]	Amount[PHP]/a
Running Costs	3,00	4.415.720,00

Income from Export to utility grid

Position	Inflation [%]	Amount[PHP]/a
Income from Export to utility grid	0,00	144.178.232,15

Financing

Loan 1

Totalloan:	560.000.000,00 PHP
Payment Amount:	560.000.000,00 PHP
Term:	10 Years
Loan Interest:	6,00 %
Payment Free Initial Years:	1 Years
Repayment Period	quarterly

Position	Total [PHP]	Year 1	Year 2	Year 3	Year 4	Year 5
Self-Financing	**-236.769.938**	-236.769.938	0	0	0	0
Income from Export to utility grid	**1.422.318.260**	144.178.232	143.745.697	143.313.163	142.880.628	142.448.093
Depreciation	**0**	0	0	0	0	0
Total Investments	**-796.769.938**	-796.769.938	0	0	0	0
Total Operating Costs	**-102.742.000**	-10.274.200	-10.274.200	-10.274.200	-10.274.200	-10.274.200
Total Consumption Costs	**-50.621.281**	-4.415.720	-4.548.192	-4.684.637	-4.825.176	-4.969.932
Total Loan Payments	**-749.000.000**	-33.600.000	-94.422.222	-90.688.889	-86.955.556	-83.222.222
Total Loan Interest	**-189.000.000**	-33.600.000	-32.200.000	-28.466.667	-24.733.333	-21.000.000
Outstanding Loan Payments		-715.400.000	-620.977.778	-530.288.889	-443.333.333	-360.111.111
Results	**1.079.954.979**	95.888.312	96.723.306	99.887.659	103.047.918	106.203.962
Cash Flow	**283.185.041**	-140.881.625	34.501.084	37.665.437	40.825.696	43.981.739
Cash Balance (Accrued Cash Flow)		-140.881.625	-106.380.542	-68.715.105	-27.889.409	16.092.330
Cash balance less outstanding loans		-856.281.625	-727.358.320	-599.003.994	-471.222.743	-344.018.781

Position	Year 6	Year 7	Year 8	Year 9	Year 10	Residual Value
Self-Financing	0,00	0,00	0,00	0,00	0,00	0
Income from Export to utility grid	142.015.558,67	141.583.023,97	141.150.489,28	140.717.954,58	140.285.419,88	0
Depreciation	0,00	0,00	0,00	0,00	0,00	0
Total Investments	0,00	0,00	0,00	0,00	0,00	0
Total Operating Costs	-10.274.200,00	-10.274.200,00	-10.274.200,00	-10.274.200,00	-10.274.200,00	0
Total Consumption Costs	-5.119.029,72	-5.272.600,61	-5.430.778,63	-5.593.701,98	-5.761.513,04	0
Total Loan Payments	-79.488.888,89	-75.755.555,56	-72.022.222,22	-68.288.888,89	-64.555.555,56	0
Total Loan Interest	-17.266.666,67	-13.533.333,33	-9.800.000,00	-6.066.666,67	-2.333.333,33	0
Outstanding Loan Payments	-280.622.222,22	-204.866.666,67	-132.844.444,44	-64.555.555,56	0,00	0
Results	109.355.662,29	112.502.890,03	115.645.510,65	118.783.385,93	121.916.373,51	0
Cash Flow	47.133.440,07	50.280.667,81	53.423.288,43	56.561.163,71	59.694.151,29	0
Cash Balance (Accrued Cash Flow)	63.225.770,20	113.506.438,01	166.929.726,44	223.490.890,15	283.185.041,43	0
Cash balance less outstanding loans	-217.396.452,02	-91.360.228,66	34.085.282,00	158.935.334,59	283.185.041,43	0

Attachment 1 B

RASLAG 10 MWp PV Power Plant

Input Parameters

Note: only green input fields are modifiable!

Basic data	
Total Investment per kWp	79.309 PHP
PV Power Plant size (kWp)	10.046
Annual operation costs per kWp	1.469 PHP
Annual specific yield (kWh/kWp)	1477
Feed In Tariff per kWh	9,68 PHP
Period under consideration (years)	10

Debt financing	
Percentage of debt financing	70%
interest rate	6%
Credit term	10
Years of grace	1

RESULTS		
Account Balance	**10 years**	**271.358.129 PHP**
Equity IRR	**10 years**	**17,9%**
Project IRR	**10 years**	**5,5%**
Debt Financing	**560.003.388 PHP**	
Total investment	**796.738.214 PHP**	
Annual redemption	**62.222.599 PHP**	
Annual operation costs	**14.757.574 PHP**	
Annual Yield in kWh	**14.770.000**	

Year	1	2	3	4	5	6	7	8	9	10
Redemption	0 PHP	62.222.599 PHP	62.222.599 PHP	62.222.599 PHP	62.222.599 PHP	62.222.599 PHP	62.222.599 PHP	62.222.599 PHP	62.222.599 PHP	62.222.599 PHP
Interest	33.600.203 PHP	31.733.525 PHP	28.000.169 PHP	24.266.814 PHP	20.533.458 PHP	16.800.102 PHP	13.066.746 PHP	9.333.390 PHP	5.600.034 PHP	1.866.678 PHP
operating Costs	14.757.574 PHP	14.978.938 PHP	15.200.301 PHP	15.421.665 PHP	15.643.028 PHP	15.864.392 PHP	16.085.756 PHP	16.307.119 PHP	16.528.483 PHP	16.749.846 PHP
Total Costs	**48.357.777 PHP**	**108.935.062 PHP**	**105.423.069 PHP**	**101.911.077 PHP**	**98.399.085 PHP**	**94.887.092 PHP**	**91.375.100 PHP**	**87.863.108 PHP**	**84.351.115 PHP**	**80.839.123 PHP**
Total Yield in kWh	14.770.000	14.725.690	14.681.380	14.637.070	14.592.760	14.548.450	14.504.140	14.459.830	14.415.520	14.371.210
Total Revenues	**142.973.600 PHP**	**142.544.679 PHP**	**142.115.758 PHP**	**141.686.838 PHP**	**141.257.917 PHP**	**140.828.996 PHP**	**140.400.075 PHP**	**139.971.154 PHP**	**139.542.234 PHP**	**139.113.313 PHP**
Investment (Equity)										
Net Revenues										
-236.734.826 PHP	**94.615.823 PHP**	**33.609.618 PHP**	**36.692.689 PHP**	**39.775.761 PHP**	**42.858.832 PHP**	**45.941.904 PHP**	**49.024.975 PHP**	**52.108.047 PHP**	**55.191.118 PHP**	**58.274.190 PHP**
Account Balance										
-236.734.826 PHP	**-142.119.003 PHP**	**-108.509.385 PHP**	**-71.816.696 PHP**	**-32.040.936 PHP**	**10.817.896 PHP**	**56.759.800 PHP**	**105.784.775 PHP**	**157.892.822 PHP**	**213.083.940 PHP**	**271.358.129 PHP**
-796.738.214 PHP	94.615.823 PHP	95.832.216 PHP	98.915.288 PHP	101.998.359 PHP	105.081.431 PHP	108.164.502 PHP	111.247.574 PHP	114.330.645 PHP	117.413.717 PHP	120.496.788 PHP

Year	11	12	13	14	15	16	17	18	19	20
Redemption	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP
Interest	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP
operating Costs	16.971.210 PHP	17.192.574 PHP	17.413.937 PHP	17.635.301 PHP	17.856.665 PHP	18.078.028 PHP	18.299.392 PHP	18.520.755 PHP	18.742.119 PHP	18.963.483 PHP
Total Costs	**16.971.210 PHP**	**17.192.574 PHP**	**17.413.937 PHP**	**17.635.301 PHP**	**17.856.665 PHP**	**18.078.028 PHP**	**18.299.392 PHP**	**18.520.755 PHP**	**18.742.119 PHP**	**18.963.483 PHP**
Total Yield in kWh	14.326.900	14.282.590	14.238.280	14.193.970	14.149.660	14.105.350	14.061.040	14.016.730	13.972.420	13.928.110
Total Revenues	**138.684.392 PHP**	**138.255.471 PHP**	**137.826.550 PHP**	**137.397.630 PHP**	**136.968.709 PHP**	**136.539.788 PHP**	**136.110.867 PHP**	**135.681.946 PHP**	**135.253.026 PHP**	**134.824.105 PHP**
Investment (Equity)										
Net Revenues										
-236.734.826 PHP	**121.713.182 PHP**	**121.062.897 PHP**	**120.412.613 PHP**	**119.762.329 PHP**	**119.112.044 PHP**	**118.461.760 PHP**	**117.811.475 PHP**	**117.161.191 PHP**	**116.510.907 PHP**	**115.860.622 PHP**
Account Balance										
-236.734.826 PHP	**393.071.311 PHP**	**514.134.209 PHP**	**634.546.822 PHP**	**754.309.150 PHP**	**873.421.195 PHP**	**991.882.955 PHP**	**1.109.694.430 PHP**	**1.226.855.621 PHP**	**1.343.366.528 PHP**	**1.459.227.150 PHP**
-796.738.214 PHP	121.713.182 PHP	121.062.897 PHP	120.412.613 PHP	119.762.329 PHP	119.112.044 PHP	118.461.760 PHP	117.811.475 PHP	117.161.191 PHP	116.510.907 PHP	115.860.622 PHP

Technical Feasibility Study

for

RASLAG Corp.
10 MW_p Photovoltaic Solar Park Project

July 29th 2014

Project Owner:

RASLAG Corp.

Room 1905 Robinsons Equitable Tower

ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Manila

Philippines

CONSULTING & ADVISORY SERVICES

Syntegra Solar International AG

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Content

1. Introduction

1.1. Background

RASLAG Corp. (“RASLAG”) contemplates an investment into a 10 MWp Photovoltaic (“PV”) Power Plant, located in Barangay Suclaban, Mexico, Pampanga, Philippines. The first 8 MWp phase of the project has been developed during the last year, and is extended for additional 2 MWp. Site preparation works, as well as PV system installation for the first phase has already started, the construction of the 2 MWp extension phase shall start immediately. The electric power of the PV Power Plant shall be compensated by the National Solar PV Feed in Tariff scheme. To guarantee a long- term attractive and save investment, the PV Power system shall combine quality and cost-effectiveness.

1.2. Objective

Syntegra Solar Intl. AG has been mandated by RASLAG to submit a Technical Feasibility Study for the overall 10 MWp PV Power Plant, which includes all technical issues: description of the general conditions and insolation, PV system layout basics and recommendations, energy harvest calculation and assessment of the results. Therefore, RASLAG submitted several information and data about the specific project and the site. All other information is gained from Syntegra Solar internal databases and software, as well as public databases.

The technical feasibility study shall point out issues, which have to be specifically considered in the further process, identify possible show stoppers and provide the basis for the imminent installation of the PV Power Plant.

2. Description of General Conditions

2.1. Site

2.1.1. Location

Proposed site for the overall 10 MWp PV Power Plant is located in Pampanga, Central Luzon region, ca. 5 km east of Angeles City.

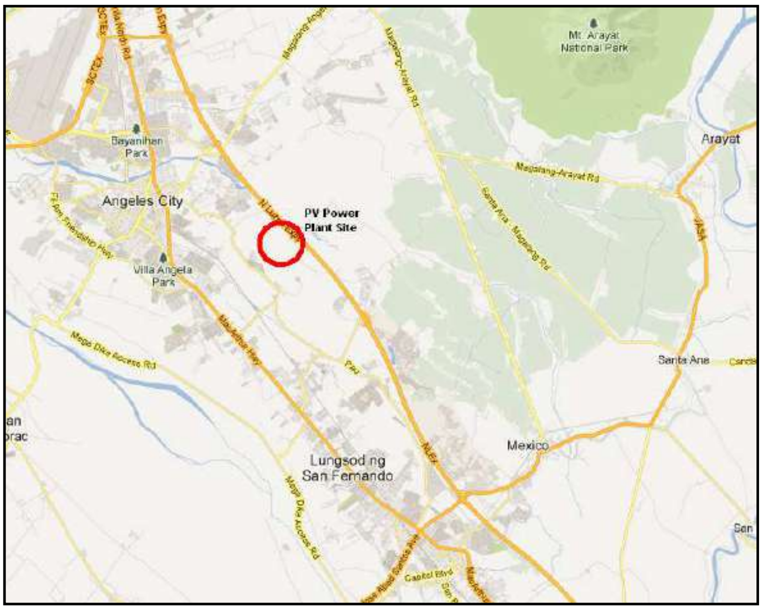


Fig. 1: Map of proposed site

The site borders on the North Luzon Expressway and on the transmission line which leads along the Expressway. The site is shown in detail in the figure below.

Fig. 2: detailed map

The property (marked A-B-C-D) has an overall area of ca. 12 ha. The coordinates for the marked points are defined below:

Corner	Longitude Deg Min Sec	Latitude Deg Min Sec
A	120° 38' 06.06" E	15° 7' 50.10" N
B	120° 38' 18.00" E	15° 7' 49.26" N
C	120° 38' 16.62" E	15° 8' 05.50" N
D	120° 38' 11.76" E	15° 8' 10.50" N

Fig. 3: Coordinates

The plan of the proposed site is attached in Attachment 1 (Attachment 1: Layout Plan)

2.2. Site Conditions

The overall area for the PV Power Plant is flat with a maximum of 58 m and a minimum of 54 m above sea level [source: Google earth]. A topographic survey has been conducted (Attachment 2: Topographic survey). The site conditions are ideal for PV module array installation.

On the site there is no shading, except the transmission line in the north and some trees in this area. This will not affect the PV system power output, as the shadows of the transmission line will not affect the PV module arrays.

The land was previously used as Sugar Cane Plantation. The sugar cane has been cropped and removed, the sugar cane roots have been combed off the soil and removed from the site. Currently the land is covered with grass, as shown in the pictures below.

Fig. 4: Photo of site as of 24.07.2014

Fig. 5: Northern part of the site with transmission line and construction site facilities (right)

For the site, no history of flooding is recorded. During harvest of adjacent sugar cane plantations (limited period once a year) dust pollutions occur. Dust on the modules can influence the energy yield, so this issue should be considered in the maintenance schedule, e.g. module cleaning action should be considered at the end of the harvest season.

The soil is humus-rich, neither rocks nor any other aboveground or underground hindrances (like crossing gas or water pipes, etc.) are reported in the proposed area. The site can be reached via farm lanes.

The site is well-suited for a PV Power Plant. The characteristics of the site are ideal to easily plan, install and operate a PV power plant.

2.3. Power grid infrastructure

At the northern border of the property, a transmission line leads along the expressway. The Transmission line has a voltage of 13.8 kV (medium voltage transmission line) at a frequency of 60 Hz. A grid impact study has been conducted with positive results. The transmission line`s capacity is sufficient for the power output of the proposed 8 MWp Solar PV Power Plant.

2.4. Meteorological conditions

2.4.1. Climatic conditions

The analysis of the climatic conditions is based on the report of the Diosdado Macapagal (Clark) International Airport (Angeles City, Philippines) weather station. It is based on the historical records from 2006 to 2012. The airport is about 10 km west of proposed site, so the data basis can be used to analyze the conditions on the PV power Plant site.

Angeles City has a tropical monsoon climate with short dry season.

Temperature:

Over the course of a year, the temperature typically varies from 21°C to 34°C and is rarely below 19°C or above 36°C.

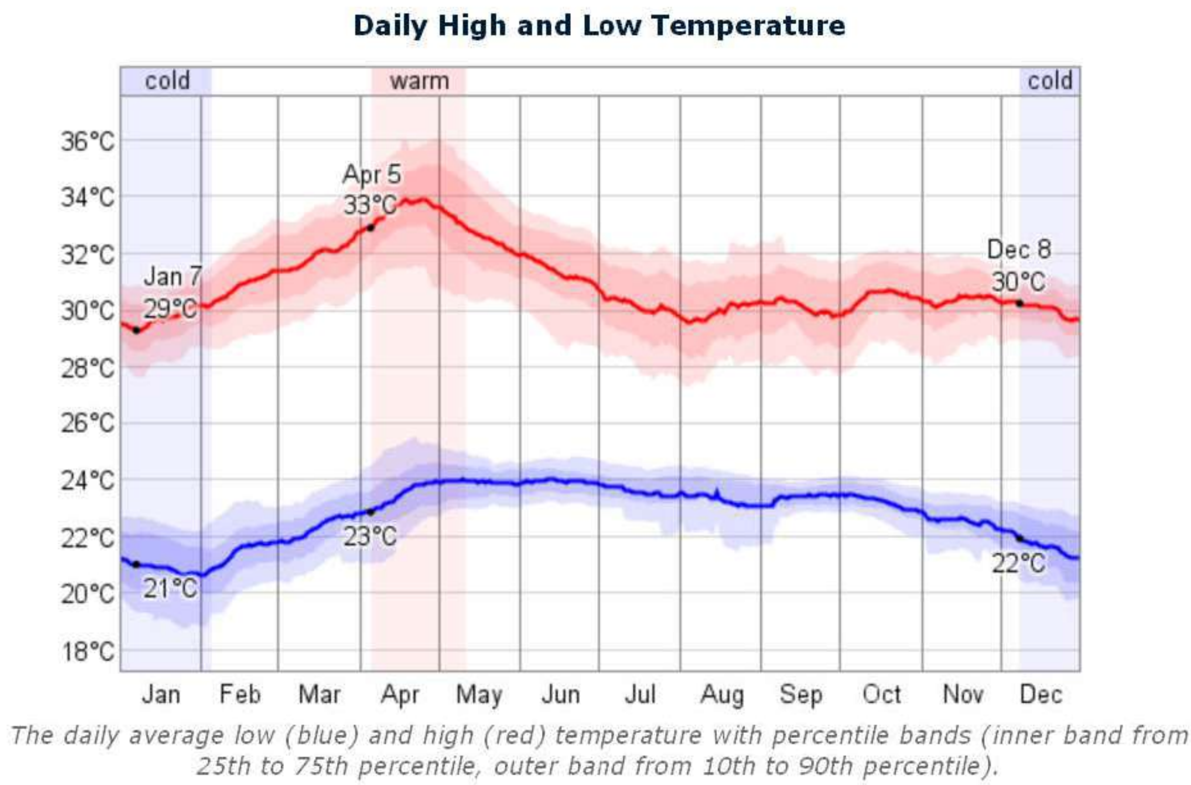


Fig. 6: Temperature profile

The warm season lasts from April 5 to May 11 with an average daily high temperature above 33°C. The hottest day of the year is April 18, with an average high of 34°C and low of 24°C. The cold season lasts from December 8 to February 5 with an average daily high temperature below 30°C. The coldest day of the year is January 25, with an average low of 21°C and high of 30°C.

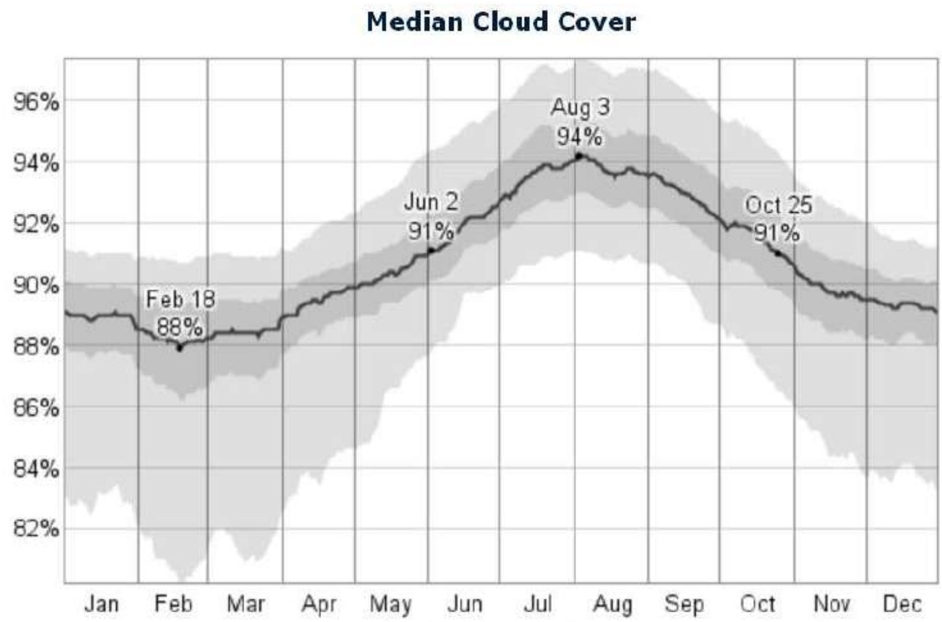
The ambient temperature affects the PV Cell temperature, as well as the insolation and the air circulation over the module surface. The higher the cell temperature, the lower is the output of the PV cell. This characteristic is described in the temperature coefficient of a certain PV module. Typical temperature coefficient values are -0,40 to -0,52 % / K for the MPP Power of a module for crystalline PV modules [Photovoltaic Systems, DGS, 2nd edition].

The ambient temperatures at the site are rather high as shown in the illustration above. To avoid power losses, PV modules with low temperature coefficients should be considered for this PV power plant project. Additionally, a good air circulation should be considered when engineering the mechanical construction to allow cooling of the modules by natural convection.

Another issue is the inverter cooling concept. Inverters work very efficiently when operating a certain temperature range. Therefore, they are equipped with a cooling concept. During engineering, the suitability of the specific inverters cooling concept for the on-site conditions (heat + humidity) has to be considered. Also the maintenance plan should contain regular checks and maintenance instructions to assure that inverters operate in their specified temperature range.

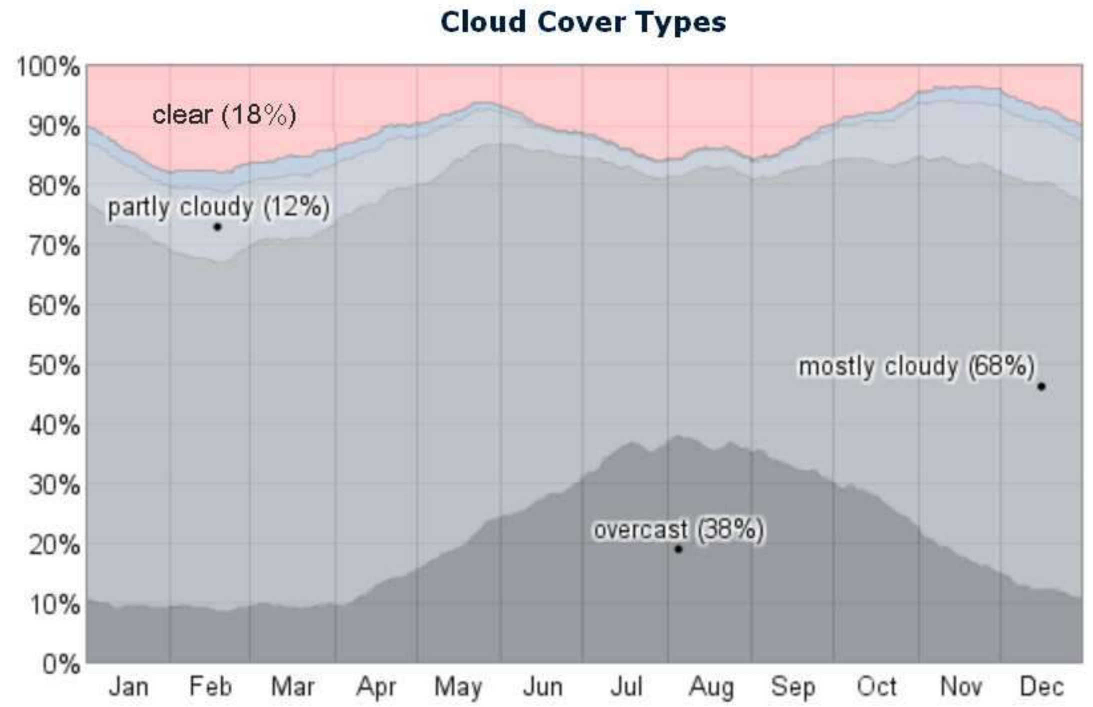
Clouds

The median cloud cover is 91% (mostly cloudy) and does not vary substantially over the course of the year.



The median daily cloud cover (black line) with percentile bands (inner band from 40th to 60th percentile, outer band from 25th to 75th percentile).

Fig. 7: Median cloud cover



The fraction of time spent in each of the five sky cover categories. From top (most blue) to bottom (most gray), the categories are clear, mostly clear, partly cloudy, mostly cloudy, and overcast.

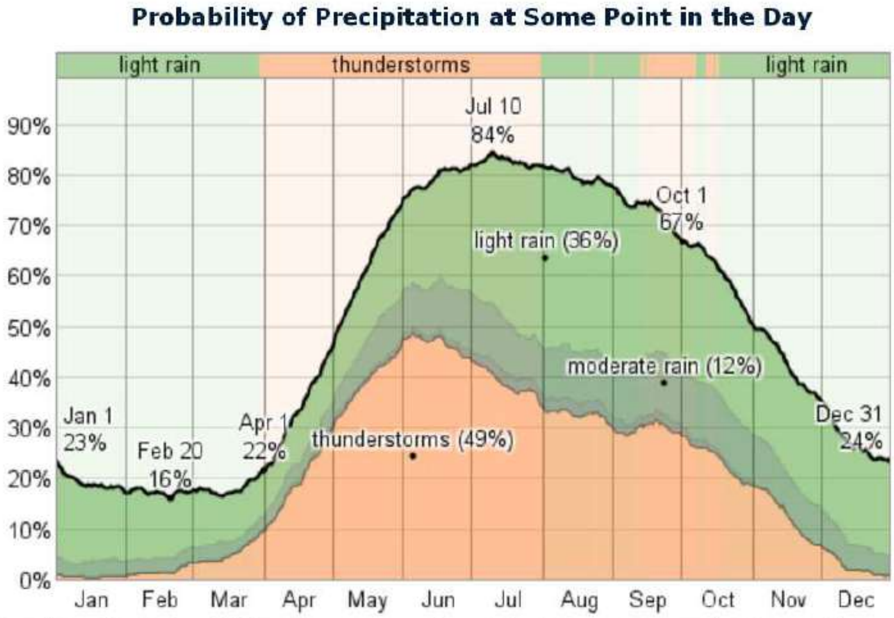
Fig. 8: Cloud cover types

The Median Cloud Cover and Cloud Cover Types diagrams show that the sky is mostly diffuse at a high humidity. So the insolation intensity is mostly in the middle to upper range, while peak insolation with up to 1000 W/m^2 is rather seldom.

This should be considered during electrical layout engineering of the plant: for this insolation profile, the inverters can be sized slightly smaller than the PV module array to save costs without having relevant energy yield losses. A specific technical/ economical optimization analysis, considering energy yield and costs, is recommended.

Precipitation

The probability that precipitation will be observed at this location varies throughout the year. Precipitation is most likely around July 10, occurring in 84% of days. Precipitation is least likely around February 20, occurring in 16% of days as shown in the diagram below:



The fraction of days in which various types of precipitation are observed. If more than one type of precipitation is reported in a given day, the more severe precipitation is counted. For example, if light rain is observed in the same day as a thunderstorm, that day counts towards the thunderstorm totals. The order of severity is from the top down in this graph, with the most severe at the bottom.

Fig. 9: Precipitation

Over the entire year, the most common forms of precipitation are thunderstorms, light rain, and moderate rain:

- Thunderstorms are the most severe precipitation observed during 42% of those days with precipitation. They are most likely around June 5, when it is observed during 49% of all days.
- Light rain is the most severe precipitation observed during 41% of those days with precipitation. It is most likely around August 2, when it is observed during 36% of all days.
- Moderate rain is the most severe precipitation observed during 14% of those days with precipitation. It is most likely around September 23, when it is observed during 12% of all days.

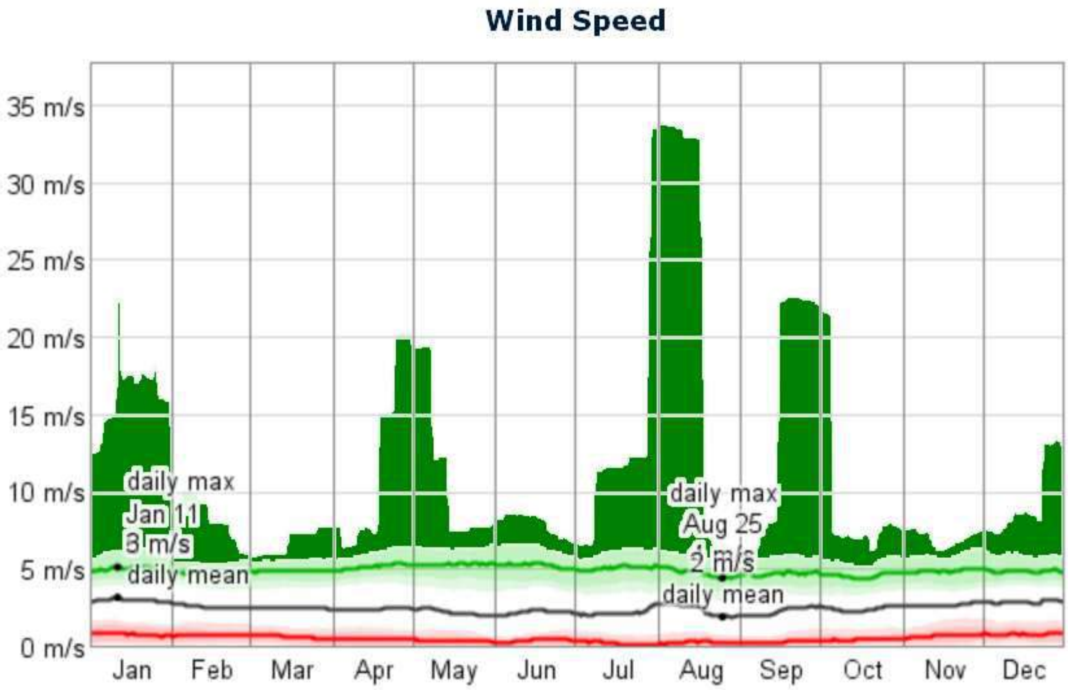
During rain showers the sky is cloudy. This limits the insolation on the PV module panels (presented in subchapter “Clouds”). Rain has also a positive effect on the PV Power Plant performance as it cleans the panels from dust. The diagram shows a clear division of the year in a period of rain (May to October) and a dry season (November to April).

Thus, relevant soiling of module surface is not expected during rainy season, in the dry season the dust on the modules should be observed as integrated part of the maintenance schedule. If necessary, the modules should be cleaned manually in dry season to avoid output losses. This could be the case during harvest season of ambient fields, as mentioned in chapter “Site”.

Construction phase of the PV Power Plant should take place during dry season to avoid delays or thunderstorms during installation. Another point is the trafficability of the land with machines.

Wind

Over the course of the year typical wind speeds vary from 0 m/s to 5 m/s (calm to moderate breeze), rarely exceeding 34 m/s (hurricane).



The average daily minimum (red), maximum (green), and average (black) wind speed with percentile bands (inner band from 25th to 75th percentile, outer band from 10th to 90th percentile).

Fig. 10: Wind speed

The wind profile shows low average wind speeds throughout the year. During thunderstorms, very high wind speed can be observed. The maximum wind speeds during thunderstorms have to be considered for the engineering of the mounting system. Accordingly, the foundations in the ground and the mounting system structure have to be engineered. Therefore, comprehensive soil studies have been conducted. They show that in this area pile driving can be used for the foundation of the mounting racks.

2.4.2. Solar radiation

The solar radiation on proposed site is the most important factor for the energy yield of the PV Power Plant. For the following definition of the solar radiation on the site, the radiation data set of Pampanga, Philippines, is used [Source: Meteonorm 6.1].

	GlobHor kWh/m²	T Amb °C	GlobInc kWh/m²	GlobEff kWh/m²	EArray MWh	E_Grid MWh	EffArrR %	EffSysR %
January	128.6	23.11	138.8	132.9	952	921	13.57	13.12
February	134.9	23.35	142.5	137.0	967	933	13.42	12.95
March	180.0	24.70	185.2	178.6	1244	1199	13.29	12.81
April	187.7	26.10	186.3	179.4	1239	1195	13.16	12.69
May	174.0	26.88	168.4	161.6	1125	1087	13.21	12.77
June	165.6	25.50	158.8	152.0	1072	1038	13.36	12.93
July	149.5	25.31	144.6	138.2	983	951	13.44	13.02
August	130.2	24.84	127.9	122.2	869	841	13.44	13.01
September	141.1	24.51	142.2	136.2	967	935	13.46	13.01
October	132.3	24.84	137.7	132.1	931	900	13.37	12.93
November	128.0	24.21	138.1	132.6	935	903	13.39	12.93
December	126.4	23.46	138.3	132.7	949	917	13.57	13.11
Year	1778.4	24.74	1808.9	1735.4	12232	11819	13.38	12.93

Legends:				
	GlobHor	Horizontal global irradiation	EArray	Effective energy at the output of the array
	T Amb	Ambient Temperature	E_Grid	Energy injected into grid
	GlobInc	Global incident in coll. plane	EffArrR	Effic. Eout array / rough area
	GlobEff	Effective Global, corr. for IAM and shadings	EffSysR	Effic. Eout system / rough area

Fig. 11: Monthly Meteo Values

The data set shows monthly global horizontal irradiations between 126.4 kWh/m^2 in December and 187,7 kWh/m^2 in April on the horizontal plane. The annual global horizontal irradiation is 1778.4 kWh/m^2.

The global irradiation is a combination of direct and diffuse radiation. The diffuse share has its maximum in June to August (rainy season).

2.5. Summary General Conditions

Summary General Conditions	
The general conditions (site, grid infrastructure, meteorological and irradiation conditions) on site are favorable for the construction and operation of proposed 10 MWp PV Power Plant. No show stopper identified. Remarks see below:	
Remark	• Grid access request has been conducted with positive results • Maintenance schedule: if necessary module cleaning shall be considered. • PV Module Technology: low temperature coefficient is considered • High wind loads: specific consideration for static engineering and layout of mounting racks has been considered. Comprehensive soil and pull out tests have been conducted
Show stopper	None

3. PV System Layout

3.1. Principal Layout and Functionality

A PV System has a very lean layout with few functional components; a functional scheme is given in the picture below:

Fig. 12: PV system functional scheme

The single PV modules of the PV Array are connected in series and parallel. They convert solar radiation into electrical DC power, which runs through the DC cables to the inverter. A Performance Monitoring system detects and logs the performance data of the PV module array. The inverters convert the DC into in grid conform AC power, which is fed after a transformer station into the grid.
Other main components of a PV Power plant are the mounting system and others like array combiner boxes, fencing, switches, etc.

With its modular layout, a PV System can be scaled individually to specific site conditions and needs. In the market is a broad variety of components available to match site specific conditions, e.g. mounting systems.

3.2. Recommendations for specific layout

3.2.1. PV Module Technology

The PV Module is the most important component of a PV Power Plant. Relevant Technologies are mono- and polycrystalline modules as well as thin film modules.

Fig. 13: Overview PV Module Technologies

In the following matrix, the individual technologies are qualitatively compared in relevant categories. For Thin Film Modules only the CdTe Technology is considered in this table:

	Monocrystalline Modules	Polycristalline Modules	Thin Film CdTe
Energy Yield	+	+	++
Efficiency	+	+	-
Price	O	+	+
Temperature Coeff. (%/K)	O	o	++
Handling, Maintainability	+	+	-
Reliability, durability	+	+	o
Overall system cost	*+*	*+*	*o*

Fig. 14: General PV Module Technology assessment

For the RASLAG 8 MWp PV Power Plant, polycristalline modules have been offered by all shortlisted bidders. The usage of polycrystalline modules leads to a price- performance optimization for the PV Power Plant.

3.2.2. PV Inverter Technology

The Inverters convert DC power from the module arrays into grid- conform AC- power. Inverters are also able to stabilize the grid and able to perform safety functions.

Fig. 15: Inverter Typologies

In general, there are two main inverter topologies: small string inverters in the two digit kW range and central inverters with up to 2 MW rated power. For proposed 5 MWp project, central inverters are favorable, due to their price advantage and manageable number of units for large scale installations. Key for a central inverter concept is the availability of an effective maintenance and spare parts service. Most quality and volume market leaders for PV inverters provide comprehensive service packages.
Further, inverters must meet the local electrical codes and specific grid connection requirements. A specific requirements profile shall be developed after detailed information from the grid operator for the connection of the PV power Plant on the specific grid access point.

For the specific PV Power Plant, Central inverters of SMA – the world market leader for Solar Inverters – are installed. The central inverters are delivered in a compact station, which also contains the MV transformer.

3.2.3. Mounting system

The mounting system supports the PV modules over the entire lifespan of the PV Power Plant (typically 25+ years). The static engineering of the mounting system has to consider the load types that occur during operation: weight loads and wind loads.

Basis is a geological study with on- site pull- out tests of sample foundations. With these results, a comprehensive static study can made to arrive at a durable construction and foundation in the ground.

The substantial wind loads that arise on proposed site are a challenge, but not a show stopper. In the market there is a broad variety of substructure systems available. For every case of application, also for extreme conditions, durable systems can be provided.

For PV Power Plants with > 3MWp, a foundation with rammed posts is recommended. This is an easy- to install and cost- effective approach, when the ground is suitable for ramming (no rocks or hindrances, even area).

On the site, a soil survey has been conducted, showing that a pile- driving solution is suitable for the soil conditions on site.

3.2.4. PV Module inclination

The azimuth and inclination of the module arrays influenced the energy yield of the PV power plant. The site is located on the northern hemisphere (15 ° N), so the optimal azimuth is south. In the following diagram [PVSyst V.5.64 simulation] the relative yield at different plane tilts and plane orientations (azimuth) is shown for the location.

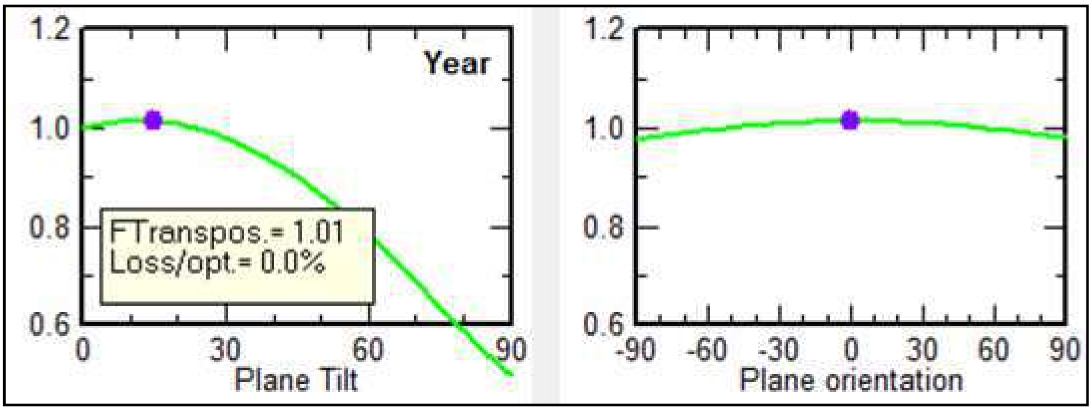


Fig. 16: Optimal Module Orientation

The Module orientation should be ca. azimuth south at an inclination of 15°. Smaller variations in orientation from the optimum do not have significant effect on the yield and can be accepted if costs can be saved (e.g. to use a standard system). For the 8 MWp Solar Power Plant, a 10 ° inclination angle of the modules is planned. The effect on the energy harvest of the Plant is marginal (<< 0,5%), however it is an innovative approach to optimize the land usage for the PV Power Plant, as more modules can be installed per ha.

3.2.5. Monitoring system

A monitoring system shall be installed to measure and log the performance data, provide analyses and indicate faults. In case of failures an alarm message should be automatically sent to the maintenance service provider to start troubleshooting.

The monitoring system shall detect the data on string basis to arrive at adequately exact data. Further, irradiation sensors, wind sensors and temperature sensors (both ambient temperature sensors and module temperature sensors) shall be installed in the Module array field. The measurement data allow a nominal- actual comparison of the performance data. A bill of materials for the monitoring system is shown in fig. 17:

Item	Units	Comments
Central data logging unit	1	e.g. central unit to log the data, e.g. SMA Webbox or other inverter manufacturers monitoring central units
Communication unit	1	Wire internet or GSM/mobile communication unit, compatible with central data logging unit.
String monitoring sensors	417	Two module strings per sensor. The sensors are installed in the array combiner boxes (e.g. SMA Sunny String Monitor, often pre-installed array combiner boxes)
Interface to each inverter	8	Each inverter is connected with the central data logging unit to log the inverter performance data.
Ambient Temperature Sensor	2	Sensor to measure the ambient temperature, e.g. SMA sensor box, Solarlog, others
Module Temperature Sensor	3	Sensor to measure the module temperature, e.g. SMA sensor box, Solarlogothers
Irradiation Sensor	3	Sensor to measure the irradiation, e.g. SMA sensor box, Solarlog, others. Minimum 3 sensors, distributed over the PV array field
Wind sensor	2	Sensor to measure the irradiation, e.g. SMA sensor box, Solarlog, others.

Fig. 17: Bill of materials: Monitoring system

Fig. 18: Monitoring system components: String sensors, temperature sensor, wind sensor, irradiation sensor, central unit, communication units

Those monitoring systems with individual sensor packages are industry standard and available for all types of inverters. Communication is possible both via wire internet (if available on site), GPS and mobile network. Installation and operation of the monitoring system for proposed PV Power Plant is not a big challenge.

3.2.6. Fencing and Security

For proposed PV system security measures should be considered to avoid theft and unauthorized access to the plant. There are four basic possibilities:

- Theft-proof installation of PV modules with special module clamps and theft- proof screws (deinstallation is very time consuming, but alone not a real protection)
- Fencing with detection wires (easy to install and effective to detect trespassers)
- Advanced camera (night vision) and alarm system (effective but costly)
- 24/ 7 On- site sentry (best deterrent effect, e.g. synergies with (soil) maintenance)

All possibilities have their pros and cons. So a combination of different measurements is recommended.

For the site, a 2 m high concrete hollow block fence with a massive gate in the south is planned. During installation and operation of the plant, a 24/7 on site sentry shall avoid theft or unauthorized access to the site.

3.3. PV system layout

3.3.1. Engineering principles

Target of PV Power Plant engineering is the planning of a system with following features:

- high energy yield
- cost effectiveness
- easy to install
- easy to maintain
- long-term durability.

A high energy yield can be reached with an optimized electrical design (module – inverter ratio), high efficient inverters, as well as avoidance of shading-, soiling- and cable losses. Economically, the total cost of ownership (investment + operating costs) must be compared with the yield of the plant. The best cost – yield ratio should be preferred. This means that the usage of standard components and acceptance of slight energy losses (e.g. thinner cables, smaller inverters) can lead to a technical- economical optimum.

The plant should be easily to install and maintain to save efforts and costs during installation and operation life time of the plant. For example, row spacing should be sufficient to be passable for machines both during installation and operation (grass mowing, etc.).

Overriding principle is the long term durability of the system. Each component and the overall system must have a life time of 25+ years. Especially static requirements (wind loads) must be considered.

3.3.2. Final Layout for the 8 MWp PV Power Plant

For the 10 MWp PV Power Plant project, layout with the following component BOM is planned:

Component	Type	No. of units	Comments
PV Modules	Conergy PE 260	38.640	Polycrystalline, 260 Wp
Inverter	SMA SC 850 CP XT	10	Central inverters
Transformers	SMA compact station	5	In pre-assembled Compact station (2 inverters, 1 transformer)
Mounting System	Conergy SolarLinea	10 MWp	10 ° module inclination
Monitoring System	SMA Central inverter Monitoring system	1	

The module layout is shown in fig. 19 (see also Attachment 1):

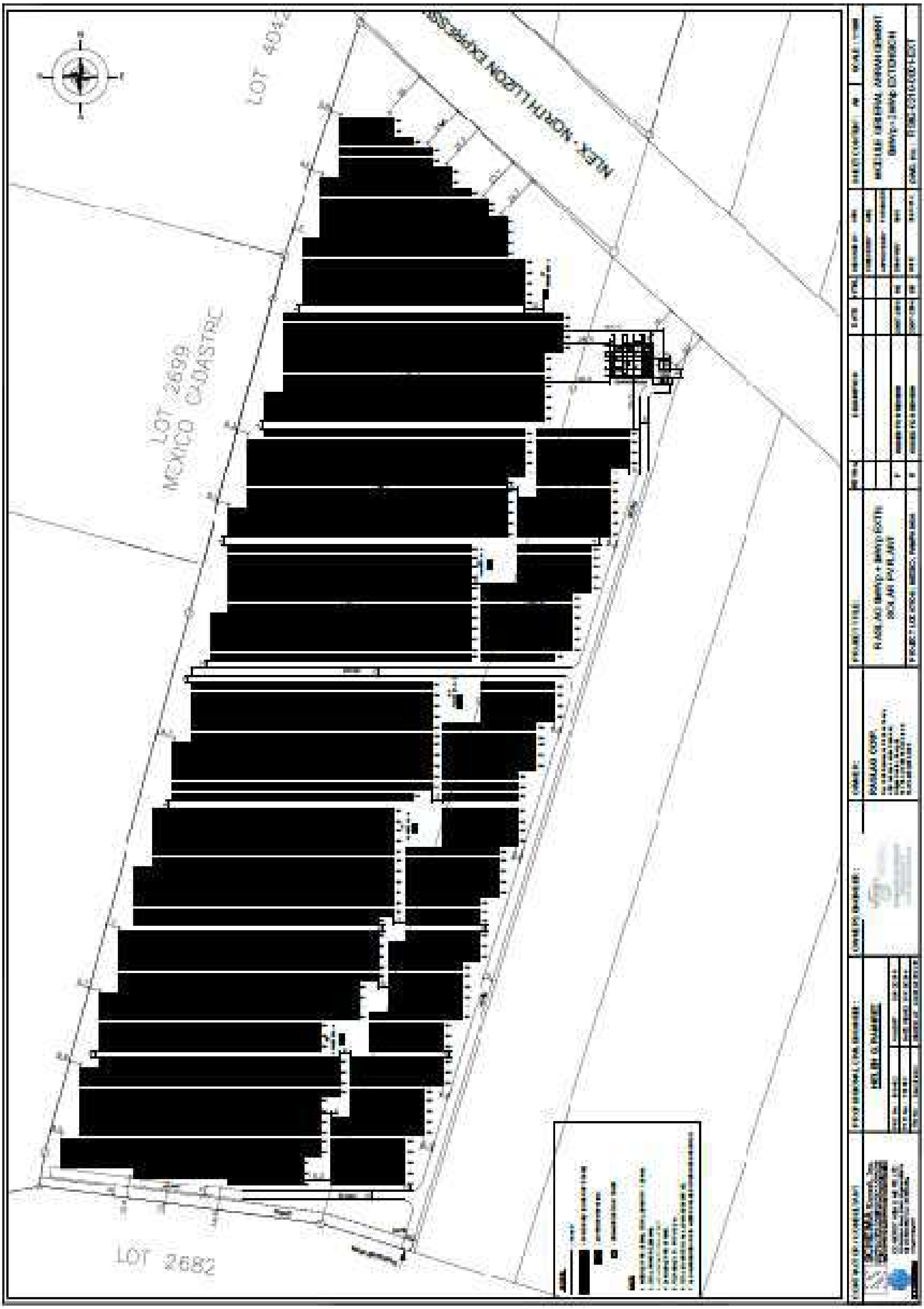


Fig. 19: Layout plan

3.4. Summary PV System Layout

<table>
<tr><th colspan="2">Summary PV System Layout</th></tr>
<tr><td colspan="2">For proposed PV Power Plant, an electrical design and module arrangement has been developed. The technical feasibility (for both electrical and mechanical layout) is fully given.
The Plant can be implemented with standard components.
No show stopper identified.</td></tr>
<tr><td>Remark</td><td>• Electrical and Module layout leads to favorable Energy harvest values.
• On-site pull- out tests showed good suitability of the site and soil for the installation of the 10 MWp PV Power Plant.
• Available site is sufficient for the installation of the 10 MWp PV array including inverters, transformers, control room building and grid connection, as well as fencing and security installations.</td></tr>
<tr><td>Show stopper</td><td>None</td></tr>
</table>

4. Energy Harvest Estimation

4.1. Software and Meteo Data

For the Energy harvest estimation, the PV harvest simulation software PVSyst V5.54 was used. The software calculates the energy output of a specific PV system based on hourly insolation data sets. For the simulation the following assumptions were used:

Item	Input value
Meteo data set (irradiation, temp.)	Meteonorm 6.1 meteo data set of Pampanga, Philippines
Electrical Layout	According to electrical layout developed in chapter 3
Components	According to electrical layout developed in chapter 3 Modules: 30.912 x Conergy PE 260 Inverters :8 x SMA SC 850 CP-XT
Module inclination	10°
Module orientation	0° south
Shading	No external shading, no row- to row- shading. Soiling factor 1%

Fig. 20: Assumptions

4.2. Results of Energy Harvest estimation

The average annual energy fed to grid for the PV system defined under the given assumptions is **14.773 MWh**. The specific yield is 1.471 kWh/kWp per year. The Performance Ratio is 81,3 % - a good value for PV Power Plants under given conditions. The monthly distribution is shown in the diagram below.

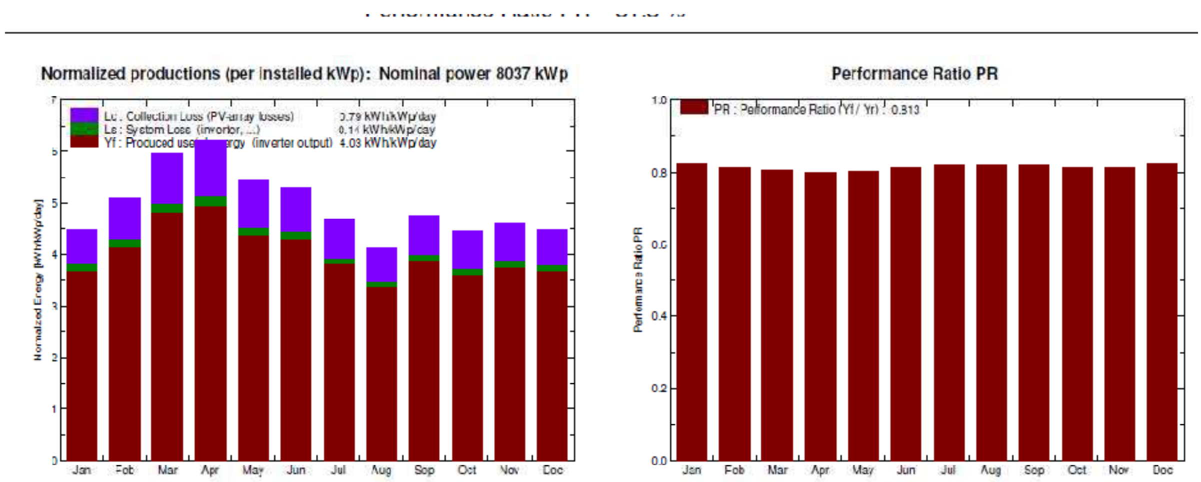


Fig. 21: Monthly Yields

The detailed Energy Harvest Estimation report is attached in Annex 3.

4.3. Summary Energy Harvest Estimation

Summary Energy harvest estimation	
For proposed PV Power Plant, an Energy harvest survey has been conducted. The results show favorable annual energy yields. The specific energy yield is 1.471 kWh/kWp per year, the overall annual energy output is 14.773 MWh for the 10 MWp Power Plant.	
Remark	• Favorable energy harvest values
Show stopper	none

5. Summary

Syntegra deems the RASLAG 10 MW_p Photovoltaic Solar Park Project

- **fully feasible from a <u>technical point of view.</u> High quality of components and sophisticated design ensure high performance and high durability of the PV Power Plant.**
- **<u>fully bankable,</u> the system design and layout has been reviewed and checked, it adheres to all industry standards and local requirements.**

No show stoppers or critical issues have been detected during the technical feasibility study. Some remarks have to be considered during installation, noted in the summaries of each chapter.

Oberwil, July 30th 2014 ____________________________

Dipl. Ing Tobias Preuss

Managing Partner, Syntegra Solar Intl. AG

APPENDIX D

RASLAG-2 Commercial and Technical Feasibility Studies

Commercial Feasibility Study

for

RASLAG Corp.

13.141 MW_p Photovoltaic Solar Park Project

"RASLAG II"

Project Owner:

RASLAG Corp.
Room 1905 Robinsons Equitable Tower
ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Manila
Philippines

July 10th, 2015

syntegra solar CONSULTING & ADVISORY SERVICES

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Content

1. Introduction

1.1. Background

RASLAG Corp. (“RASLAG”) contemplates an investment into a 13.14 MWp Photovoltaic (“PV”) Power Plant, located in Barangay Suclaban, Mexico, Pampanga, Philippines. The project site is directly adjacent to the RASLAG Phase 1 PV Power Plant (10 MWp), which has been completed and grid connected in January and March 2015. The electric power of the PV Power Plant shall be compensated by the National Solar PV Feed in Tariff scheme. To guarantee a long- term attractive and save investment, the PV Power system shall combine quality and cost- effectiveness. Site preparation work is planned to start immediately, with the PV system installation to follow as soon as possible.

Syntegra Solar Intl. AG as Owners Engineer for this 13.141 MWp PV Power Plant has been mandated by RASLAG to conduct this Commercial Feasibility Study, which includes a cost evaluation and a calculation of profitability.

1.2. Objective

The Commercial feasibility study shall give an overview about the costs, revenues and return on investment, further identify any risks or showstoppers from commercial point of view.

For this purpose RASLAG provided relevant information and key data. Other information is gained from the offers received by the EPC bidders, and from Syntegra Solar internal databases. Estimates are validated, simulations have been iterated for optimization of results.

2. Assumptions

For the ROI (Return on Investment) calculation, input data are needed and assumptions have to be made.

In the following chapters, all relevant input data are to be defined and explained. Some data are known, others have to be assumed (all assumptions shall be well-founded and verifiable).

Data base values and economic calculations are conservative to arrive at reliable, robust results. Values are given in PHP as well as in US $ (Please note that 1 $ = 45.00 PHP in this study).

2.1. Upfront Investment

The upfront investment is composed of project development costs, implementation costs and few other costs as explained below. Assumptions are explained as well in the table below:

	Item	Provider	Cost US $	Cost PHP	Source
Land acquisition	Cost of land		**$1.600.000**	**72.000.000 PHP**	Actual costs
Project Development	Permits and licensing	API/authorities	$60.000	2.700.000 PHP	est.
	Technical Works	Syntegra Solar	$180.000	8.100.000 PHP	detailed offer
	Feasibility studies	Syntegra Solar			detailed offer
	Financial closing	NN	$70.000	3.150.000 PHP	est.
	Administration	internal	$45.000	2.025.000 PHP	est.
	others, contingencies	NN	$40.000	1.800.000 PHP	est.
	Sum		**$395.000**	**17.775.000 PHP**	
Project Implementation	Site Preparation, incl. fencing, roads, grading; Drainage system incl. outfall through RASLAG 1. Extension of Control Room Building for Switchgear of RASLAG II	NN	$1.277.778	57.500.000 PHP	est.
	EPC: Procurement, Turn Key installation	Offshore: Conergy	$13.462.000	605.790.000 PHP	offer incl. 6 % contingencies for VO*
		Onshore: Solenergy	$2.237.778	100.700.000 PHP	offer incl. 6 % contingencies for VO*
	Grid interconnection	AEC	$222.222	10.000.000 PHP	survey, current costs
	SCADA		$177.778	8.000.000 PHP	
	Commissioning, Test	NN	$40.000	1.800.000 PHP	est.
	Sum		**$17.417.556**	**783.790.000 PHP**	
Others	Administration	internal	$90.000	4.050.000 PHP	est
	Supervision	Syntegra Solar	$45.000	2.025.000 PHP	detailed offer
	Set up/ organizational operating company	internal	$25.000	1.125.000 PHP	est.
	Success fee price negotiations	Syntegra Solar	$250.000	11.250.000 PHP	
	others/ contingencies	NN	$140.000	6.300.000 PHP	est.
	Sum		**$550.000**	**24.750.000 PHP**	
SUM total			**$19.962.556**	**898.315.000 PHP**	
Sum per kWp			*$1.519*	*68.360 PHP*	

* VO = Variation orders - based on RASLAG I experience

Note: The item “EPC” contains the procurement of all PV system components, incl. PV modules, inverters, mounting system, cables, array combiner boxes, monitoring system (with sensors) and others, as well as the turn- key installation of the PV Power Plant.

Total Investment Costs are 898,315,000 PHP (19,962,556 US$) or 68,360 PHP/kWp (1,519 US$/kWp).

2.2. Operating Costs

Operating costs for a PV Power Plant are rather low compared to fuel-fired plants, as no fuel is needed for a PV Power plant.

The operating costs are categorized in technical O&M costs; safety & security costs; commercial bookkeeping and administrative expenses; insurance cost; provision reserve for repairs.

The annual costs are listed in the table below:

Item	cost ($/kWp)	total cost ($)	cost (PHP/kWp)	total cost (PHP)	Ann. growth rate
Technical O&M (full service package)	$14,00	$183.974	630 PHP	8.278.830 PHP	-
Insurance (all risk insurance, liability)	$4,25	$55.849	191 PHP	2.513.216 PHP	-
Annual reserve for repairs	$6,00	$78.846	270 PHP	3.548.070 PHP	-
Administrative	$2,50	$32.853	113 PHP	1.478.363 PHP	3%
Security 24/7	$4,00	$52.564	180 PHP	2.365.380 PHP	3%
Commercial bookkeeping	$2,00	$26.282	90 PHP	1.182.690 PHP	3%
Monitoring, Performance Check	$1,60	$21.026	72 PHP	946.152 PHP	3%
SUM	**$34,35**	**$451.393**	**1.546 PHP**	**20.312.701 PHP**	

All operational costs have an annual growth rate of 3,0% to consider price increases/inflation both for labors and products (repairs/spare parts).

For this economic calculation, there are costs in the order of 20.312.701 PHP (US$ 451.393) p.a. with an annual growth rate of 3%.

2.3. Financing costs

The debt capital financing scheme is defined in the table below. Debt capital is 630.000.000 PHP at an interest rate of 6%. Term is 10 years with a grace period of one year:

RASLAG II						
SAMPLE AMORTIZATION SCHEDULE						
PN Amount:		**630.000.000,00**				
PN Date:		**6.19.2015**				
Maturity:		**6.19.2027**				
Term:		**10 Years (with 1-year grace period)**				
Amortization		**Starting 9/19/16 on principal installment (19th of every quarter)**				
Repricing		**19th of every month**				
Date	**days**	**Amortization Due**	**Interest Rate**	**Interest Due**	**Principal Balance**	**TOTAL DUE**
6.19.15					630.000.000 PHP	
9.19.15	92	Grace period 0 PHP	6,00%	9.527.671 PHP	630.000.000 PHP	9.527.671 PHP
12.19.15	91	0 PHP	6,00%	9.424.110 PHP	630.000.000 PHP	9.424.110 PHP
3.19.16	91	0 PHP	6,00%	9.424.110 PHP	630.000.000 PHP	9.424.110 PHP
6.19.16	92	0 PHP	6,00%	9.527.671 PHP	630.000.000 PHP	9.527.671 PHP
9.19.16	92	17.500.000 PHP	6,00%	9.527.671 PHP	612.500.000 PHP	27.027.671 PHP
12.19.16	91	17.500.000 PHP	6,00%	9.162.329 PHP	595.000.000 PHP	26.662.329 PHP
3.19.17	90	17.500.000 PHP	6,00%	8.802.740 PHP	577.500.000 PHP	26.302.740 PHP
6.19.17	92	17.500.000 PHP	6,00%	8.733.699 PHP	560.000.000 PHP	26.233.699 PHP
9.19.17	92	17.500.000 PHP	6,00%	8.469.041 PHP	542.500.000 PHP	25.969.041 PHP
12.19.17	91	17.500.000 PHP	6,00%	8.115.205 PHP	525.000.000 PHP	25.615.205 PHP
3.19.18	90	17.500.000 PHP	6,00%	7.767.123 PHP	507.500.000 PHP	25.267.123 PHP
6.19.18	92	17.500.000 PHP	6,00%	7.675.068 PHP	490.000.000 PHP	25.175.068 PHP
9.19.18	92	17.500.000 PHP	6,00%	7.410.411 PHP	472.500.000 PHP	24.910.411 PHP
12.19.18	91	17.500.000 PHP	6,00%	7.068.082 PHP	455.000.000 PHP	24.568.082 PHP
3.19.19	90	17.500.000 PHP	6,00%	6.731.507 PHP	437.500.000 PHP	24.231.507 PHP
6.19.19	92	17.500.000 PHP	6,00%	6.616.438 PHP	420.000.000 PHP	24.116.438 PHP
9.19.19	92	17.500.000 PHP	6,00%	6.351.781 PHP	402.500.000 PHP	23.851.781 PHP
12.19.19	91	17.500.000 PHP	6,00%	6.020.959 PHP	385.000.000 PHP	23.520.959 PHP
3.19.20	91	17.500.000 PHP	6,00%	5.759.178 PHP	367.500.000 PHP	23.259.178 PHP
6.19.20	92	17.500.000 PHP	6,00%	5.557.808 PHP	350.000.000 PHP	23.057.808 PHP
9.19.20	92	17.500.000 PHP	6,00%	5.293.151 PHP	332.500.000 PHP	22.793.151 PHP
12.19.20	91	17.500.000 PHP	6,00%	4.973.836 PHP	315.000.000 PHP	22.473.836 PHP
3.19.21	90	17.500.000 PHP	6,00%	4.660.274 PHP	297.500.000 PHP	22.160.274 PHP
6.19.21	92	17.500.000 PHP	6,00%	4.499.178 PHP	280.000.000 PHP	21.999.178 PHP
9.19.21	92	17.500.000 PHP	6,00%	4.234.521 PHP	262.500.000 PHP	21.734.521 PHP
12.19.21	91	17.500.000 PHP	6,00%	3.926.712 PHP	245.000.000 PHP	21.426.712 PHP
3.19.22	90	17.500.000 PHP	6,00%	3.624.658 PHP	227.500.000 PHP	21.124.658 PHP
6.19.22	92	17.500.000 PHP	6,00%	3.440.548 PHP	210.000.000 PHP	20.940.548 PHP
9.19.22	92	17.500.000 PHP	6,00%	3.175.890 PHP	192.500.000 PHP	20.675.890 PHP
12.19.22	91	17.500.000 PHP	6,00%	2.879.589 PHP	175.000.000 PHP	20.379.589 PHP
3.19.23	90	17.500.000 PHP	6,00%	2.589.041 PHP	157.500.000 PHP	20.089.041 PHP
6.19.23	92	17.500.000 PHP	6,00%	2.381.918 PHP	140.000.000 PHP	19.881.918 PHP
9.19.23	92	17.500.000 PHP	6,00%	2.117.260 PHP	122.500.000 PHP	19.617.260 PHP
12.19.23	91	17.500.000 PHP	6,00%	1.832.466 PHP	105.000.000 PHP	19.332.466 PHP
3.19.24	91	17.500.000 PHP	6,00%	1.570.685 PHP	87.500.000 PHP	19.070.685 PHP
6.19.24	92	17.500.000 PHP	6,00%	1.323.288 PHP	70.000.000 PHP	18.823.288 PHP
9.19.24	92	17.500.000 PHP	6,00%	1.058.630 PHP	52.500.000 PHP	18.558.630 PHP
12.19.24	91	17.500.000 PHP	6,00%	785.342 PHP	35.000.000 PHP	18.285.342 PHP
3.19.25	90	17.500.000 PHP	6,00%	517.808 PHP	17.500.000 PHP	18.017.808 PHP
6.19.25	92	17.500.000 PHP	6,00%	264.658 PHP	0 PHP	17.764.658 PHP
T O T A L		**630.000.000 PHP**				

For the following calculations, the upfront costs of 898,315,000 PHP shall be covered by 630.000.000 PHP debt capital (share 70 %) and 268,315,000 PHP equity capital (share 30%).

2.4. Revenues

The revenues are generated by power sales. The Feed-In Tariff rate is 8.69 PHP/kWh or 0.1909 US$/kWh. The power output in the first year is 19.457.000 kWh according to the energy harvest report in the technical feasibility study with an annual degradation of the power output of 0,7 %. (degradation rate of the PV panels).

Period under consideration for the cash flow simulations is ten years (credit period, see chapter 2.3. financing costs).

All considerations are before tax.

3. Calculation and results

All calculations are net of VAT. The table below shows the summarized assumptions for the calculations:

Input Parameters	
Basic data	
Total Investment per kWp	68.360 PHP
PV Power Plant size (kWp)	13.141
Annual operation costs per kWp	1.483 PHP
Annual specific yield (kWh/kWp)	1480
Feed In Tariff per kWh	8,69 PHP
Period under consideration (years)	20
Annual degradation rate of output	0,70%
Debt financing	
Percentage of debt financing	70%
interest rate	6%
Credit term	10
Years of grace	1

Below table shows the overall results of the calculation:

RESULTS		
Account Balance pre tax	**20 years**	**1.545.704.674 PHP**
Equity IRR pre tax	**20 years**	**25,3%**
Project IRR pre tax	**20 years**	**12,0%**
Debt Financing	**630.000.000 PHP**	
Total investment	**898.318.760 PHP**	
Annual redemption	**70.000.000 PHP**	
Annual operation costs	**19.488.103 PHP**	(3% increase p.a.)
Annual Yield in kWh	**19.448.680**	(0.7 % decrease p.a.)

A detailed cash flow analysis is provided in Attachment 1.

4. Conclusion/Summary:

For the proposed RASLAG II 13.141 MWp PV Power Plant, a Commercial Feasibility Study has been conducted: all assumptions are validated and have been confirmed independently. Definitions of input factors and explanations are given in chapter 2. Furthermore, contingencies are included to arrive at robust but balanced results.

Syntegra believes that the results of the cash flow simulations will be met in practice.

Conclusion:
The PV Power Plant economics under the given FIT regime are attractive, and full commercial feasibility of the Project can be assessed.

In respect to risk assessment and mitigation, no show stoppers have been identified (Please see attachment 2: Sensitivity Analysis).

Oberwil, July 10th, 2015 ______________________________

Dipl. Ing Tobias Preuss

Managing Partner, Syntegra Solar Intl. AG

Syntegra Solar International AG

Tellenmattstr. 37
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Attachment 1:

Commercial Feasibility Study RASLAG II 13.141 MWp PV Power Plant

Input Parameters

Basic data	
Total Investment per kWp	68.360 PHP
PV Power Plant size (kWp)	13.141
Annual operation costs per kWp	1.483 PHP
Annual specific yield (kWh/kWp)	1480
Feed In Tariff per kWh	8,69 PHP
Period under consideration (years)	20
Annual degradation rate of output	0,70%

Debt financing	
Percentage of debt financing	70%
interest rate	6%
Credit term	10
Years of grace	1

RESULTS		
Account Balance pre tax	**20 years**	**1.545.704.674 PHP**
Equity IRR pre tax	**20 years**	**25,3%**
Project IRR pre tax	**20 years**	**12,0%**
Debt Financing	**630.000.000 PHP**	
Total investment	**898.318.760 PHP**	
Annual redemption	**70.000.000 PHP**	
Annual operation costs	**19.488.103 PHP**	(3% increase p.a.)
Annual Yield in kWh	**19.448.680**	(0.7 % decrease p.a.)

	Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
	Redemption	0 PHP	70.000.000 PHP	70.000.000 PHP	70.000.000 PHP	70.000.000 PHP	70.000.000 PHP	70.000.000 PHP	70.000.000 PHP	70.000.000 PHP	70.000.000 PHP
	Interest	37.800.000 PHP	35.700.000 PHP	31.500.000 PHP	27.300.000 PHP	23.100.000 PHP	18.900.000 PHP	14.700.000 PHP	10.500.000 PHP	6.300.000 PHP	2.100.000 PHP
	operating Costs	19.488.103 PHP	20.131.210 PHP	20.774.318 PHP	21.417.425 PHP	22.060.533 PHP	22.703.640 PHP	23.346.747 PHP	23.989.855 PHP	24.632.962 PHP	25.276.070 PHP
	Total Costs	**57.288.103 PHP**	**125.831.210 PHP**	**122.274.318 PHP**	**118.717.425 PHP**	**115.160.533 PHP**	**111.603.640 PHP**	**108.046.747 PHP**	**104.489.855 PHP**	**100.932.962 PHP**	**97.376.070 PHP**
	Total Yield in kWh	19.448.680	19.312.539	19.176.398	19.040.258	18.904.117	18.767.976	18.631.835	18.495.695	18.359.554	18.223.413
	Total Revenues	**169.009.029 PHP**	**167.825.966 PHP**	**166.642.903 PHP**	**165.459.840 PHP**	**164.276.776 PHP**	**163.093.713 PHP**	**161.910.650 PHP**	**160.727.587 PHP**	**159.544.524 PHP**	**158.361.460 PHP**
	Investment (Equity)										
Net Revenues	**-268.318.760 PHP**	**111.720.926 PHP**	**41.994.756 PHP**	**44.368.585 PHP**	**46.742.414 PHP**	**49.116.244 PHP**	**51.490.073 PHP**	**53.863.903 PHP**	**56.237.732 PHP**	**58.611.561 PHP**	**60.985.391 PHP**
Account Balance	**-268.318.760 PHP**	**-156.597.834 PHP**	**-114.603.078 PHP**	**-70.234.493 PHP**	**-23.492.079 PHP**	**25.624.165 PHP**	**77.114.238 PHP**	**130.978.141 PHP**	**187.215.873 PHP**	**245.827.434 PHP**	**306.812.825 PHP**

	Year	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
	Redemption	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP
	Interest	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP
	operating Costs	25.334.534 PHP	25.919.177 PHP	26.503.820 PHP	27.088.463 PHP	27.673.106 PHP	28.257.749 PHP	28.842.392 PHP	29.427.036 PHP	30.011.679 PHP	30.596.322 PHP
	Total Costs	**25.334.534 PHP**	**25.919.177 PHP**	**26.503.820 PHP**	**27.088.463 PHP**	**27.673.106 PHP**	**28.257.749 PHP**	**28.842.392 PHP**	**29.427.036 PHP**	**30.011.679 PHP**	**30.596.322 PHP**
	Total Yield in kWh	18.087.272	17.951.132	17.814.991	17.678.850	17.542.709	17.406.569	17.270.428	17.134.287	16.998.146	16.862.006
	Total Revenues	**157.178.397 PHP**	**155.995.334 PHP**	**154.812.271 PHP**	**153.629.208 PHP**	**152.446.144 PHP**	**151.263.081 PHP**	**150.080.018 PHP**	**148.896.955 PHP**	**147.713.892 PHP**	**146.530.828 PHP**
Net Revenues		**131.843.863 PHP**	**130.076.157 PHP**	**128.308.451 PHP**	**126.540.744 PHP**	**124.773.038 PHP**	**123.005.332 PHP**	**121.237.625 PHP**	**119.469.919 PHP**	**117.702.213 PHP**	**115.934.507 PHP**
Account Balance		**438.656.688 PHP**	**568.732.845 PHP**	**697.041.296 PHP**	**823.582.040 PHP**	**948.355.078 PHP**	**1.071.360.410 PHP**	**1.192.598.036 PHP**	**1.312.067.955 PHP**	**1.429.770.168 PHP**	**1.545.704.674 PHP**

Attachment 2: Sensitivity Analysis

Sensitivity Analysis for the Financial Model of RASLAG II 13.141 MWp Solar PV Project

Date: 10/07/2015

Description of Sensitivity Analysis:

- In the Sensitivity Analysis, the equity IRR, Project IRR and WACC* are calculated for 13 scenarios.
- In the scenarios, the parameters Energy Output, FIT Rate, Project Cost are de-/increased (+/- 10 %)
- The parameters are taken from the Commercial Feasibility study (July 10th 2015)
- The Results are shown in the table below, the detailed calculations for each scenario is attached in the excel tabs.

No.	Description	Equity IRR	Project IRR	WACC
0	Base Case Scenario	25,34%	12,01%	7,79%
1	Scenario 1: +10% Energy Output	31,36%	14,07%	7,79%
2	Scenario 2: -10% Energy Output	19,66%	9,88%	7,79%
3	Scenario 3: + 10 % FIT Rate	31,36%	14,07%	7,79%
4	Scenario 4: - 10 % FIT Rate	19,66%	9,88%	7,79%
5	Scenario 5: + 10 % Energy Output; + 10 % FIT Rate	38,31%	16,27%	7,79%
6	Scenario 6: - 10 % Energy Output; + 10 % FIT Rate	24,75%	11,80%	7,79%
7	Scenario 7: + 10 % Energy Output; - 10 % FIT Rate	24,75%	11,80%	7,79%
8	Scenario 8: - 10 % Energy Output; - 10 % FIT Rate	14,86%	7,87%	7,79%
9	Scenario 9: + 10 % Project Cost	19,19%	10,57%	8,17%
10	Scenario 10 : - 10 % Project Cost	38,09%	13,70%	7,32%
11	Scenario 11: + 10 % Energy Output, + 10 % FIT Rate, - 10 % Project Cost	59,52%	18,32%	7,32%
12	Scenario 12: - 10 % Energy Output, - 10 % FIT Rate, + 10 % Project Cost	11,25%	6,67%	8,17%

*WACC is calculated as follows:

$$\mathrm{WACC} = \frac{D}{D+E}K_d + \frac{E}{D+E}K_e$$

WACC=Weighted average cost of capital

D= Debt Capital

E= Equity (fix at 630 Mio PHP)

Kd = Cost of Debt Capital (6%)

Ke = Cost of Equity (12%)

Technical Feasibility Study

for

RASLAG Corp.

13.141 MW_p Photovoltaic Solar Park Project

"RASLAG II"

July 9th 2015

Project Owner:

RASLAG Corp.

Room 1905 Robinsons Equitable Tower

ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Manila

Philippines

syntegra solar CONSULTING & ADVISORY SERVICES

Syntegra Solar International AG

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Content

1. Introduction

1.1. Background

RASLAG Corp. (“RASLAG”) contemplates an investment into a 13.14 MWp Photovoltaic (“PV”) Power Plant, located in Barangay Suclaban, Mexico, Pampanga, Philippines. The project site is directly adjacent to the RASLAG Phase 1 PV Power Plant (10 MWp), which has been completed and grid connected in January and March 2015. The electric power of the PV Power Plant shall be compensated by the National Solar PV Feed in Tariff scheme. To guarantee a long- term attractive and save investment, the PV Power system shall combine quality and cost- effectiveness.

1.2. Objective

Syntegra Solar Intl. AG has been mandated by RASLAG to develop and submit the Technical Feasibility Study for the 13.14 MWp PV Power Plant, which includes all technical issues: description of the general conditions and insolation, PV system layout basics and recommendations, energy harvest calculation and assessment of the results. Therefore, RASLAG submitted several information and data about the specific project and the site. All other information is gained from Syntegra Solar internal databases and software, as well as public databases.

The technical feasibility study shall point out issues, which have to be specifically considered in the further process, identify possible show stoppers and provide the basis for the imminent installation of the PV Power Plant.

2. Description of General Conditions

2.1. Site

2.1.1. Location

Proposed site for the overall 23 MWp PV Power Plant is located in Pampanga, Central Luzon region, ca. 5 km east of Angeles City.

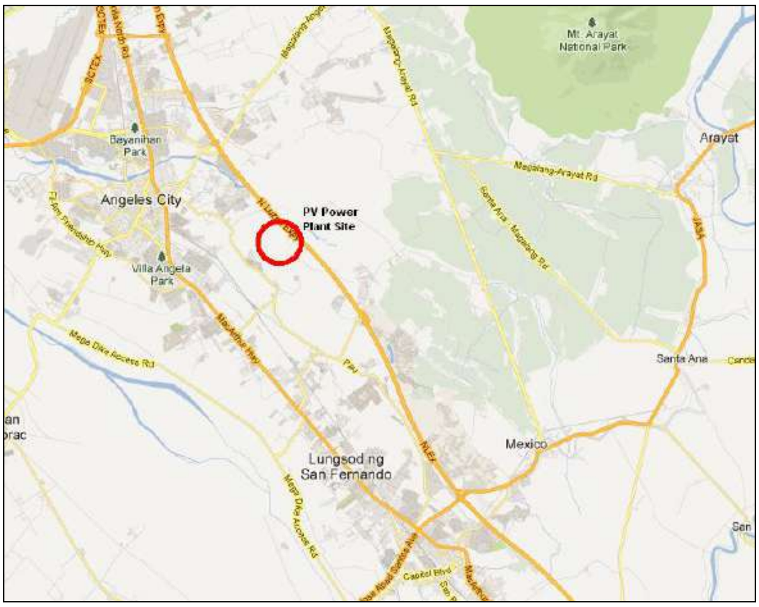


Fig. 1: Map of proposed site

The site borders on the North Luzon Expressway and on the transmission line which leads along the Expressway. The site is shown in detail in the figure below.

Fig. 2: detailed map

The RASLAG II project site is adjacent to the RASLAG I site. Overall size of site is 13,377 ha. Details and Coordinates of site boundaries can be found in Annex 1 (Attachment 1: Site Information)
A basic Module General Arrangment Plan of the proposed site is attached in Annex 2 (Attachment 2: Module General Arrangement Plan)

2.2. Site Conditions

The overall area for the PV Power Plant is flat with a maximum of 102.4 m and a minimum of 97 m above sea level. This information is based on the topographic survey for the site (Attachment 3: Topographic survey). The site conditions are benign for PV module array installation.

On the site there is no shading expected, the site is free of any obstacles like transmission lines or trees.

The land was previously used as Sugar Cane Plantation. The sugar cane has been cropped and removed, the sugar cane roots have been removed from the soil. Currently the land is bare ground which will be compacted soon to have some grass coverage at construction start.

Fig. 3: Photo of site as of 04.07.2015

Fig. 4: Photo of site as of 04.07.2015

For the site, no history of flooding is recorded. During harvest of adjacent sugar cane plantations (limited period once a year) dust pollutions occur. Dust on the modules can influence the energy yield, so this issue should be considered in the maintenance schedule, e.g. module cleaning action should be considered at the end of the harvest season.

The soil is humus-rich, neither rocks nor any other aboveground or underground particles (like crossing gas or water pipes, etc.) are reported in the proposed area. The site can be reached via farm lanes.

The site is well-suited for a PV Power Plant. The characteristics of the site are ideal to easily design, install and operate a PV power plant.

2.3. Power grid infrastructure

At the northern part of RASLAG 1 site, which ist adjacent to the RASLAG 2 site, a transmission line leads along the NLEX Expressway. The Transmission line has a voltage of 13.8 kV (medium voltage transmission line) at a frequency of 60 Hz. A grid impact study has been conducted with positive results. The transmission line`s capacity is sufficient for the power output of the proposed 13.141 MWp Solar PV Power Plant.

The RASLAG II PV Power Plant will be connected via Medium Voltage Switchgear in the Control Room building and an Offtake Structure to connect to the existing poles along the NLEX Expressway.

2.4. Meteorological conditions

2.4.1. Climatic conditions

The analysis of the climatic conditions is based on the report of the Diosdado Macapagal (Clark) International Airport (Angeles City, Philippines) weather station. It is based on the historical records from 2006 to 2012. The airport is about 10 km west of proposed site, so the data basis can be used to analyze the conditions on the PV power Plant site.

Angeles City has a tropical monsoon climate with short dry season.

Temperature:

Over the course of a year, the temperature typically varies from 21°C to 34°C and is rarely below 19°C or above 36°C.

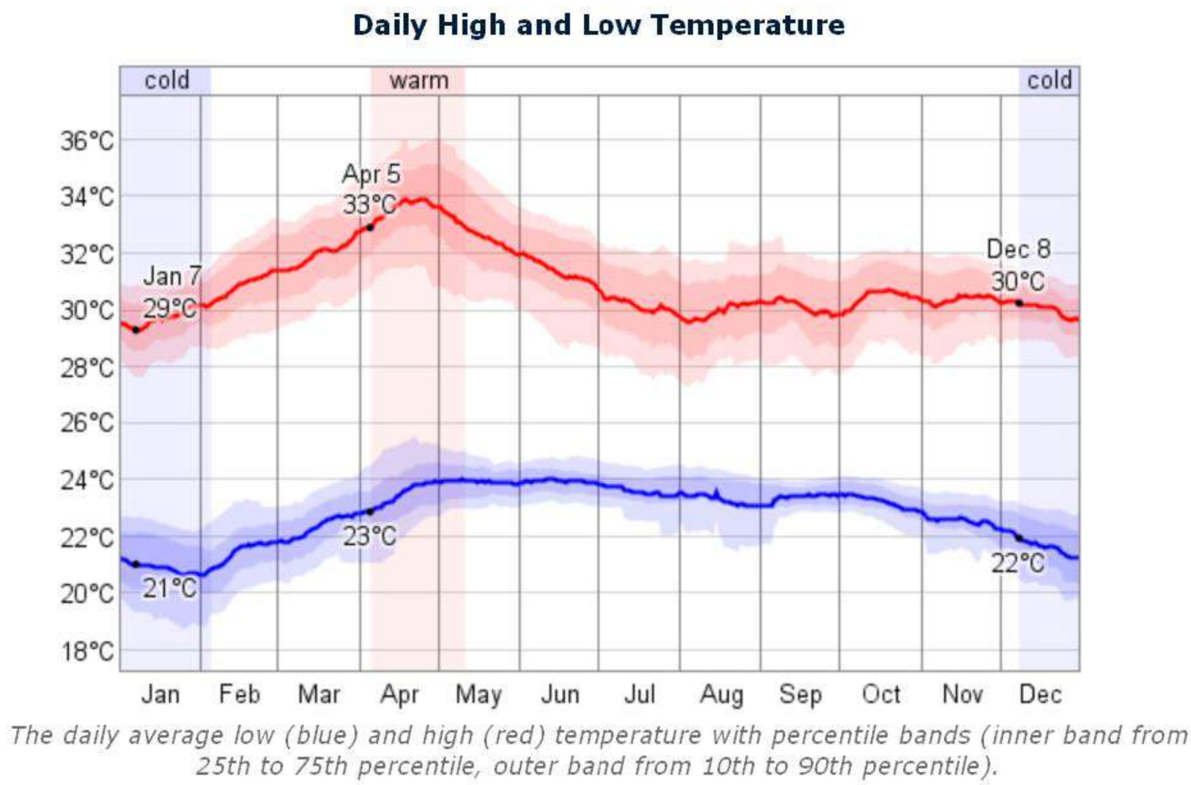


Fig. 5: Temperature profile

The warm season lasts from April 5 to May 11 with an average daily high temperature above 33°C. The hottest day of the year is April 18, with an average high of 34°C and low of 24°C. The cold season lasts from December 8 to February 5 with an average daily high temperature below 30°C. The coldest day of the year is January 25, with an average low of 21°C and high of 30°C.

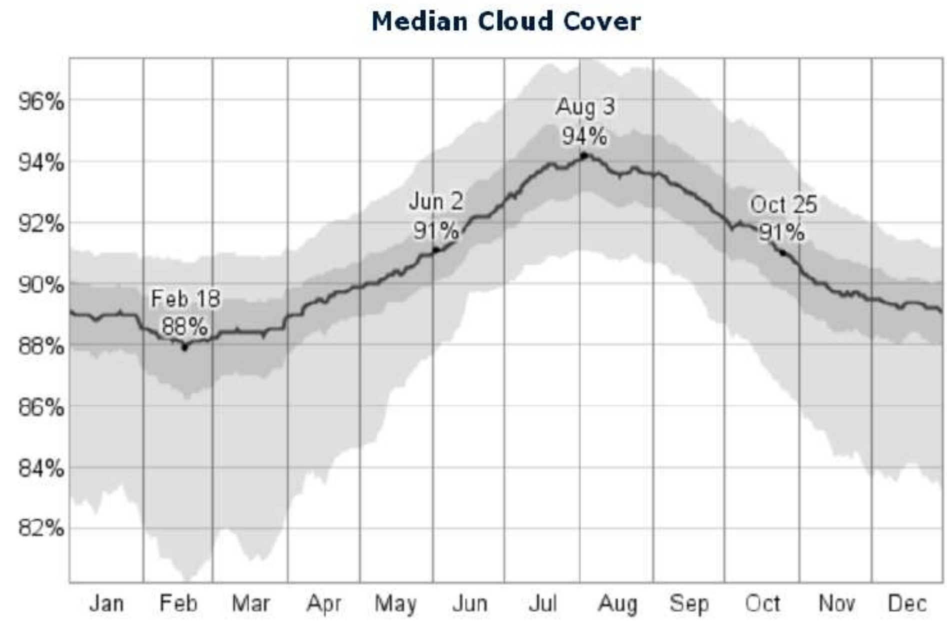
The ambient temperature affects the PV Cell temperature, as well as the insolation and the air circulation over the module surface. The higher the cell temperature, the lower is the output of the PV cell. This characteristic is described in the temperature coefficient of a certain PV module. Typical temperature coefficient values are -0,40 to -0,52 % / K for the MPP Power of a module for crystalline PV modules [Photovoltaic Systems, DGS, 2nd edition].

The ambient temperatures at the site are rather high as shown in the illustration above. To avoid power losses, PV modules with low temperature coefficients should be considered for this PV power plant project. Additionally, a good air circulation should be considered when engineering the mechanical construction to allow cooling of the modules by natural convection.

Another issue is the inverter cooling concept. Inverters work very efficiently when operating a certain temperature range. Therefore, they are equipped with a cooling concept. During engineering, the suitability of the specific inverters cooling concept for the on-site conditions (heat + humidity) has to be considered. Also the maintenance plan should contain regular checks and maintenance instructions to assure that inverters operate in their specified temperature range.

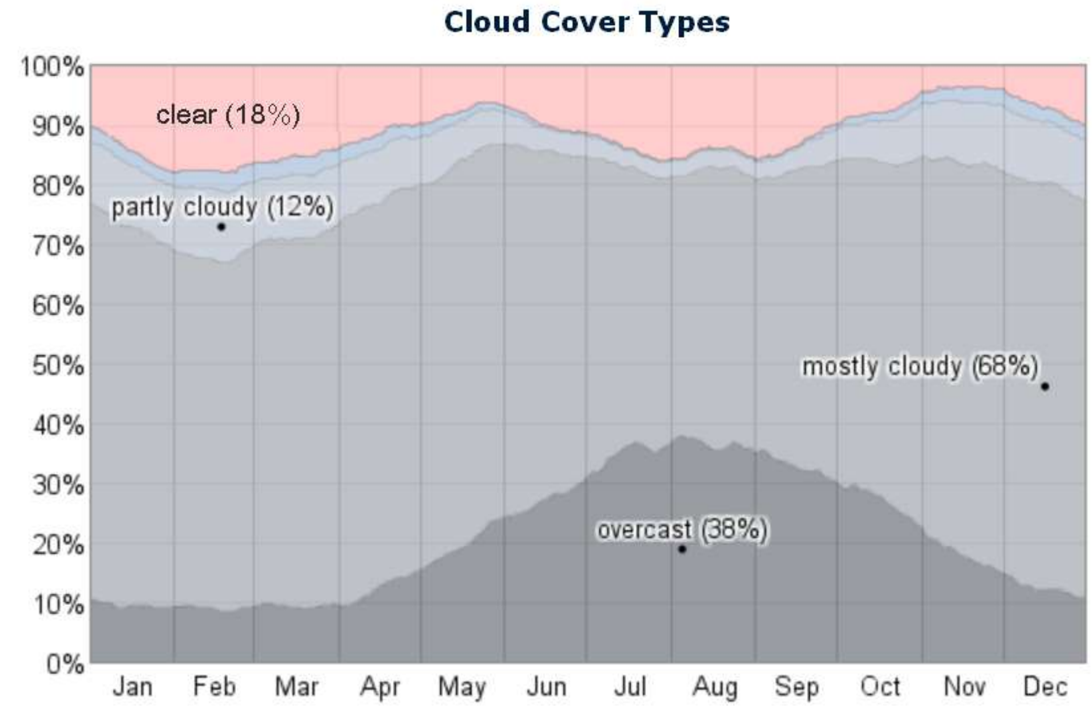
Clouds

The median cloud cover is 91% (mostly cloudy) and does not vary substantially over the course of the year.



The median daily cloud cover (black line) with percentile bands (inner band from 40th to 60th percentile, outer band from 25th to 75th percentile).

Fig. 6: Median cloud cover



The fraction of time spent in each of the five sky cover categories. From top (most blue) to bottom (most gray), the categories are clear, mostly clear, partly cloudy, mostly cloudy, and overcast.

Fig. 7: Cloud cover types

The Median Cloud Cover and Cloud Cover Types diagrams show that the sky is mostly diffuse at a high humidity. So the insolation intensity is mostly in the middle to upper range, while peak insolation with up to 1000 W/m^2 is rather seldom.

This should be considered during electrical layout engineering of the plant: for this insolation profile, the inverters can be sized slightly smaller than the PV module array to save costs without having relevant energy yield losses. A specific technical/ economical optimization analysis, considering energy yield and costs, is recommended.

Precipitation

The probability that precipitation will be observed at this location varies throughout the year. Precipitation is most likely around July 10, occurring in 84% of days. Precipitation is least likely around February 20, occurring in 16% of days as shown in the diagram below:

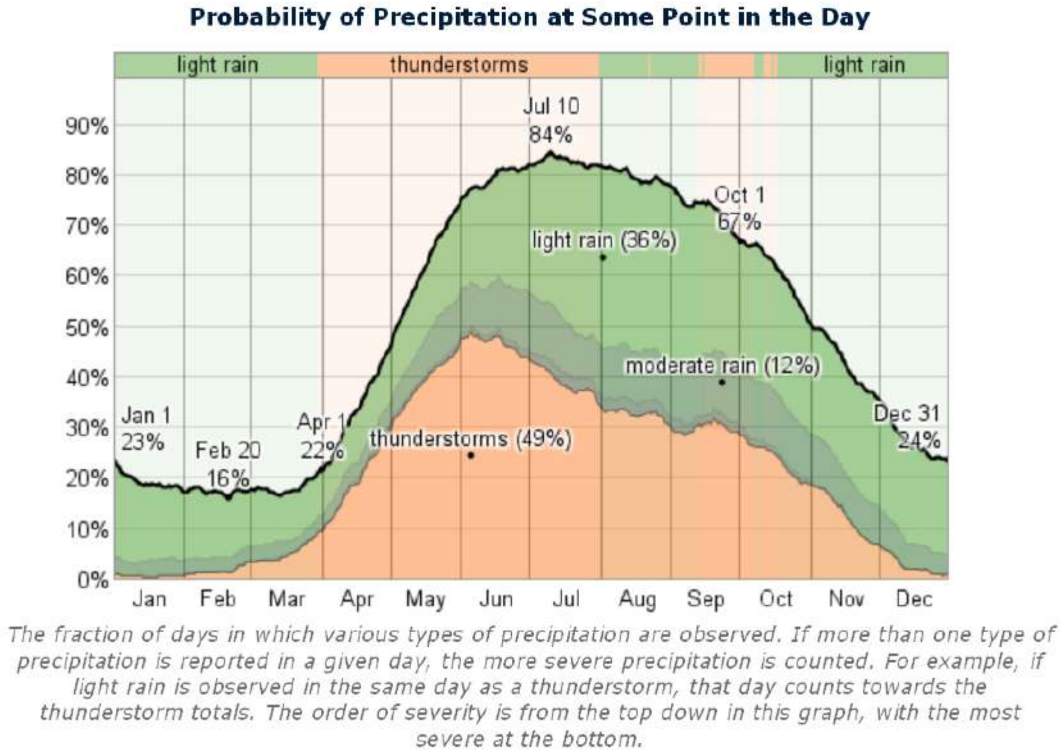


Fig. 8: Precipitation

Over the entire year, the most common forms of precipitation are thunderstorms, light rain, and moderate rain:

- Thunderstorms are the most severe precipitation observed during 42% of those days with precipitation. They are most likely around June 5, when it is observed during 49% of all days.
- Light rain is the most severe precipitation observed during 41% of those days with precipitation. It is most likely around August 2, when it is observed during 36% of all days.
- Moderate rain is the most severe precipitation observed during 14% of those days with precipitation. It is most likely around September 23, when it is observed during 12% of all days.

During rain showers the sky is cloudy. This limits the insolation on the PV module panels (presented in subchapter “Clouds”). Rain has also a positive effect on the PV Power Plant performance as it cleans the panels from dust. The diagram shows a clear division of the year in a period of rain (May to October) and a dry season (November to April).

Thus, relevant soiling of module surface is not expected during rainy season, in the dry season the dust on the modules should be observed as integrated part of the maintenance schedule. If necessary, the modules should be cleaned manually in dry season to avoid output losses. This could be the case during harvest season of ambient fields, as mentioned in chapter “Site”.

Construction phase of the PV Power Plant should take place during dry season to avoid delays or thunderstorms during installation. Another point is the trafficability of the land with machines.

Wind

Over the course of the year typical wind speeds vary from 0 m/s to 5 m/s (calm to moderate breeze), rarely exceeding 34 m/s (hurricane).

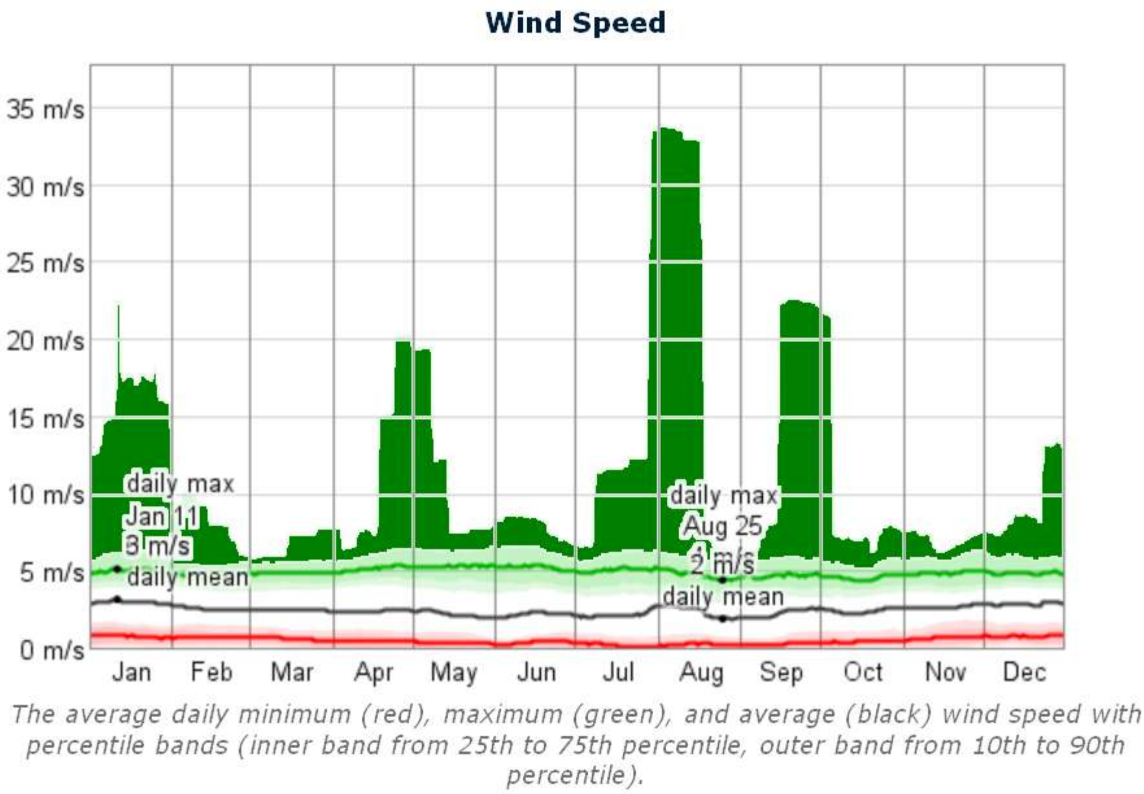


Fig. 9: Wind speed

The wind profile shows low average wind speeds throughout the year. During thunderstorms, very high wind speed can be observed. The maximum wind speeds during thunderstorms have to be considered for the engineering of the mounting system. Accordingly, the foundations in the ground and the mounting system structure have to be engineered. Therefore, comprehensive soil studies have been conducted. They show that in this area pile driving can be used for the foundation of the mounting racks.

2.4.2. Solar radiation

The solar radiation on proposed site is the most important factor for the energy yield of the PV Power Plant. For the following definition of the solar radiation on the site, the radiation data set of Pampanga, Philippines, is used [Source: Meteonorm 6.1].

	GlobHor kWh/m²	T Amb °C	GlobInc kWh/m²	GlobEff kWh/m²	EArray MWh	E_Grid MWh	EffArrR %	EffSysR %
January	128.6	23.11	138.3	131.1	1560	1504	13.65	13.16
February	134.9	23.35	142.3	135.4	1589	1531	13.51	13.02
March	180.0	24.70	185.7	177.3	2054	1980	13.39	12.90
April	187.7	26.10	187.8	179.2	2059	1986	13.26	12.80
May	174.0	26.88	170.1	161.7	1871	1806	13.31	12.84
June	165.6	25.50	160.5	152.2	1784	1723	13.45	12.99
July	149.5	25.31	145.7	138.0	1630	1572	13.53	13.05
August	130.2	24.84	128.7	121.9	1440	1385	13.53	13.02
September	141.1	24.51	143.0	135.6	1600	1542	13.54	13.05
October	132.3	24.84	137.8	130.8	1533	1476	13.46	12.96
November	128.0	24.21	137.4	130.6	1528	1472	13.45	12.96
December	126.4	23.46	137.4	130.4	1536	1480	13.53	13.03
Year	1778.4	24.74	1814.7	1724.1	20184	19457	13.46	12.97

Legends:				
	GlobHor	Horizontal global irradiation	EArray	Effective energy at the output of the array
	T Amb	Ambient Temperature	E_Grid	Energy injected into grid
	GlobInc	Global incident in coll. plane	EffArrR	Effic. Eout array / rough area
	GlobEff	Effective Global, corr. for IAM and shadings	EffSysR	Effic. Eout system / rough area

Fig. 10: Monthly Meteo Values

The data set shows monthly global horizontal irradiations between 126.4 kWh/m^2 in December and 187,7 kWh/m^2 in April on the horizontal plane. The annual global horizontal irradiation is 1778.4 kWh/m^2.

The global irradiation is a combination of direct and diffuse radiation. The diffuse share has its maximum in June to August (rainy season).

2.5. Summary General Conditions

<table>
<tr><th colspan="2">Summary General Conditions</th></tr>
<tr><td colspan="2">The general conditions (site, grid infrastructure, meteorological and irradiation conditions) on site are favorable for the construction and operation of proposed 13.141 MWp PV Power Plant. No show stopper identified. Remarks see below:</td></tr>
<tr><td>Remark</td><td>Grid access request has been conducted with positive results
Maintenance schedule: if necessary module cleaning shall be considered.
PV Module Technology: low temperature coefficient is considered
High wind loads: specific consideration for static engineering and layout of mounting racks has been considered. Comprehensive soil and pull out tests have been conducted</td></tr>
<tr><td>Show stopper</td><td>None</td></tr>
</table>

3. PV System Layout

3.1. Principal Layout and Functionality

A PV System has a very lean layout with few functional components; a functional scheme is given in the picture below:

Fig. 11: PV system functional scheme

The single PV modules of the PV Array are connected in series and parallel. They convert solar radiation into electrical DC power, which runs through the DC cables to the inverter. A Performance Monitoring system detects and logs the performance data of the PV module array. The inverters convert the DC into in grid conform AC power, which is fed after a transformer station into the grid.
Other main components of a PV Power plant are the mounting system and others like array combiner boxes, fencing, switches, etc.

With its modular layout, a PV System can be scaled individually to specific site conditions and needs. In the market is a broad variety of components available to match site specific conditions, e.g. mounting systems.

3.2. Recommendations for specific layout

3.2.1. PV Module Technology

The PV Module is the most important component of a PV Power Plant. Relevant Technologies are mono- and polycrystalline modules as well as thin film modules.

Fig. 12: Overview PV Module Technologies

In the following matrix, the individual technologies are qualitatively compared in relevant categories. For Thin Film Modules only the CdTe Technology is considered in this table:

	Monocrystalline Modules	Polycristalline Modules	Thin Film CdTe
Energy Yield	+	+	++
Efficiency	+	+	-
Price	o	+	+
Temperature Coeff. (%/K)	o	o	++
Handling, Maintainability	+	+	-
Reliability, durability	+	+	o
Overall system cost	*+*	*+*	*o*

Fig. 13: General PV Module Technology assessment

For the RASLAG 13.141 MWp PV Power Plant, polycrystalline modules shall be installed. Using polycrystalline modules is the price- performance optimum for the PV Power Plant.

3.2.2. PV Inverter Technology

The Inverters convert DC power from the module arrays into grid- conform AC- power. Inverters are also able to stabilize the grid and able to perform safety functions.

String Inverter Examples:
SMA Tripower (20 kW), Power One (27 kW)

Example Central inverter:
Concrete station with 1,25 MW SMA inverter and transformer

Fig. 14: Inverter Typologies

In general, there are two main inverter topologies: small string inverters in the two digit kW range and central inverters with up to 2 MW rated power. For proposed 13.141 MWp project, SMA central inverters will be used, due to their price advantage and manageable number of units for large scale installations. Key for a central inverter concept is the availability of an effective maintenance and spare parts service. Most quality and volume market leaders for PV inverters provide comprehensive service packages.
Further, inverters must meet the local electrical codes and specific grid connection requirements. A specific requirements profile shall be developed after detailed information from the grid operator for the connection of the PV power Plant on the specific grid access point.

For the specific PV Power Plant, Central inverters of SMA – the world market leader for Solar Inverters – will be installed. The central inverters are delivered in a compact station, which also contains the MV transformer, as well as a switchgear.

3.2.3. Mounting system

The mounting system supports the PV modules over the entire lifespan of the PV Power Plant (typically 25+ years). The static engineering of the mounting system has to consider the load types that occur during operation: weight loads and wind loads.

Basis is a geological study with on- site pull- out tests of sample foundations. With these results, a comprehensive static study can made to arrive at a durable construction and foundation in the ground.

The substantial wind loads that arise on proposed site are a challenge, but not a show stopper. In the market there is a broad variety of substructure systems available. For every case of application, also for extreme conditions, durable systems can be provided.

For PV Power Plants with > 3MWp, a foundation with rammed posts is recommended. This is an easy- to install and cost- effective approach, when the ground is suitable for ramming (no rocks or hindrances, even area).

On the site, a soil survey has been conducted, showing that a pile- driving solution is suitable for the soil conditions on site.

3.2.4. PV Module inclination

The azimuth and inclination of the module arrays influenced the energy yield of the PV power plant. The site is located on the northern hemisphere (15 ° N), so the optimal azimuth is south. In the following diagram [PVSyst V.5.64 simulation] the relative yield at different plane tilts and plane orientations (azimuth) is shown for the location.

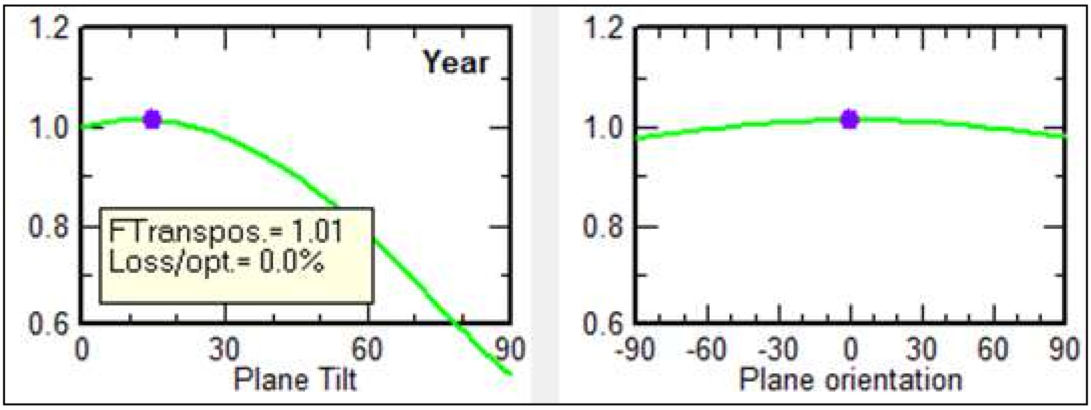


Fig. 15: Optimal Module Orientation

The Module orientation should be ca. azimuth south at an inclination of 15°. Smaller variations in orientation from the optimum do not have significant effect on the yield and can be accepted if costs can be saved (e.g. to use a standard system). For the 13.141 MWp Solar Power Plant, a 10 ° inclination angle of the modules is considered. The effect on the energy harvest of the Plant is marginal (<< 0,3 %), however it is an innovative approach to optimize the land usage for the PV Power Plant, as more modules can be installed per ha.

3.2.5. Monitoring system

A monitoring system shall be installed to measure and log the performance data, provide analyses and indicate faults. In case of failures an alarm message should be automatically sent to the maintenance service provider to start troubleshooting.
The monitoring system shall detect the data on string basis to arrive at adequately exact data. Further, irradiation sensors, wind sensors and temperature sensors (both ambient temperature sensors and module temperature sensors) shall be installed in the Module array field. The measurement data allow a nominal- actual comparison of the performance data. A bill of materials for the monitoring system is shown in fig. 17:

Item	Units	Comments
Central data logging unit	1	e.g. central unit to log the data, e.g. SMA Webbox or other inverter manufacturers monitoring central units
Communication unit	1	Wire internet or GSM/mobile communication unit, compatible with central data logging unit.
String monitoring sensors	971	Two module strings per sensor. The sensors are installed in the array combiner boxes (e.g. SMA Sunny String Monitor, often pre-installed array combiner boxes)
Interface to each inverter	12	Each inverter is connected with the central data logging unit to log the inverter performance data.
Ambient Temperature Sensor	3	Sensor to measure the ambient temperature, e.g. SMA sensor box, Solarlog, others
Module Temperature Sensor	3	Sensor to measure the module temperature, e.g. SMA sensor box, Solarlogothers
Irradiation Sensor	2	Sensor to measure the irradiation, e.g. SMA sensor box, Solarlog, others. Minimum 3 sensors, distributed over the PV array field
Wind sensor	3	Sensor to measure the irradiation, e.g. SMA sensor box, Solarlog, others.

Fig. 16: Bill of materials: Monitoring system

Fig. 17: Monitoring system components: String sensors, temperature sensor, wind sensor, irradiation sensor, central unit, communication units

Those monitoring systems with individual sensor packages are industry standard and available for all types of inverters. Communication is possible both via wire internet (if available on site), GPS and mobile network. Installation and operation of the monitoring system for proposed PV Power Plant is not a big challenge.

3.2.6. Fencing and Security

For proposed PV system security measures should be considered to avoid theft and unauthorized access to the plant. There are four basic possibilities:

- Theft-proof installation of PV modules with special module clamps and theft- proof screws (deinstallation is very time consuming, but alone not a real protection)
- Fencing with detection wires (easy to install and effective to detect trespassers)
- Advanced camera (night vision) and alarm system (effective but costly)
- 24/ 7 On- site sentry (best deterrent effect, e.g. synergies with (soil) maintenance)

All possibilities have their pros and cons. So a combination of different measurements is recommended.

For the site, a 2.4 m high concrete hollow block fence with a massive gate in the south is planned. During installation and operation of the plant, a 24/7 on site sentry shall avoid theft or unauthorized access to the site. Further, the fence will be secured by a 24/7 CCTV system.

3.3. PV system layout

3.3.1. Engineering principles

Target of PV Power Plant engineering is the planning of a system with following features:

- high energy yield
- cost effectiveness
- easy to install
- easy to maintain
- long-term durability.

A high energy yield can be reached with an optimized electrical design (module – inverter ratio), high efficient inverters, as well as avoidance of shading-, soiling- and cable losses. Economically, the total cost of ownership (investment + operating costs) must be compared with the yield of the plant. The best cost – yield ratio should be preferred. This means that the usage of standard components and acceptance of slight energy losses (e.g. thinner cables, smaller inverters) can lead to a technical- economical optimum.

The plant should be easily to install and maintain to save efforts and costs during installation and operation life time of the plant. For example, row spacing should be sufficient to be passable for machines both during installation and operation (grass mowing, etc.).

Overriding principle is the long term durability of the system. Each component and the overall system must have a life time of 25+ years. Especially static requirements (wind loads) must be considered.

3.3.2. Final Layout for the 13.141 MWp PV Power Plant

For the 13.141 MWp PV Power Plant project, layout with the following component BOM is planned:

Component	**Type**	**No. of units**	**Comments**
PV Modules	Conergy PE 260	50,544	Polycrystalline, 260 Wp
Inverter	SMA SC 900 CP XT	12	Central inverters
Transformers & Switchgear	SMA compact station	6	In pre-assembled Compact station (2 inverters, 1 transformer)
Mounting System	Conergy SolarLinea	13.141 MWp	10 ° module inclination
Monitoring System	SMA Central inverter Monitoring system	1	

The module layout is shown in fig. 19 (see also Attachment 2):

Fig. 18: Layout plan

LEGEND

- PV MODULE (CONERGY PE 260P)

- MVPS (SMA 900CP XT)

- PROPOSED CABLE TRENCH

- PROPOSED DRAINAGE

NOTE

1. MODULE TYPE 260Wp, TOTAL QUANTITY 50,544 Nos.
2. TOTAL STRING 1944 Nos., TOTAL POWER 13,141 kWp.
3. 26 MODULE PER STRING
4. 52 MODULE PER STRUCTURE, TOTAL STRUCT. 972 Nos.
5. 4x13 MODULE RACK TABLE (2 STRINGS PER STRUCTURE)
6. TILT ANGLE 10°, PITCH 5.0 m.
7. TOTAL INVERTER 12 Nos. (SMA 900CP-XT)
8. ALL DIMENSIONS ARE IN METER UNLESS OTHERWISE SPECIFIED.
9. FINAL LAYOUT WILL BE DETERMINED AFTER SITE SURVEY.

Fig. 20: Layout plan Legend

3.4. Summary PV System Layout

Summary PV System Layout	
For proposed PV Power Plant, an electrical design and module arrangement has been developed. The technical feasibility (for both electrical and mechanical layout) is fully given. The Plant can be implemented with standard components. No show stopper identified.	
Remark	• Electrical and Module layout leads to favorable Energy harvest values. • On-site pull- out tests showed good suitability of the site and soil for the installation of the 13.141 MWp PV Power Plant. • Available site is sufficient for the installation of the 13.141 MWp PV array including inverters, transformers and grid connection, as well as fencing and security installations.
Show stopper	None

4. Energy Harvest Estimation

4.1. Software and Meteo Data

For the Energy harvest estimation, the PV harvest simulation software PVSyst V5.54 was used. The software calculates the energy output of a specific PV system based on hourly insolation data sets. For the simulation the following assumptions were used:

Item	Input value
Meteo data set (irradiation, temp.)	Meteonorm 6.1 meteo data set of Pampanga, Philippines
Electrical Layout	According to electrical layout developed in chapter 3
Components	According to electrical layout developed in chapter 3 Modules: 50,544 x Conergy PE 260 Inverters :12 x SMA SC 900 CP-XT
Module inclination	10°
Module orientation	0° south
Shading	No external shading, no row- to row- shading. Soiling factor 1%

Fig. 19: Assumptions

4.2. Results of Energy Harvest estimation

The average annual energy fed to grid for the PV system defined under the given assumptions is **19,457 MWh**. The specific yield is 1,481 kWh/kWp per year. The Performance Ratio is 81,6 % - a good value for PV Power Plants under given conditions. The monthly distribution is shown in the diagram below.

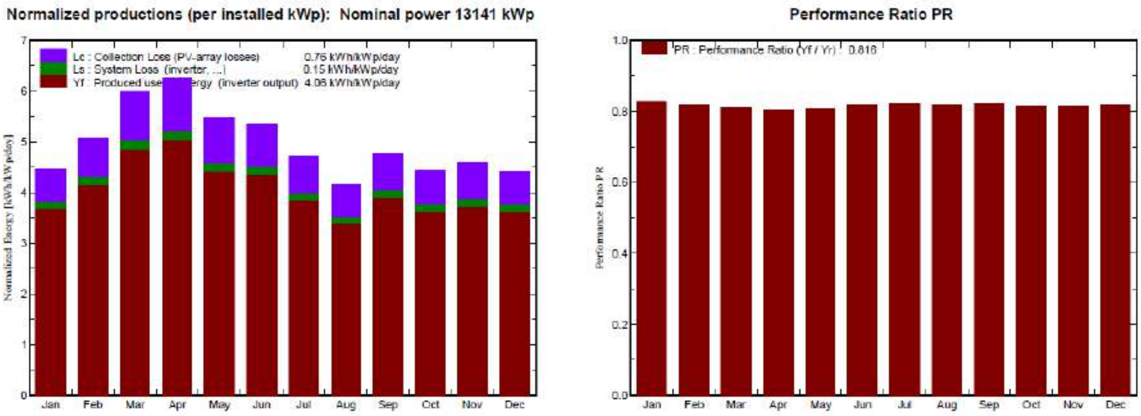


Fig. 20: Monthly Yields

The detailed Energy Harvest Estimation report is attached in Annex 4.

4.3. Summary Energy Harvest Estimation

Summary Energy harvest estimation	
For proposed PV Power Plant, an Energy harvest survey has been conducted. The results show favorable annual energy yields. The specific energy yield is 1.471 kWh/kWp per year, the overall annual energy output is 19.457 MWh for the 13.141 MWp Power Plant.	
Remark	• Favorable energy harvest values, yield values confirmed by the RASLAG 1 project
Show stopper	none

5. Summary

Syntegra deems the RASLAG 13.141 MW$_p$ Photovoltaic Solar Park Project

- **fully feasible from a <u>technical point of view.</u> High quality of components and sophisticated design ensure high performance and high durability of the PV Power Plant.**
- **<u>fully bankable,</u> the system design and layout has been reviewed and checked, it adheres to all industry standards and local requirements.**

No show stoppers or critical issues have been detected during the technical feasibility study. Some remarks have to be considered during installation, noted in the summaries of each chapter.

Oberwil, July 10th 2015 ______________________________

Dipl. Ing Tobias Preuss

Managing Partner, Syntegra Solar Intl. AG

Attachments:

- Attachment 1: Site Information
- Attachment 2: Module General Arrangement Plan
- Attachment 3: Topographic Survey
- Attachment 4: PVSyst Energy Harvest Simulation

APPENDIX E

RASLAG-3 Commercial and Technical Feasibility Studies

Commercial Feasibility Study

for

RASLAG Corp.

18.011 MW_p RASLAG III Solar Power Project

December 6, 2021

Project Owner:

RASLAG Corp.

Room 1905 Robinsons Equitable Tower

ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Manila

Philippines

Content

1. Introduction

1.1. Background

RASLAG Corp. (“RASLAG”) contemplates an investment into a 18.011 MWp Photovoltaic (“PV”) Power Plant, located in Brgy. San Jose, Magalang and Brgy. Bical, Mabalacat, Pampanga, Philippines. The electric power of the PV Power Plant shall be supplied to the Wholesale Electricity Spot Market (WESM) in which the rates are competitive especially during peak periods (6 AM to 6 PM) compared to supplying via Competitive Selection Process (CSP) where in the price below the ideal average price for solar. The PV Power system shall combine quality and cost- effectiveness. Site preparation work is planned to start immediately, with the PV system installation to follow as soon as possible.

RASLAG conducted this Commercial Feasibility Study which includes a cost evaluation and a calculation of profitability.

1.2. Objective

The Commercial feasibility study shall give an overview about the costs, revenues and return on investment, further identify any risks or showstoppers from commercial point of view.

For this purpose RASLAG provided relevant information and key data. Other information is gained from the offers received by the Solenergy Systems, Inc. Estimates are validated, simulations have been iterated for optimization of results.

2. Assumptions

For the ROI (Return on Investment) calculation, input data are needed and assumptions have to be made.

In the following chapters, all relevant input data are to be defined and explained. Some data are known, others have to be assumed (all assumptions shall be well-founded and verifiable).

Data base values and economic calculations are conservative to arrive at reliable, robust results. Values are given in PHP as well as in US $ (Please note that 1 $ = 50.00 PHP in this study).

2.1. Upfront Investment

The upfront investment is composed of project development costs, implementation costs and few other costs as explained below. Assumptions are explained as well in the table below:

	Item	Provider	Cost US $	Cost PHP	Source
Land acquisition	Cost of land		**$2,275,377**	**113,768,825 PHP**	Actual costs
Project Development	Permits and licensing	RASLAG			est.
	Technical Works	RASLAG	$123,602	6,180,095 PHP	est.
	Feasibility studies	RASLAG			est.
	Contingency	RASLAG	$247,204	12,360,189 PHP	est.
	Financial closing	BPI	$123,602	6,180,095 PHP	est.
	Sum		**$494,408**	**24,720,378 PHP**	
Project Implementation	Site Preparation	RASLAG/FD Laxina	$232,640	11,631,994 PHP	offer
	Control Bldg./Comm Tower	RASLAG/FD Laxina	$310,749	15,537,426 PHP	est.
	EPC: Procurement, Turn Key installation	Offshore: JA Solar Panels & Enersol	$8,587,437	429,371,833 PHP	offer
		Onshore: Solenergy	$2,329,252	116,462,602 PHP	offer
	Grid interconnection	Pure & Palm	$900,112	45,005,596 PHP	offer
	VAT		$1,178,383	58,919,160 PHP	
	Sum		**$12,360,189**	**676,928,612 PHP**	
SUM total			**$15,129,973**	**815,417,815 PHP**	
Sum per kWp			***$840***	***45,273 PHP***	
		OPERATING EXPENSES			
Others	Administration	RASLAG	$52,620	2,630,980 PHP	est
	Security	NN	$52,620	2,630,980 PHP	est.
	Insurance	BPIMS	$52,620	2,630,980 PHP	est.
	O&M Fee	Solenergy	$130,964	6,548,218 PHP	est.
	Spare Parts	NN	$40,926	2,046,318 PHP	est.
	Sum		**$329,750**	**16,487,477 PHP**	

Note: The item “EPC” contains the procurement of all PV system components, incl. PV modules, inverters, mounting system, cables, array combiner boxes, monitoring system (with sensors) and others, as well as the turn- key installation of the PV Power Plant.

Total Investment Costs are 815,417,815PHP (15,129,973 US$) or 45,273 PHP/kWp (840 US$/kWp).

2.2. Operating Costs

Operating costs for a PV Power Plant are rather low compared to fuel-fired plants, as no fuel is needed for a PV Power plant.

The operating costs are categorized in technical O&M costs; safety & security costs; commercial bookkeeping and administrative expenses; insurance cost; provision reserve for repairs.

The annual costs are listed in the table below:

Item	cost ($/kWp)	total cost ($)	cost (PHP/kWp)	total cost (PHP)	Ann. growth rate
Technical O&M (full service package)	$7.27	$130,964	364 PHP	6,548,218 PHP	3%
Insurance (all risk insurance, liability)	$2.92	$52,620	146 PHP	2,630,980 PHP	-
Annual reserve for repairs/parts	$2.27	$40,926	114 PHP	2,046,318 PHP	-
Administrative	$2.92	$52,620	146 PHP	2,630,980 PHP	3%
Security 24/7	$2.92	$52,620	146 PHP	2,630,980 PHP	3%
SUM	**$18.31**	**$329,750**	**915 PHP**	**16,487,477 PHP**	

All operational costs have an annual growth rate of 3.0% to consider price increases/inflation both for labors and products (repairs/spare parts).

For this economic calculation, there are costs in the order of 16,487,477 PHP (US$ 329,750) p.a. with an annual growth rate of 3%.

2.3. Financing costs

The debt capital financing scheme is defined in the table below. Debt capital is 600.000.000 PHP at an interest rate of 4.5%. Term is 10 years with a grace period of one year:

RASLAG III						
SAMPLE AMORTIZATION SCHEDULE						
PN Amount:		**600.000.000,00**				
PN Date:		**10.1.2020**				
Maturity:		**10.1.2030**				
Term:		**10 Years (with 1-year grace period)**				
Amortization		**Starting 1/1/21 on principal installment (1st of every quarter)**				
Repricing		**1st of every month**				
Date	**days**	**Amortization Due**	**Interest Rate**	**Interest Due**	**Principal Balance**	**TOTAL DUE**
10/1/2020		(RELEASE DATE)		600,000,000.00		10/1/2020
1/1/2021	92	- Grace period	6,805,479.45	600,000,000.00	6,805,479.45	1/1/2021
4/1/2021	90	-	6,657,534.25	600,000,000.00	6,657,534.25	4/1/2021
7/1/2021	91	-	6,731,506.85	600,000,000.00	6,731,506.85	7/1/2021
10/1/2021	92	-	6,805,479.45	600,000,000.00	6,805,479.45	10/1/2021
1/1/2022	92	16,666,666.67	6,805,479.45	583,333,333.33	23,472,146.12	1/1/2022
4/1/2022	90	16,666,666.67	6,472,602.74	566,666,666.67	23,139,269.41	4/1/2022
7/1/2022	91	16,666,666.67	6,357,534.25	550,000,000.00	23,024,200.91	7/1/2022
10/1/2022	92	16,666,666.67	6,238,356.16	533,333,333.33	22,905,022.83	10/1/2022
1/1/2023	92	16,666,666.67	6,049,315.07	516,666,666.67	22,715,981.74	1/1/2023
4/1/2023	90	16,666,666.67	5,732,876.71	500,000,000.00	22,399,543.38	4/1/2023
7/1/2023	91	16,666,666.67	5,609,589.04	483,333,333.33	22,276,255.71	7/1/2023
10/1/2023	92	16,666,666.67	5,482,191.78	466,666,666.67	22,148,858.45	10/1/2023
1/1/2024	92	16,666,666.67	5,293,150.68	450,000,000.00	21,959,817.35	1/1/2024
4/1/2024	91	16,666,666.67	5,048,630.14	433,333,333.33	21,715,296.80	4/1/2024
7/1/2024	91	16,666,666.67	4,861,643.84	416,666,666.67	21,528,310.50	7/1/2024
10/1/2024	92	16,666,666.67	4,726,027.40	400,000,000.00	21,392,694.06	10/1/2024
1/1/2025	92	16,666,666.67	4,536,986.30	383,333,333.33	21,203,652.97	1/1/2025
4/1/2025	90	16,666,666.67	4,253,424.66	366,666,666.67	20,920,091.32	4/1/2025
7/1/2025	91	16,666,666.67	4,113,698.63	350,000,000.00	20,780,365.30	7/1/2025
10/1/2025	92	16,666,666.67	3,969,863.01	333,333,333.33	20,636,529.68	10/1/2025
1/1/2026	92	16,666,666.67	3,780,821.92	316,666,666.67	20,447,488.58	1/1/2026
4/1/2026	90	16,666,666.67	3,513,698.63	300,000,000.00	20,180,365.30	4/1/2026
7/1/2026	91			283,333,333.33	20,032,420.09	7/1/2026

		16,666,666.67	3,365,753.42			
10/1/2026	92	16,666,666.67	3,213,698.63	266,666,666.67	19,880,365.30	10/1/2026
1/1/2027	92	16,666,666.67	3,024,657.53	250,000,000.00	19,691,324.20	1/1/2027
4/1/2027	90	16,666,666.67	2,773,972.60	233,333,333.33	19,440,639.27	4/1/2027
7/1/2027	91	16,666,666.67	2,617,808.22	216,666,666.67	19,284,474.89	7/1/2027
10/1/2027	92	16,666,666.67	2,457,534.25	200,000,000.00	19,124,200.91	10/1/2027
1/1/2028	92	16,666,666.67	2,268,493.15	183,333,333.33	18,935,159.82	1/1/2028
4/1/2028	91	16,666,666.67	2,056,849.32	166,666,666.67	18,723,515.98	4/1/2028
7/1/2028	91	16,666,666.67	1,869,863.01	150,000,000.00	18,536,529.68	7/1/2028
10/1/2028	92	16,666,666.67	1,701,369.86	133,333,333.33	18,368,036.53	10/1/2028
1/1/2029	92	16,666,666.67	1,512,328.77	116,666,666.67	18,178,995.43	1/1/2029
4/1/2029	90	16,666,666.67	1,294,520.55	100,000,000.00	17,961,187.21	4/1/2029
7/1/2029	91	16,666,666.67	1,121,917.81	83,333,333.33	17,788,584.47	7/1/2029
10/1/2029	92	16,666,666.67	945,205.48	66,666,666.67	17,611,872.15	10/1/2029
1/1/2030	92	16,666,666.67	756,164.38	50,000,000.00	17,422,831.05	1/1/2030
4/1/2030	90	16,666,666.67	554,794.52	33,333,333.33	17,221,461.19	4/1/2030
7/1/2030	91	16,666,666.67	373,972.60	16,666,666.67	17,040,639.27	7/1/2030
10/1/2030	92	16,666,666.67	189,041.10	(0.00)	16,855,707.76	10/1/2030
T O T A L		**600.000.000 PHP**				

For the following calculations, the upfront costs of 815,417,815PHP shall be covered by 600.000.000 PHP debt capital (share 74 %) and 215,417,815 PHP equity capital (share 26%).

2.4. Revenues

The revenues are generated by power sales. The WESM 5.30 PHP/kWh or 0.106 US$/kWh. The power output in the first year is 26,082,000 kWh according to the energy harvest report in the technical feasibility study with an annual degradation of the power output of 0.7 %. (degradation rate of the PV panels).

Period under consideration for the cash flow simulations is ten years (credit period, see chapter 2.3. financing costs).

All considerations are before tax.

3. Calculation and results

All calculations are net of VAT. The table below shows the summarized assumptions for the calculations:

Basic data	
Total Investment per kWp	45,273 PHP
PV Power Plant size (kWp)	18,011
Annual operation costs per kWp	915 PHP
Annual specific yield (kWh/kWp)	1448
WESM Price (Php/kWh)	5.30 PHP
Period under consideration (years)	20
Annual degradation rate of output	0.30%
Debt financing	
debt financing	600,000,000 PHP
interest rate	5%
Credit term	10
Years of grace	1
Equity Cost	12.86%

Below table shows the overall results of the calculation:

RESULTS		
Equity IRR	20 years	24.9%
Project IRR	20 years	11.2%
WACC		6.71%
Equity	215,417,815 PHP	
Debt Financing	600,000,000 PHP	
Total investment	815,417,815 PHP	
Annual redemption	66,666,667 PHP	
Annual operation costs	16,487,477 PHP	
Annual Yield in kWh	26,080,160	

A detailed cash flow analysis is provided in Attachment 1.

4. Conclusion/Summary:

For the proposed RASLAG II 18.011 MWp PV Power Plant, a Commercial Feasibility Study has been conducted: all assumptions are validated and have been confirmed independently. Definitions of input factors and explanations are given in chapter 2. Furthermore, contingencies are included to arrive at robust but balanced results.

RASLAG believes that the results of the cash flow simulations will be met in practice.

Conclusion:
The PV Power Plant economics under the given WESM prices are attractive, and full commercial feasibility of the Project can be assessed.

In respect to risk assessment and mitigation, no show stoppers have been identified (Please see attachment 2: Sensitivity Analysis).

RASLAG III 18.011 MWp Solar PV Power Plant

Number of Scenario: 0 (Base Case Scenario)

Input Parameters

Basic data		Sensitivity	Base Case Scenario
Total Investment per kWp	45,273 PHP		45,273 PHP
PV Power Plant size (kWp)	18,011		18,011
Annual operation costs per kWp	915 PHP		915 PHP
Annual specific yield (kWh/kWp)	1448		1448
WESM Price (Php/kWh)	5.30 PHP		5.30 PHP
Period under consideration (years)	20		20
Annual degradation rate of output	0.30%		0.30%
Debt financing			
debt financing	600,000,000 PHP		600,000,000 PHP
interest rate	5%		4.5%
Credit term	10		10
Years of grace	1		1
Equity Cost	12.86%		12.86%

RESULTS		
Equity IRR	**20 years**	**24.9%**
Project IRR	**20 years**	**11.2%**
WACC		**6.71%**
Equity	**215,417,815 PHP**	
Debt Financing	**600,000,000 PHP**	
Total investment	**815,417,815 PHP**	
Annual redemption	**66,666,667 PHP**	
Annual operation costs	**16,487,477 PHP**	
Annual Yield in kWh	**26,080,160**	

$$\mathrm{WACC} = \frac{D}{D+E}K_d + \frac{E}{D+E}K_e$$

Year	**Investment (Equity)**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Redemption		0 PHP	66,666,667 PHP	66,666,667 PHP	66,666,667 PHP	66,666,667 PHP	66,666,667 PHP	66,666,667 PHP	66,666,667 PHP	66,666,667 PHP	66,666,667 PHP
Interest		27,000,000 PHP	25,500,000 PHP	22,500,000 PHP	19,500,000 PHP	16,500,000 PHP	13,500,000 PHP	10,500,000 PHP	7,500,000 PHP	4,500,000 PHP	1,500,000 PHP
operating Costs		16,487,477 PHP	16,841,782 PHP	17,203,702 PHP	17,573,398 PHP	17,951,039 PHP	18,336,796 PHP	18,730,842 PHP	19,133,356 PHP	19,544,519 PHP	19,964,518 PHP
Total Costs		**43,487,477 PHP**	**109,008,449 PHP**	**106,370,368 PHP**	**103,740,065 PHP**	**101,117,706 PHP**	**98,503,462 PHP**	**95,897,508 PHP**	**93,300,022 PHP**	**90,711,186 PHP**	**88,131,185 PHP**
Total Yield in kWh		26,080,160	26,001,919	25,923,679	25,845,438	25,767,198	25,688,957	25,610,717	25,532,476	25,454,236	25,375,995
Total Revenues		**138,224,846 PHP**	**137,810,172 PHP**	**137,395,497 PHP**	**136,980,823 PHP**	**136,566,148 PHP**	**136,151,474 PHP**	**135,736,799 PHP**	**135,322,125 PHP**	**134,907,450 PHP**	**134,492,775 PHP**
Net Revenues	**-215,417,815 PHP**	**94,737,369 PHP**	**28,801,723 PHP**	**31,025,129 PHP**	**33,240,758 PHP**	**35,448,442 PHP**	**37,648,011 PHP**	**39,839,291 PHP**	**42,022,102 PHP**	**44,196,264 PHP**	**46,361,590 PHP**
Account Balance	**-215,417,815 PHP**	**-120,680,446 PHP**	**-91,878,723 PHP**	**-60,853,594 PHP**	**-27,612,836 PHP**	**7,835,606 PHP**	**45,483,617 PHP**	**85,322,908 PHP**	**127,345,010 PHP**	**171,541,274 PHP**	**217,902,865 PHP**
	-815,417,815 PHP	94,737,369 PHP	95,468,389 PHP	97,691,796 PHP	99,907,424 PHP	102,115,109 PHP	104,314,678 PHP	106,505,957 PHP	108,688,769 PHP	110,862,931 PHP	113,028,257 PHP

Year	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
Redemption	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP
Interest	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP	0 PHP
operating Costs	20,393,543 PHP	20,831,787 PHP	21,279,449 PHP	21,736,731 PHP	22,203,839 PHP	22,680,986 PHP	23,168,386 PHP	23,666,260 PHP	24,174,832 PHP	24,694,334 PHP
Total Costs	**20,393,543 PHP**	**20,831,787 PHP**	**21,279,449 PHP**	**21,736,731 PHP**	**22,203,839 PHP**	**22,680,986 PHP**	**23,168,386 PHP**	**23,666,260 PHP**	**24,174,832 PHP**	**24,694,334 PHP**
Total Yield in kWh	25,297,755	25,219,514	25,141,274	25,063,033	24,984,793	24,906,552	24,828,312	24,750,072	24,671,831	24,593,591
Total Revenues	**134,078,101 PHP**	**133,663,426 PHP**	**133,248,752 PHP**	**132,834,077 PHP**	**132,419,403 PHP**	**132,004,728 PHP**	**131,590,054 PHP**	**131,175,379 PHP**	**130,760,705 PHP**	**130,346,030 PHP**
Net Revenues	**113,684,558 PHP**	**112,831,639 PHP**	**111,969,303 PHP**	**111,097,346 PHP**	**110,215,563 PHP**	**109,323,742 PHP**	**108,421,668 PHP**	**107,509,120 PHP**	**106,585,872 PHP**	**105,651,696 PHP**
Account Balance	**331,587,422 PHP**	**444,419,061 PHP**	**556,388,364 PHP**	**667,485,710 PHP**	**777,701,274 PHP**	**887,025,016 PHP**	**995,446,684 PHP**	**##############**	**1,209,541,676 PHP**	**1,315,193,372 PHP**
	113,684,558 PHP	112,831,639 PHP	111,969,303 PHP	111,097,346 PHP	110,215,563 PHP	109,323,742 PHP	108,421,668 PHP	107,509,120 PHP	106,585,872 PHP	105,651,696 PHP

Sensitivity Analysis for the Financial Model of RASLAG III 18.011 MWp Solar PV Project

Date: 06/16/2021

Description of Sensitivity Analysis:

- In the Sensitivity Analysis, the equity IRR, Project IRR and WACC* are calculated for 13 scenarios.
- In the scenarios, the parameters Energy Output, WESM Rate, Project Cost are de-/increased (+/- 10 %)
- The parameters are taken from the Market Study (March 2021)
- The Results are shown in the table below, the detailed calculations for each scenario is attached in the excel tabs.

No.	Description	Equity IRR	Project IRR	WACC
0	Base Case Scenario	24.86%	11.21%	6.71%
1	Scenario 1: +10% Energy Output	30.97%	13.12%	6.71%
2	Scenario 2: -10% Energy Output	19.18%	9.23%	6.71%
3	Scenario 3: +10 % WESM Rate	30.97%	13.12%	6.71%
4	Scenario 4: -10 % WESM Rate	19.18%	9.23%	6.71%
5	Scenario 5: +10 % Energy Output; +10 % WESM Rate	38.09%	15.16%	6.71%
6	Scenario 6: -10 % Energy Output; +10 % WESM Rate	24.28%	11.02%	6.71%
7	Scenario 7: +10 % Energy Output; -10 % WESM Rate	24.28%	11.02%	6.71%
8	Scenario 8: -10 % Energy Output; -10 % WESM Rate	14.42%	7.35%	6.71%
9	Scenario 9: +10 % Project Cost	18.41%	9.83%	7.27%
10	Scenario 10 : -10 % Project Cost	39.92%	12.83%	6.03%
11	Scenario 11: +10 % Energy Output, +10 % WESM Rate, -10 % Project Cost	64.23%	17.09%	6.03%
12	Scenario 12: -10 % Energy Output, -10 % WESM Rate, +10 % Project Cost	10.73%	6.19%	7.27%

*WACC is calculated as follows:

$$\mathrm{WACC} = \frac{D}{D+E}K_d + \frac{E}{D+E}K_e$$

WACC=Weighted average cost of capital
D= Debt Capital
E= Equity
Kd = Cost of Debt Capital (5%)
Ke = Cost of Equity (12.86%)

Technical Feasibility Study

for

RASLAG Corp.

18.011 MW_p RASLAG III Solar Power Project

December 6, 2021

Project Owner:

RASLAG Corp.

Room 1905 Robinsons Equitable Tower

ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Manila

Philippines

Content

1. Introduction

1.1. Background

RASLAG Corp. (“RASLAG”) contemplates an investment into a 18.011 MWp Photovoltaic (“PV”) Power Plant, located in Brgy. San Jose, Magalang and Brgy. Bical, Mabalacat, Pampanga, Philippines. The electric power of the PV Power Plant shall be supplied to the Wholesale Electricity Spot Market (WESM) in which the rates are competitive especially during peak periods (6 AM to 6 PM) as compared to Power Supply Agreements (PSA) via Competitive Selection Process (CSP) where in the price below the ideal average price for solar. The PV Power system shall combine quality and cost- effectiveness.

1.2. Objective

The Technical Feasibility Study for the 18.011 MWp PV Power Plant includes all technical issues: description of the general conditions and insolation, PV system layout basics and recommendations, energy harvest calculation and assessment of the results. RASLAG compiled all information and data about the specific project and the site. All other information is gained thru the technical expertise and recommendations of Solenergy Systems, Inc. which is the EPC contractor of RASLAG for this project.

The technical feasibility study shall point out issues, which have to be specifically considered in the further process, identify possible show stoppers and provide the basis for the imminent installation of the PV Power Plant.

2. Description of General Conditions

2.1. Site

2.1.1. Location

Proposed site for the 18.011 MWp PV Power Plant is located in Pampanga, Central Luzon region, ca. 5 km north east of Angeles City.

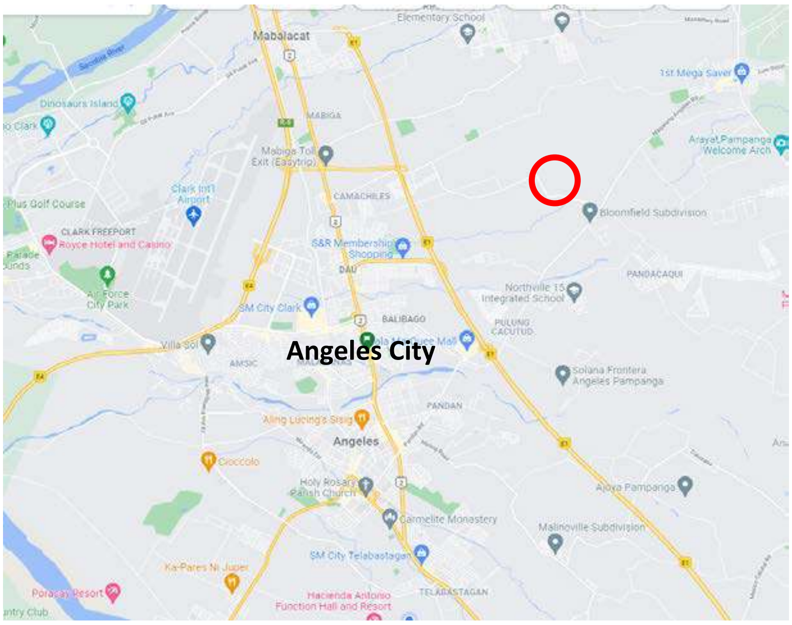


Fig. 1: Map of proposed site

The site is 5km from the North Luzon Expressway - Angeles Exit and the transmission line leads to the existing 69 kV transmission line of NGCP. The site is shown in detail in the figure below.

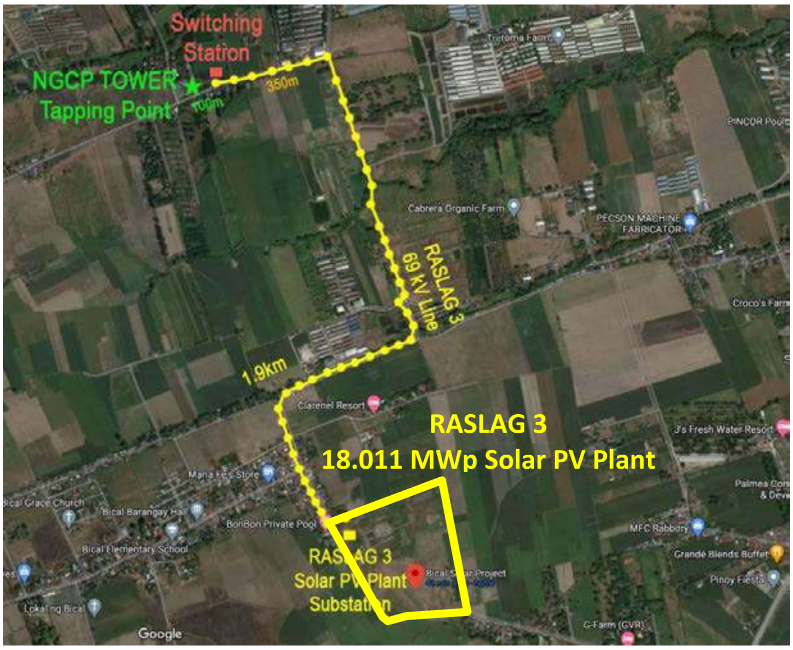


Fig. 2: detailed map

The RASLAG III project site is has an area of 12.8012 ha. Details and Coordinates of site boundaries can be found in Annex 1 (Attachment 1: Site Information and Topographic Survey) A basic Module General Arrangement Plan of the proposed site is attached in Annex 2 (Attachment 2: Module General Arrangement Plan)

2.2. Site Conditions

The overall area for the PV Power Plant is flat with a maximum of 101.4m and a minimum of 96.6m above sea level. This information is based on the topographic survey for the site (Attachment 1: Site Information and Topographic Survey). The site conditions are favorable for PV module array installation.

On the site there is no shading expected, the site is free of any obstacles such as tall buildings, transmission lines or trees.

The land was previously used as agro-industrial such as cow, pig, goat and fish farms. The previous structures and ponds were removed. Currently the land is bare ground which will be compacted soon to have some grass coverage at construction start.

Fig. 3: Photo of site as of June 17, 2020

Fig. 4: Photo of site as of June 17, 2020

For the site, no history of flooding is recorded. During harvest of adjacent sugar cane / corn plantations (limited period once a year) dust pollutions occur. Dust on the modules can influence the energy yield, so this issue should be considered in the maintenance schedule, e.g. module cleaning action should be considered at the end of the harvest season.

The soil is humus-rich, neither rocks nor any other aboveground or underground particles (like crossing gas or water pipes, etc.) are reported in the proposed area. The site can be reached via farm lanes.

The site is well-suited for a PV Power Plant. The characteristics of the site are ideal to easily design, install and operate a PV power plant.

2.3. Power grid infrastructure (waiting for DIS)

The Transmission line has already been prepared prior to construction of the project which has a voltage of 69 kV at a frequency of 60 Hz. A system impact study is currently being conducted. The transmission line`s capacity is sufficient for the power output of the proposed 18.011 MWp Solar PV Power Plant based on the initial discussions with the NGCP.

The RASLAG III Solar PV Plant will be connected via Medium Voltage Switchgear in the Control Room building and to a 69 kV substation connecting to the 336.4MCM ACSR connection line at Mexico - Clark 69kV Line 1 of NGCP's Mexico Substation.

2.4. Meteorological conditions

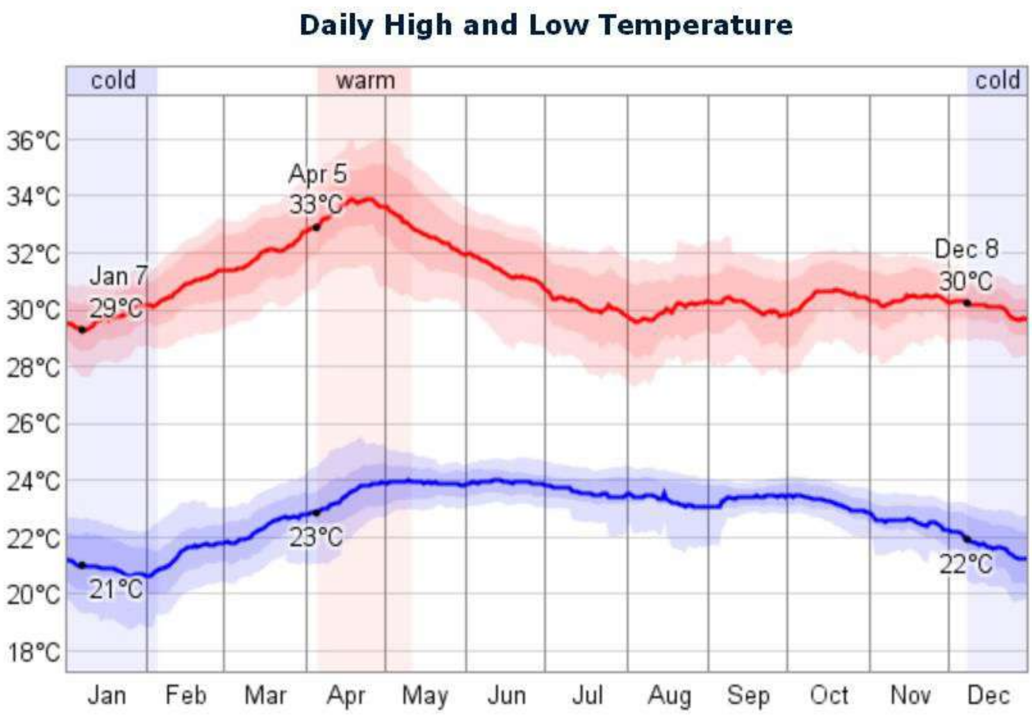
2.4.1. Climatic conditions

The analysis of the climatic conditions is based on the report of the Diosdado Macapagal (Clark) International Airport (Angeles City, Philippines) weather station. It is based on the historical records from 2006 to 2012. The airport is about 10 km west of proposed site, so the data basis can be used to analyze the conditions on the PV power Plant site.

Angeles City has a tropical monsoon climate with short dry season.

Temperature:

Over the course of a year, the temperature typically varies from 21°C to 34°C and is rarely below 19°C or above 36°C.



The daily average low (blue) and high (red) temperature with percentile bands (inner band from 25th to 75th percentile, outer band from 10th to 90th percentile).

Fig. 5: Temperature profile

The warm season lasts from April 5 to May 11 with an average daily high temperature above 33°C. The hottest day of the year is April 18, with an average high of 34°C and low of 24°C. The cold season lasts from December 8 to February 5 with an average daily high temperature below 30°C. The coldest day of the year is January 25, with an average low of 21°C and high of 30°C.

The ambient temperature affects the PV Cell temperature, as well as the insolation and the air circulation over the module surface. The higher the cell temperature, the lower is the output of the PV cell. This characteristic is described in the temperature coefficient of a certain PV module. Typical temperature coefficient values are -0,40 to -0,52 % / K for the MPP Power of a module for crystalline PV modules [Photovoltaic Systems, DGS, 2nd edition].

The ambient temperatures at the site are rather high as shown in the illustration above. To avoid power losses, PV modules with low temperature coefficients should be considered for this PV power plant project. Additionally, a good air circulation should be considered when engineering the mechanical construction to allow cooling of the modules by natural convection.

Another issue is the inverter cooling concept. Inverters work very efficiently when operating a certain temperature range. Therefore, they are equipped with a cooling concept. During engineering, the suitability of the specific inverters cooling concept for the on-site conditions (heat + humidity) has to be considered. Also the maintenance plan should contain regular checks and maintenance instructions to assure that inverters operate in their specified temperature range.

Clouds

The median cloud cover is 91% (mostly cloudy) and does not vary substantially over the course of the year.

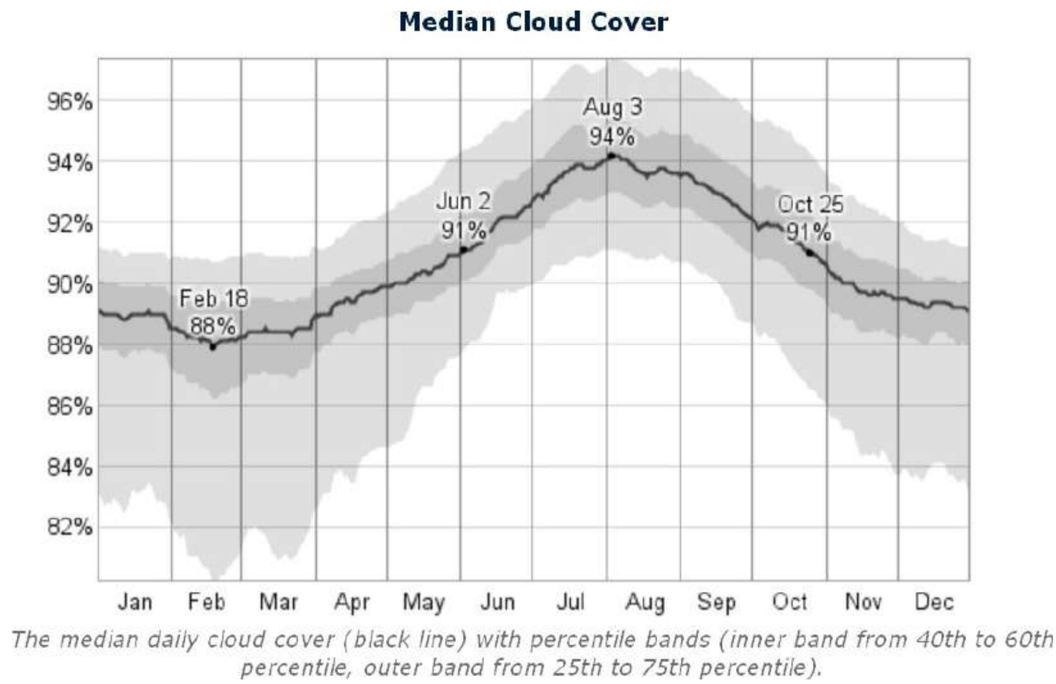
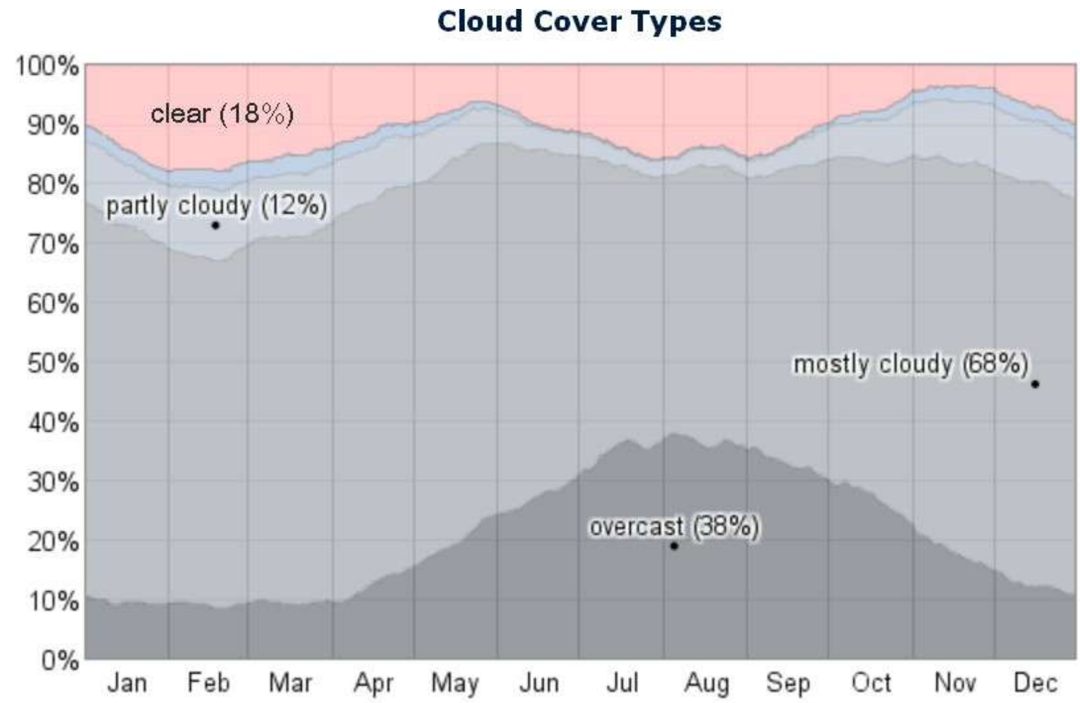


Fig. 6: Median cloud cover



The fraction of time spent in each of the five sky cover categories. From top (most blue) to bottom (most gray), the categories are clear, mostly clear, partly cloudy, mostly cloudy, and overcast.

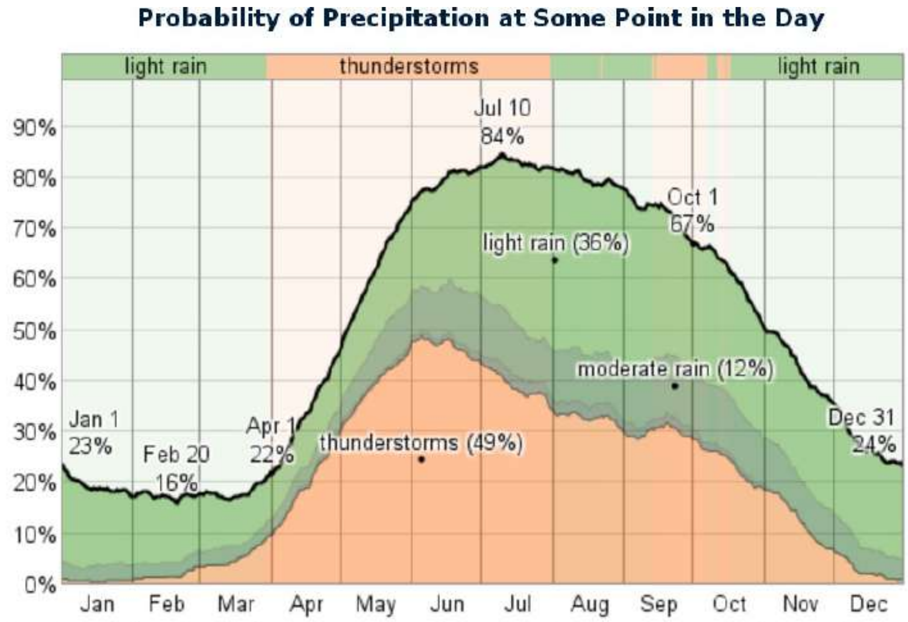
Fig. 7: Cloud cover types

The Median Cloud Cover and Cloud Cover Types diagrams show that the sky is mostly diffuse at a high humidity. So the insolation intensity is mostly in the middle to upper range, while peak insolation with up to 1000 W/m^2 is rather seldom.

This should be considered during electrical layout engineering of the plant: for this insolation profile, the inverters can be sized slightly smaller than the PV module array to save costs without having relevant energy yield losses. A specific technical/ economical optimization analysis, considering energy yield and costs, is recommended.

Precipitation

The probability that precipitation will be observed at this location varies throughout the year. Precipitation is most likely around July 10, occurring in 84% of days. Precipitation is least likely around February 20, occurring in 16% of days as shown in the diagram below:



The fraction of days in which various types of precipitation are observed. If more than one type of precipitation is reported in a given day, the more severe precipitation is counted. For example, if light rain is observed in the same day as a thunderstorm, that day counts towards the thunderstorm totals. The order of severity is from the top down in this graph, with the most severe at the bottom.

Fig. 8: Precipitation

Over the entire year, the most common forms of precipitation are thunderstorms, light rain, and moderate rain:

- Thunderstorms are the most severe precipitation observed during 42% of those days with precipitation. They are most likely around June 5, when it is observed during 49% of all days.
- Light rain is the most severe precipitation observed during 41% of those days with precipitation. It is most likely around August 2, when it is observed during 36% of alldays.
- Moderate rain is the most severe precipitation observed during 14% of those days with precipitation. It is most likely around September 23, when it is observed during 12% of all days.

During rain showers the sky is cloudy. This limits the insolation on the PV module panels (presented in subchapter “Clouds”). Rain has also a positive effect on the PV Power Plant performance as it cleans the panels from dust. The diagram shows a clear division of the year in a period of rain (May to October) and a dry season (November to April).

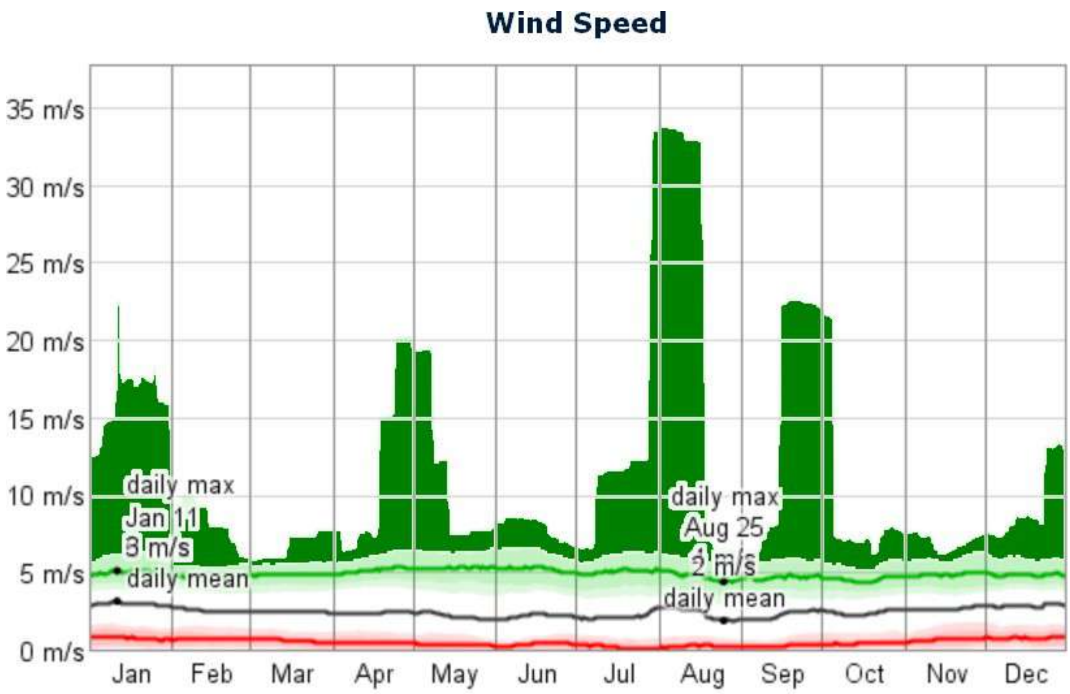
Thus, relevant soiling of module surface is not expected during rainy season, in the dry season the dust on the modules should be observed as integrated part of the maintenance schedule.

If necessary, the modules should be cleaned manually in dry season to avoid output losses. This could be the case during harvest season of ambient fields, as mentioned in chapter “Site”.

Construction phase of the PV Power Plant should take place during dry season to avoid delays or thunderstorms during installation. Another point is the trafficability of the land with machines.

Wind

Over the course of the year typical wind speeds vary from 0 m/s to 5 m/s (calm to moderate breeze), rarely exceeding 34 m/s (hurricane).



The average daily minimum (red), maximum (green), and average (black) wind speed with percentile bands (inner band from 25th to 75th percentile, outer band from 10th to 90th percentile).

Fig. 9: Wind speed

The wind profile shows low average wind speeds throughout the year. During thunderstorms, very high wind speed can be observed. The maximum wind speeds during thunderstorms have to be considered for the engineering of the mounting system. Accordingly, the foundations in the ground and the mounting system structure have to be engineered. Therefore, comprehensive soil studies have been conducted. They show that in this area pile driving can be used for the foundation of the mounting racks.

2.4.2. Solar radiation

The solar radiation on proposed site is the most important factor for the energy yield of the PV Power Plant. For the following definition of the solar radiation on the site, the radiation data set of Pampanga, Philippines, is used [Source: Meteonorm 7.2].

	GlobHor kWh/m²	DiffHor kWh/m²	T_Amb °C	GlobInc kWh/m²	GlobEff kWh/m²	EArray MWh	E_Grid MWh	PR
January	134.3	64.35	25.99	133.7	126.0	2035	1961	0.814
February	141.0	64.48	26.58	140.5	132.7	2129	2054	0.811
March	187.2	66.75	27.81	186.6	176.6	2769	2671	0.795
April	190.7	74.09	28.91	190.1	179.7	2811	2714	0.793
May	176.6	77.97	28.78	175.8	166.1	2603	2512	0.793
June	158.9	80.59	27.77	158.1	149.2	2372	2290	0.804
July	148.9	83.84	27.54	148.1	139.7	2228	2148	0.805
August	134.2	80.42	27.12	133.5	125.8	2017	1942	0.808
September	138.1	73.55	26.74	137.4	129.6	2064	1989	0.803
October	136.8	71.53	27.38	136.1	128.4	2049	1973	0.805
November	132.1	62.37	26.72	131.5	124.0	1993	1920	0.811
December	130.7	58.16	26.29	130.1	122.6	1979	1907	0.814
Year	1809.5	858.11	27.31	1801.5	1700.3	27049	26082	0.804

Legends:			
GlobHor	Horizontal global irradiation	GlobEff	Effective Global, corr. for IAM and shadings
DiffHor	Horizontal diffuse irradiation	EArray	Effective energy at the output of the array
T_Amb	T amb.	E_Grid	Energy injected into grid
GlobInc	Global incident in coll. plane	PR	Performance Ratio

Fig. 10: Monthly Meteo Values

The data set shows monthly global horizontal irradiations between 130.7 kWh/m^2 in December and 190.7 kWh/m^2 in April on the horizontal plane. The annual global horizontal irradiation is 1809.5 kWh/m^2.

The global irradiation is a combination of direct and diffuse radiation. The diffuse share has its maximum in June to August (rainy season).

2.5. Summary General Conditions

Summary General Conditions	
The general conditions (site, grid infrastructure, meteorological and irradiation conditions) on site are favorable for the construction and operation of proposed 18.011 MWp PV Power Plant. No show stopper identified. Remarks see below:	
Remark	• Grid access request has been conducted with positive results • Maintenance schedule: if necessary module cleaning shall be considered. • PV Module Technology: low temperature coefficient is considered • High wind loads: specific consideration for static engineering and layout of mounting racks has been considered. Comprehensive soil and pull out tests have been conducted
Show stopper	None

3. PV System Layout

3.1. Principal Layout and Functionality

A PV System has a very lean layout with few functional components; a functional scheme is given in the picture below:

Fig. 11: PV system functional scheme

The single PV modules of the PV Array are connected in series and parallel. They convert solar radiation into electrical DC power, which runs through the DC cables to the inverter. A Performance Monitoring system detects and logs the performance data of the PV module array. The inverters convert the DC into in grid conform AC power, which is fed after a transformer station into the grid.
Other main components of a PV Power plant are the mounting system and others like array combiner boxes, fencing, switches, etc.

With its modular layout, a PV System can be scaled individually to specific site conditions and needs. In the market is a broad variety of components available to match site specific conditions, e.g. mounting systems.

3.2. Recommendations for specific layout

3.2.1. PV Module Technology

The PV Module is the most important component of a PV Power Plant. Relevant Technologies are mono- and polycrystalline modules as well as thin film modules.

Monocrystalline	Polycrystalline	Thin Film
Efficiency: 15% - 24%	Efficiency: 12% - 19%	Efficiency (CdTe): 11.5% - 13%
2,285mm x 1,134mm, 545W, 21%	1,979mm x 996mm, 345W, 17.5%	
Market share: 60%	Market share: 30%	Market share: 10%
3.5-6 m^2 / kWp	6-7 m^2 / kWp	7.5-15 m^2 / kWp

Fig. 12: Overview PV Module Technologies

In the following matrix, the individual technologies are qualitatively compared in relevant categories. For Thin Film Modules only the CdTe Technology is considered in this table:

	Monocrystalline Modules	Polycristalline Modules	Thin Film CdTe
Energy Yield	+	+	+
Efficiency	++	+	-
Price	+	+	++
Temperature Coeff. (%/K)	+	+	++
Handling, Maintainability	+	+	-
Reliability, durability	+	+	o
Overall system cost	++	+	o

Fig. 13: General PV Module Technology assessment

For the RASLAG 18.011 MWp PV Power Plant, monocrystalline modules shall be installed. Using monocrystalline modules is the price- performance optimum for the PV Power Plant.

3.2.2. PV Inverter Technology

The Inverters convert DC power from the module arrays into grid- conform AC- power. Inverters are also able to stabilize the grid and able to perform safety functions.

String Inverter Examples:
SMA Tripower (20 kW), Power One (27 kW)

Example Central inverter:
Concrete station with 1,25 MW SMA inverter and transformer

Fig. 14: Inverter Typologies

In general, there are two main inverter topologies: small string inverters in the two digit kW range and central inverters with up to 3.6 MW AC rated power. For proposed 18.011 MWp project, Sungrow central inverters will be used, due to their price advantage and manageable number of units for large scale installations. Key for a central inverter concept is the availability of an effective maintenance and spare parts service. Most quality and volume market leaders for PV inverters provide comprehensive service packages. Further, inverters must meet the local electrical codes and specific grid connection requirements. A specific requirements profile shall be developed after detailed information from the grid operator for the connection of the PV power Plant on the specific grid access point.

For the specific PV Power Plant, Central inverters of Sungrow – the new world market leader for Solar Inverters – will be installed. The central inverters are delivered in a compact station, which also contains the MV transformer, as well as a switchgear.

3.2.3. Mounting system

The mounting system supports the PV modules over the entire lifespan of the PV Power Plant (typically 25+ years). The static engineering of the mounting system has to consider the load types that occur during operation: weight loads and wind loads.

Basis is a geological study with on- site pull- out tests of sample foundations. With these results, a comprehensive static study can made to arrive at a durable construction and foundation in the ground.

The substantial wind loads that arise on proposed site are a challenge, but not a show stopper. In the market there is a broad variety of substructure systems available. For every case of application, also for extreme conditions, durable systems can be provided.

For PV Power Plants with > 3MWp, a foundation with rammed posts is recommended. This is an easy- to install and cost- effective approach, when the ground is suitable for ramming (no rocks or hindrances, even area).

On the site, a soil survey has been conducted, showing that a pile- driving solution is suitable for the soil conditions on site.

3.2.4. PV Module inclination

The azimuth and inclination of the module arrays influenced the energy yield of the PV power plant. The site is located on the northern hemisphere (15° N), so the optimal azimuth is south. But layout and simulations showed that east west orientation can be implemented to generate more energy which is very good for solar since its revenue is energy dependent. In the simulation output [PVSyst V.6.88 simulation] although the production still shows a seasonal peak, the performance ratio of the system is ~80% for the entire year.

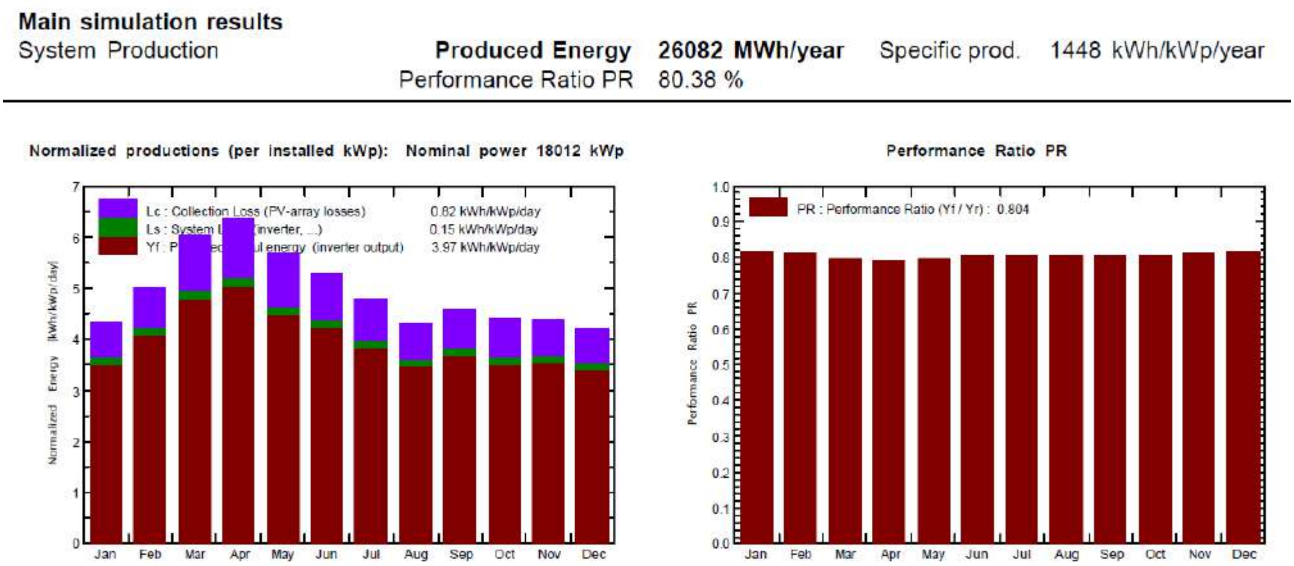


Fig. 15: Seasonal Yield and Performance Ratio

The plant capacity was further optimized by aligning the module structures with the orientation of the lot. This resulted in a -112deg/068deg module azimuth, both at 8deg tilt. The tilt was set to both increase yield, while promoting natural gravity run-off of rain for a “self-cleaning” solution for most of the year. With these novel strategies, RASLAG 3 was able to fit over 18.011 MWp on a land area of less than 12.8012 hectares, a power density that we believe is the highest amongst any utility scale solar plants in the Philippines.

3.2.5. Monitoring system

A monitoring system shall be installed to measure and log the performance data, provide analyses and indicate faults. In case of failures an alarm message should be automatically sent to the maintenance service provider to start troubleshooting.
The monitoring system shall detect the data on string basis to arrive at adequately exact data. Further, irradiation sensors, wind sensors and temperature sensors (both ambient temperature sensors and module temperature sensors) shall be installed in the Module array field. The measurement data allow a nominal- actual comparison of the performance data. A bill of materials for the monitoring system is shown in fig. 17:

Item	Units	Comments
Central data logging unit	2	e.g. central unit to log the data, e.g. Sungrow Logger3000 or other inverter manufacturers monitoring central units.
Communication unit	1	Wire internet or GSM/mobile communication unit, compatible with central data logging unit.
String monitoring sensors	592	Two module strings per sensor. The sensors are installed in the array combiner boxes. (Kernel brand)
Interface to each inverter	4	Each inverter is connected with the central data logging unit to log the inverter performance data (Sungrow supplied).
Ambient Temperature Sensor	2	Sensor to measure the ambient temperature (EKO brand).
Module Temperature Sensor	2	Sensor to measure the module temperature (EKO brand).
Irradiation Sensor	2	Sensor to measure the irradiation (EKO brand).
Wind sensor	2	Sensor to measure wind speed (EKO brand).
Rain gauge	2	Measures accumulated rainfall at site (EKO brand).

Fig. 16: Bill of materials: Monitoring system

Fig. 17: Monitoring system components: String sensors, temperature sensor, wind sensor, irradiation sensor, central unit, communication units

Those monitoring systems with individual sensor packages are industry standard and available for all types of inverters and follow IEC standard for data accuracy and collection interval. Communication is possible both via wire internet (if available on site), GPS and mobile network. Installation and operation of the monitoring system for proposed PV Power Plant is not a big challenge.

3.2.6. Fencing and Security

For proposed PV system security measures should be considered to avoid theft and unauthorized access to the plant. There are four basic possibilities:

- Theft-proof installation of PV modules with special module clamps and theft- proof screws (deinstallation is very time consuming, but alone not a real protection)
- Fencing with detection wires (easy to install and effective to detect trespassers)
- Advanced camera (night vision) and alarm system (effective but costly)
- 24/ 7 On- site sentry (best deterrent effect, e.g. synergies with (soil) maintenance)

All possibilities have their pros and cons. So a combination of different measurements is recommended.

For the site, a 2.4 m high concrete hollow block fence with a massive gate in the south is planned. During installation and operation of the plant, a 24/7 on site sentry shall avoid theft or unauthorized access to the site. Further, the fence will be secured by a 24/7 CCTV system

3.3. PV system layout

3.3.1. Engineering principles

Target of PV Power Plant engineering is the planning of a system with following features:

- high energy yield
- cost effectiveness
- easy to install
- easy to maintain
- long-term durability.

A high energy yield can be reached with an optimized electrical design (module – inverter ratio), high efficient inverters, as well as avoidance of shading-, soiling- and cable losses.
Economically, the total cost of ownership (investment + operating costs) must be compared with the yield of the plant. The best cost – yield ratio should be preferred. This means that the usage of standard components and acceptance of slight energy losses (e.g. thinner cables, smaller inverters) can lead to a technical- economical optimum.

The plant should be easily to install and maintain to save efforts and costs during installation and operation life time of the plant. For example, row spacing should be sufficient to be passable for machines both during installation and operation (grass mowing, etc.).

Overriding principle is the long term durability of the system. Each component and the overall system must have a life time of 25+ years. Especially static requirements (wind loads) must be considered.

3.3.2. Final Layout for the 18.011 MWp PV Power Plant

For the 18.011 MWp PV Power Plant project, layout with the following component BOM is planned:

Component	Type	No. of units	Comments
PV Modules	JA Solar Panels	22,067	Monocrystalline, 545 W
PV Modules	JA Solar Panels	11,250	Monocrystalline, 540 W
Inverter	SG 6800 HV-MV	2	Central inverters
Inverter Transformers & Switchgear	Sungrow compact station	2	In pre-assembled Compact station (2 inverters, 1 transformer)
Main Transformer	Toshiba 15MVA	1	Power Transformer 13.8/69kV
Mounting System	Clenergy	18.011 MWp	8° east-west module inclination
Monitoring System	Sungrow Central inverter Monitoring system	1	

The module layout is shown in fig. 19 (see also Attachment 3):

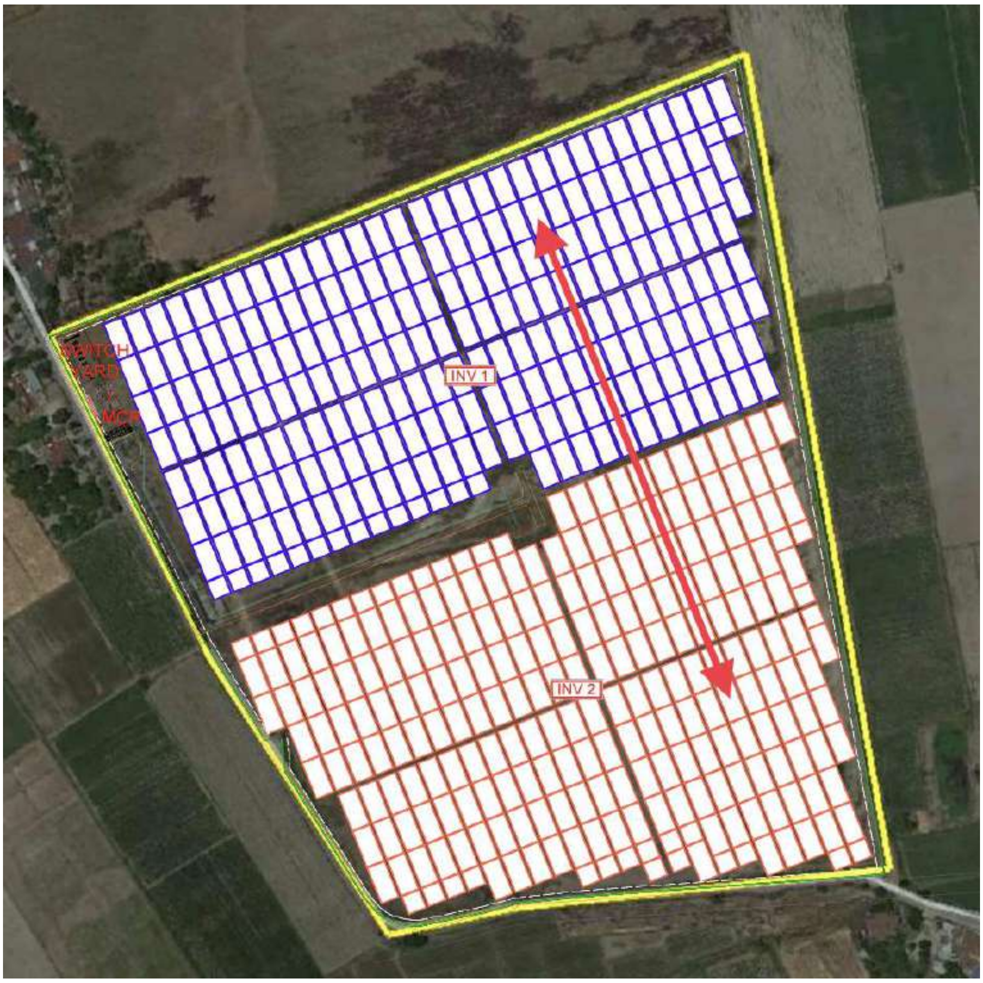


Fig. 18: Layout plan

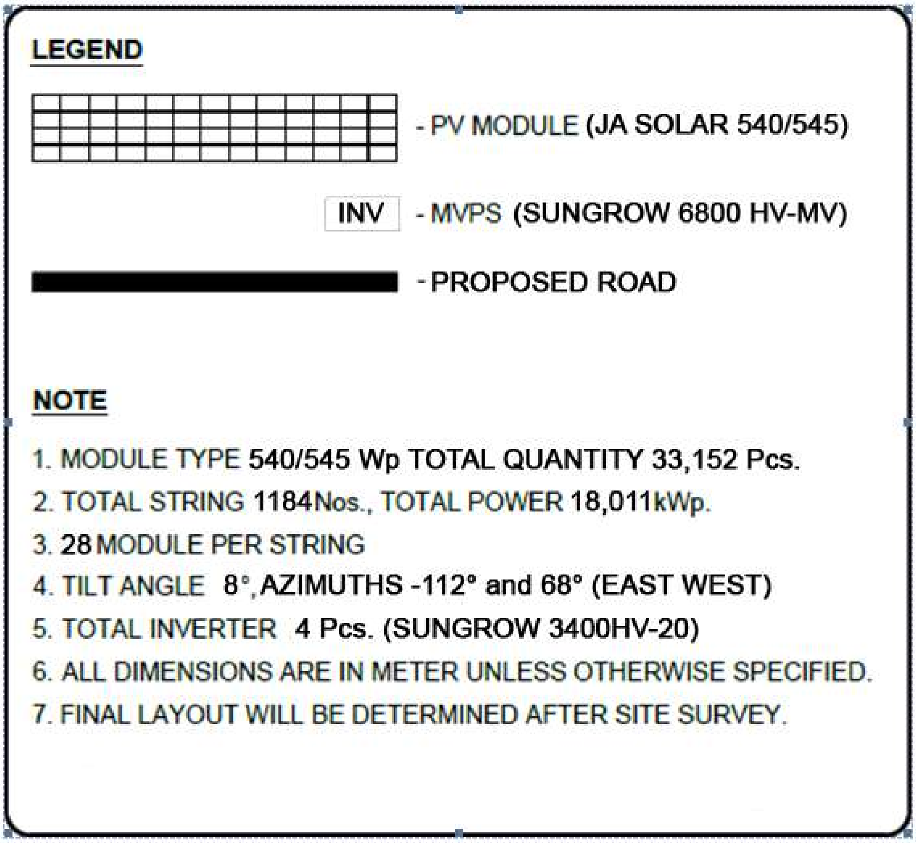


Fig. 20: Layout plan Legend

3.4. Summary PV System Layout

<table>
<tr><th colspan="2">Summary PV System Layout</th></tr>
<tr><td colspan="2">For proposed PV Power Plant, an electrical design and module arrangement has been developed. The technical feasibility (for both electrical and mechanical layout) is fully given. The Plant can be implemented with standard components.
No show stopper identified.</td></tr>
<tr><td>Remark</td><td>• Electrical and Module layout leads to favorable Energy harvest values.
• On-site pull- out tests showed good suitability of the site and soil for the installation of the 18.011 MWp PV Power Plant.
• Available site is sufficient for the installation of the 18.011 MWp PV array including inverters, transformers and grid connection, as well as fencing and security installations.</td></tr>
<tr><td>Show stopper</td><td>None</td></tr>
</table>

4. Energy Harvest Estimation

4.1. Software and Meteo Data

For the Energy harvest estimation, the PV harvest simulation software PVSyst V6.88 was used. The software calculates the energy output of a specific PV system based on hourly insolation data sets. For the simulation the following assumptions were used:

Item	Input value
Meteo data set (irradiation, temp.)	Meteonorm 7.2 meteo data set of Pampanga, Philippines
Electrical Layout	According to electrical layout developed in chapter 3
Components	According to electrical layout developed in chapter 3 Modules: JA Solar 540/545 Wp MVPS: Sungrow 6800 HV-MV
Module inclination	8°
Module orientation	-112° and 68°
Shading	No external shading, no row- to row- shading. Soiling factor 1%

Fig. 19: Assumptions

4.2. Results of Energy Harvest estimation (waiting from Solenergy)

The average annual energy fed to grid for the PV system defined under the given assumptions is **26,082 MWh**. The specific yield is 1,448 kWh/kWp per year. The Performance Ratio is 80.38 % - a good value for PV Power Plants under given conditions. The monthly distribution is shown in the diagram below.

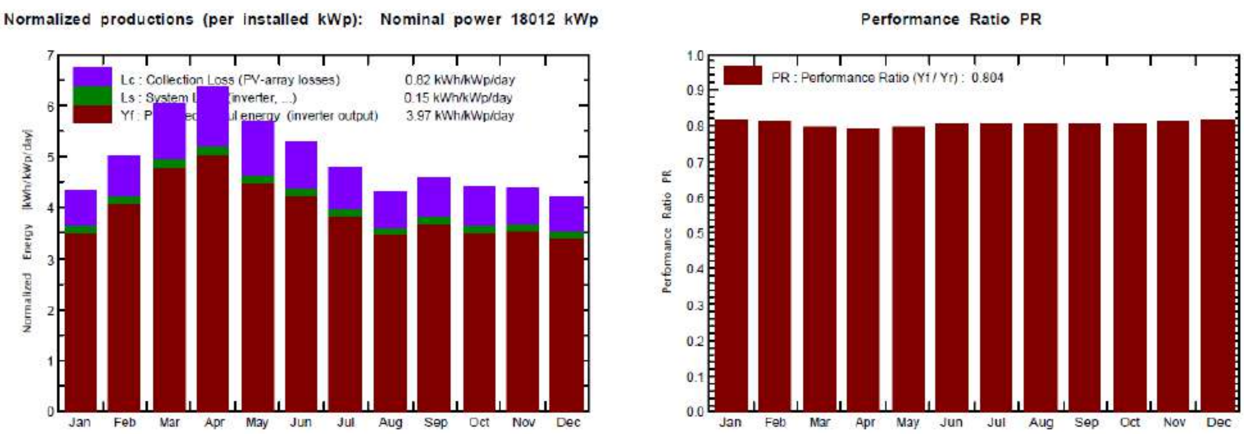


Fig. 20: Monthly Yields

The detailed Energy Harvest Estimation report is attached in Annex 3.

4.3. Summary Energy Harvest Estimation

Summary Energy harvest estimation	
For proposed PV Power Plant, an Energy harvest survey has been conducted. The results show favorable annual energy yields. The specific energy yield is 1,448 kWh/kWp per year, the overall annual energy output is 26,082 MWh for the 18.011 MWp Power Plant.	
Remark	• Favorable energy harvest values, yield values confirmed by the RASLAG 3 Solar PV Plant Project
Show stopper	none

5. Summary

RASLAG deems the RASLAG 18.011 MW$_p$ Photovoltaic Solar Plant Project

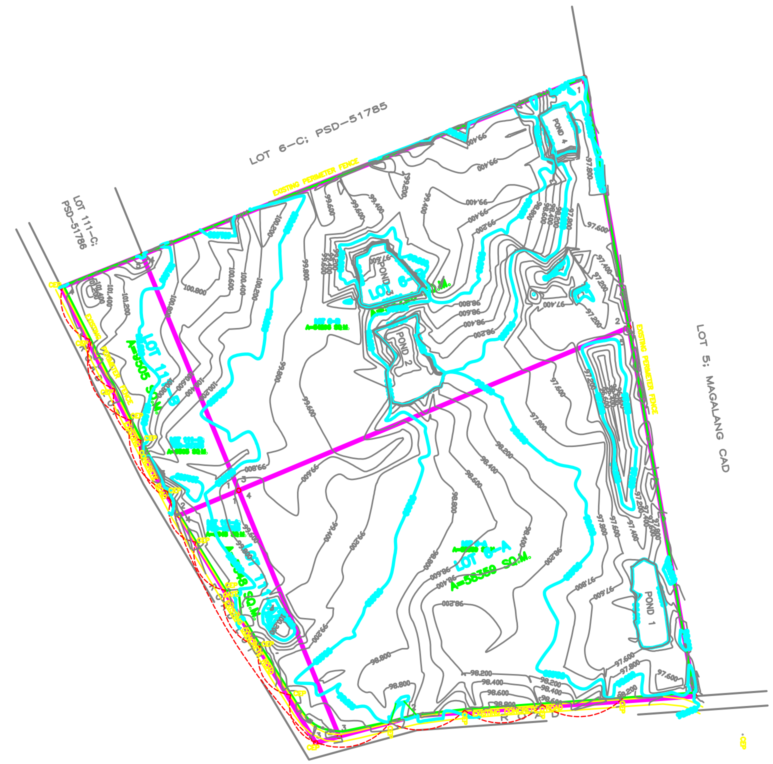
- **fully feasible from a <u>technical point of view.</u> High quality of components and sophisticated design ensure high performance and high durability of the PV Power Plant.**
- **<u>fully bankable,</u> the system design and layout has been reviewed and checked, it adheres to all industry standards and local requirements.**

No show stoppers or critical issues have been detected during the technical feasibility study. Some remarks have to be considered during installation, noted in the summaries of each chapter.

Attachments:

- Attachment 1: Site Information and Topographic Survey
- Attachment 2: Module General Arrangement Plan
- Attachment 3: PVSyst Energy Harvest Simulation

TECHNICAL DESCRIPTION		
LINE	BEARING	DISTANCE
LOT 6-A		
1-2	S 85°59' W	195.02 M.
2-3	S 74°44' W	54.24 M.
3-4	N 22°14' W	184.61 M.
4-5	N 67°19' E	293.79 M.
5-1	S 10°06' E	260.30 M.
LOT 6-B		
1-2	S 10°06' E	176.17 M.
2-3	S 67°19' W	293.79 M.
3-4	N 22°14' W	176.16 M.
4-1	N 68°09' E	330.91 M.
ALL TIE LINES FROM MBM No. 2, MAGALANG CADASTRE TO CORNER NO. 1 .		
LOTS	BEARING	DISTANCE
6-A	N 65°55' E	239.21 M.
6-B	N 15°04' E	546.08 M.
LOT 111-A		
1-2	S 22°16' E	184.61 M.
2-3	S 74°45' W	16.99 M.
3-4	N 31°00' W	184.37 M.
4-1	N 67°21' E	44.26 M.
LOT 111-B		
1-2	S 67°21' W	44.86 M.
2-3	N 31°00' W	30.91 M.
3-4	N 26°31' W	147.30 M.
4-5	N 68°06' E	60.47 M.
5-1	S 22°16' E	176.76 M.
TIE LINES: S 70°40' E, 514.57 M. FROM BLBM No. 2, MABALACAT CAD. TO CORNER NO. 1 .		



VICINITY MAP

N T S

SCALE: 1:2000 M.

LEGEND:

CONTOUR - MAJOR

CONTOUR - MINOR

CEP CONCRETE ELECTRICAL POST

ENGINEER:	OWNER/DEVELOPER:	NAME OF PROJECT:	APPROVED BY:	SHEET CONTENTS:	REVISIONS:	DRAWN BY:	
ROSWIL ANTHONY C. HALILI GEODETIC ENGINEER REG. No. 6547 DATE: 03-22-05 PTR. No. 5212961 DATE: 01-06-20	**RASLAG CORPORATION** ADDRESS: ORTIGAS CENTER, PASIG CITY	LOT 6-A & 6-B; PSD-51785 & LOT 111-A & 111-B; PSD-51786 TOPOGRAPHIC SURVEY LOCATION: BRGY. SAN JOSE & BICAL, MAGALANG, PAMPANGA & MABALACAT CITY				DATE: DESIGNED BY: DATE: CHECKED BY: DATE:	PROJECT NO.