THIS PRELIMINARY PROSPECTUS AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT WITHOUT NOTICE. THE OFFER SHARES MAY NOT BE SOLD NOR MAY AN OFFER TO BUY BE ACCEPTED PRIOR TO THE TIME THAT THE PRELIMINARY PROSPECTUS IS ISSUED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY PROSPECTUS CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OFFER SHARES NOR SHALL THERE BE ANY OFFER SOLICITATION OR SALE OF THE OFFER SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION

PRELIMINARY PROSPECTUS **As of July 23, 2021**

SOLAR PHILIPPINES
NUEVA ECIJA CORPORATION

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

(Incorporated in the Republic of the Philippines)

Prospectus Relating to the
Primary Offering of up to [2,700,000,000] Common Shares
with a par value of ₱0.10 per Common Share
through an Initial Public Offering
at an Offer Price Range of [₱0.50] to [₱1.00] per Offer Share

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

Issue Manager and Lead Underwriter

Abacus Capital & Investment Corporation

Participating Underwriter

INVESTMENT & CAPITAL CORPORATION OF THE PHILIPPINES

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.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

(A corporation duly organized under the laws of the Republic of the Philippines)
20th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, Philippines 1226
Telephone Number: (+632) 8817-2585
Email Address: investorrelations@solarnuevaecija.ph
www.solarnuevaecija.ph

This Prospectus relates to the initial public offering ("IPO") on a primary basis of Solar Philippines Nueva Ecija Corporation ("SPNEC," the "Company," or the "Issuer"), of [Two Billion Seven Hundred Million (2,700,000,000)] Common Shares (the "Offer Shares") with a par value of Ten Centavos (₱0.10) per share. An application is made for the listing of the Offer Shares, together with the rest of the shares of the Company, on the Main Board of The Philippine Stock Exchange, Inc. ("PSE"). The Offer Shares will be listed and traded on the Main Board of the PSE under the trading symbol "SPNEC".

The Offer Shares will be offered at an offer price range of [Fifty Centavos (₱0.50)] to [One Peso (₱1.00)] per share (the "Offer Price Range") or an aggregate Offer Price of up to [Two Billion Seven Hundred Million Pesos (₱2,700,000,000.00)] (the "Offer" or the "Offering"). The Offer Price will be determined by the Company in consultation with Abacus Capital & Investment Corporation ("Abacus Capital"), the Issue Manager and Lead Underwriter. See "Determination of Offer Price" on page [66] of this Prospectus. The Offer Shares will represent up to [33.23%] of the issued and outstanding Common Shares of the Company after the Offer. No secondary shares shall form part of the Offer.

The Offer Shares will be issued out of the existing unissued authorized capital stock ("ACS") of the Company of One Billion Pesos (₱1,000,000,000.00) divided into Ten Billion (10,000,000,000) Common Shares with a par value of Ten Centavos (₱0.10) per share. At present, there are [Five Billion Four Hundred Twenty-Four Million Three Hundred Fifty Thousand Five (5,424,350,005)] Common Shares that are fully paid, subscribed, issued, and outstanding. Immediately after the completion of the Offer, the fully paid, subscribed, issued, and outstanding Common Shares of the Company shall be up to [Eight Billion One Hundred Twenty-Four Million Three Hundred Fifty Thousand Five (8,124,350,005)] Common Shares. Upon listing, the market capitalization of the Company will be [Four Billion Sixty-Two Million One Hundred Seventy-Five Thousand Two Pesos and Fifty Centavos (₱4,062,175,002.50) to Eight Billion One Hundred Twenty-Four Million Three Hundred Fifty Thousand Five Pesos (₱8,124,350,005.00)].

The Company shall cause its existing stockholders who own at least 10% of the outstanding shares of stock after the Offer to enter into an escrow agreement with a custodian bank not to sell, assign, or in any manner dispose of their shares for a period of 365 days commencing on the Listing Date since the Company is applying to list on the PSE invoking the exemption from the track record and operating history requirements of the PSE Amended Main and SME Board Listing Rules (the "PSE Amended Listing Rules"). Furthermore, shares that were issued or transferred and fully paid within 180 days prior to the start of the Offer Period with a transaction price lower than that of the Offer Price shall likewise be locked up for at least 365 days from the full payment of said shares. Certain stockholders of the Company are subject to the lock-up requirement. See the subsection "Ownership Structure - Lock-Up" starting on page [73] of this Prospectus.

All Common Shares of the Company issued or to be issued pursuant to the Offer have, or upon issuance will have, identical rights and privileges. Please refer to subsection "Description of Securities - Rights Relating to the Common Shares" starting on page [58] of this Prospectus.

The Common Shares may be subscribed by eligible subscribers regardless of citizenship or nationality, subject to the limits prescribed by Philippine laws on foreign ownership in certain types of domestic companies. Please see the sections "Terms of the Offer" starting on page [30] of this Prospectus and "Philippine Foreign Investment, Exchange Controls, and Foreign Ownership" on page [154] of this Prospectus.

The Company expects to raise gross proceeds of [One Billion Three Hundred Fifty Million Pesos (₱1,350,000,000.00) to [Two Billion Seven Hundred Million Pesos (₱2,700,000,000.00)] from the Offer. The Company estimates net proceeds, after deducting the issue management and underwriting fees, registration and licensing fees, listing fees, taxes, and other related fees and expenses from the gross proceeds, are estimated to amount up to [One Billion Two Hundred Eighty-Six Million Pesos (₱1,286,000,000.00) to Two Billion Five Hundred Eighty-Nine Million Pesos (₱2,589,000,000.00)]. The proceeds shall be allocated towards (a) the construction and development of Phase 1A[1] amounting to approximately [₱1.00 billion], (b) the transmission line construction amounting to approximately [₱200.00 million], (c) lease during the construction of Phase 1 amounting to approximately [₱23.00 million], (c) general corporate purposes amounting to approximately [₱40.00 million], and (d) any excess amount after the aforementioned purposes will be allocated towards future land acquisition. The Company will not use any net proceeds from the Offer to repay any indebtedness to the Lead Underwriter. For a more detailed discussion on the proceeds from the Offer and the Company's proposed use of proceeds, please see "Use of Proceeds" beginning on page [53] of this Prospectus.

[Five Hundred Forty Million (540,000,000)] Offer Shares or 20% of the Offer Shares (the "Trading Participants Offer Shares") are being offered to all the trading participants of The Philippine Stock Exchange, Inc. ("PSE Trading Participants") at the Offer Price (the "Trading Participants Offer"). The Company will also make available [Two Hundred Seventy Million (270,000,000)] Offer Shares, or 10% of the Offer, to the Local Small Investors ("LSIs"). The remaining [One Billion Eight Hundred Ninety Million (1,890,000,000)] Offer Shares or 70% of the Offer Shares shall be distributed by the Lead Underwriter to qualified institutional buyers ("QIBs") and to the general public. To ensure that the shares will be fully subscribed, Abacus Capital has committed to underwrite, on a firm commitment basis, the Offer Shares. Any allocation of Offer Shares not taken up by the PSE Trading Participants, the LSIs, the QIBs, the Lead Underwriter' clients, or the general public shall be purchased by the Lead Underwriter on a on a firm commitment basis, pursuant to the terms and conditions of the Underwriting Agreement. The fees to be received by the Lead Underwriter are discussed in the "Plan of Distribution" section on page [69] of this Prospectus.

The Company is authorized to distribute dividends out of its unrestricted retained earnings, in cash, properties of the Company, and/or shares of stock of the Company. Dividends paid, in the form of cash or property, are subject to approval by the board of directors of the Company ("Board of Directors" or the "Board"). Dividends paid in the form of additional Common Shares are subject to the approval of the Board of Directors and stockholders who own at least two-thirds ($^2/_3$) of the outstanding capital stock of the Company. The Revised Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether or not paid in full, except treasury shares. Holders of outstanding Common Shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such Common Shares. The Company has not declared any kind of dividend to its shareholders for the past three (3) years. On July 02, 2021, the Board of Directors resolved to adopt and maintain a dividend policy that gives the Board of Directors the discretion to declare dividends as they see fit after considering the funding requirements for future projects, subject to the requirements of applicable laws and regulations, capital expenditure requirements, compliance with the Company's loan covenants, and other circumstances that may restrict the payment of dividends. There can be no guarantee that the Company will pay any dividends in the future. Dividends may be declared only from the Company's unrestricted retained earnings. Refer to the section "Dividends and Dividend Policy" on page [65] of this Prospectus.

Before making an investment decision, prospective investors to the Offer Shares must carefully consider the risks associated with the investment in the Offer Shares and must conduct their own evaluation of the Company and the terms and conditions of the Offer, including the merits and risks involved. The risks include:

- Risks Relating to the Company;
- Risks Relating to the Company's Solar Business;
- Risks Relating to the Philippines;
- Risks Relating to the Offer and the Offer Shares; and

[1]The sub-phase of Phase 1 referring to the [50MWdc] solar power plant, subject of the substantial portion of the IPO proceeds utilization

- Risks Relating to the Presentation of Information in this Prospectus.

Please refer to the section entitled "Investment Considerations and Risk Factors" starting on page [38] of this Prospectus. The readers of this Prospectus are further enjoined to consult their financial advisers, tax consultants, and other professional advisers with respect to the acquisition, holding, or disposal of the Offer Shares described herein.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein and is as of [July •, 2021]. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

Unless otherwise stated, the information contained in this Prospectus is publicly available and has been supplied by the Company solely for the purpose of the Offer. After having made all reasonable inquiries and to the best of its knowledge and belief, the Company confirms that the information contained in this Prospectus is accurate, complete, and correct, and that there is no material statement or omission of fact that would make any statement in this Prospectus misleading in any material respect. Except for the information pertaining to the Issue Manager and Lead Underwriter, the Company hereby accepts responsibility for the accuracy of the information contained in this Prospectus.

The Company and the Issue Manager and Lead Underwriter have exercised due diligence in ascertaining that all material representations contained in this Prospectus, including its amendments and supplements, are true and correct, and that no material information was omitted that was necessary in order to make the statements contained in the aforementioned documents not misleading, but do not make any representation, express or implied, as to the accuracy or completeness of the materials contained herein. The Issue Manager and Lead Underwriter, having made all reasonable inquiries, confirms that this document contains all information with respect to the Company, the Issue Manager and Lead Underwriter, and the Offer Shares, which is material in the context of the issue and offering of the Offer Shares, that the information contained herein is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Offer Shares, make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect, and that all reasonable enquiries have been made by the Company to verify the accuracy of such information. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Issue Manager and Lead Underwriter or any of its respective affiliates. 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 prospective investor of the Offer Shares, by accepting the delivery of this Prospectus, agrees to the foregoing.

Certain market and industry data 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 are 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 Abacus Capital makes any representation as to the accuracy of such information.

This Prospectus includes certain forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events, and operating, market, and financial trends affecting its business. Words including, but not limited to, "believes", "may", "will", "estimates", "continues", "anticipates", "intends", "expects", "forecasts", and similar words are intended to identify forward-looking statements. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements. One should read this Prospectus and the documents referenced in this Prospectus and filed as exhibits to the Registration Statement, of which this Prospectus is a part,

completely and with the understanding that actual future results may be materially different from what the Company expects. Forward-looking statements contained herein are qualified by these cautionary statements.

On [July •, 2021], the Company filed a Registration Statement with the Securities and Exchange Commission ("SEC") covering the Offer Shares and the issued and outstanding Common Shares of the Company not covered by the Offer in accordance with the provisions of the Securities Regulation Code ("SRC"). The SEC issued an order, rendering effective the Registration Statement and a Certificate of Permit to Offer Securities for Sale (the "Permit to Sell") on [•]. The issuance of the Permit to Sell is merely permissive and does not constitute a recommendation or endorsement by the SEC of the Offer Shares.

On [July •, 2021], the Company filed an application with the PSE for the listing of the issued and outstanding Common Shares (including the Offer Shares). This application to list was approved on [•] by the board of directors of the PSE, subject to fulfilment of certain listing conditions. Such an approval is permissive only and does not constitute a recommendation or endorsement by the PSE of the Offer Shares. Furthermore, the PSE assumes no responsibility in the correctness of any statement made or opinions expressed in this Prospectus. The PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or in part on the contents of this Prospectus.

This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described herein, nor does it constitute an offer to sell or a solicitation of an offer to buy the shares described herein in any jurisdiction in which such offer or solicitation or sale is not authorized, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, salesperson, or other person has been authorized by the Company or the Lead Underwriter to issue any advertisement or to give information or make any representation in connection with the Offer other than those contained in this document, and if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or by the Lead Underwriter.

This Prospectus has been authorized for circulation and distribution only in the Philippines. The distribution of this Prospectus and the Offer of the Offer Shares may be restricted by law in certain jurisdictions. The Company and the Lead Underwriter require persons into whose possession this Prospectus comes to inform them of, and observe all such restrictions. Prospective investors should also inform themselves on any taxation or legislation affecting them personally, and should consult their professional advisers with respect to the acquisition or disposition of the Offer Shares.

For investor relation matters, investors may contact Mr. Gino Antonio C. Cruz, the Company's Investor Relations Officer, through this email address investorrelations@solarnuevaecija.ph or (+63) 917 802 6230.

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 & Trust Corporation (the "PDTC") on or about [October 19, 2021].

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 STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

By:

LEANDRO ANTONIO L. LEVISTE
Chairman, President, and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this JUL 2 3 2021 at MAKATI CITY, Metro Manila, affiants exhibiting the following:

Affiant	Type of ID and ID Number
Leandro Antonio L. Leviste	TIN 431-023-685

Doc. No. 442;
Page No. 100
Book No. 1;
Series of 2021.

SHERLUCK JUN C. VILLEGAS
NOTARY PUBLIC
ROLL NO. 70942
MAKATI CITY, PHILIPPINES

ATTY. SHERLUCK JUN C. VILLEGAS
Notary Public for Makati City
Appt. No. M-260 until Dec. 31, 2022
Unit 3C LTA Building, 118 Perea St.
Legaspi Village, Makati City
Roll No. 70942
IBP No. 159267 / 06-03-2021/ Pasig City
PTR No. 8533523 / 01-04-2021/ Makati City
MCLE Compliance No. VI-0028223/August 13, 2019

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ANNEX I:

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
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FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following words or expressions shall have the following meanings:

GLOSSARY OF GENERAL TERMS AND TERMS RELATED TO THE OFFER	
"Abacus Capital"	Abacus Capital & Investment Corporation, the Issue Manager and Lead Underwriter
"ACS"	Authorized Capital Stock
"Applicant"	A person, whether natural or juridical, who seeks to subscribe to the IPO by submitting an Application to Purchase form under the terms and conditions prescribed in this Prospectus
"Application to Purchase" or "Application"	The application to purchase the Offer Shares
"BIR"	Bureau of Internal Revenue
"Board of Directors" or the "Board"	The board of directors of the Company
"Book Value"	Equal to an asset's carrying value on the balance sheet, calculated by netting the asset against the accumulated depreciation. Can also be thought of as the net asset value of a company calculated as total assets minus liabilities
"BSP"	Bangko Sentral ng Pilipinas or the Central Bank of the Philippines
"CAGR" or "Compounded Annual Growth Rate"	The year-over-year growth rate of an investment over a specified period of time, calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered
"CEO"	Chief Executive Officer
"Certificate of Permit to Offer Securities for Sale"	A document issued by the SEC certifying that the shares have already been registered with the SEC and may already be offered for sale to the public, subject to the full compliance with the provisions of the SRC and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance, and other applicable laws and orders as may be issued by the SEC
"Common Shares" or "Shares"	The shares of common stock of the Company with a par value of ₱0.10 per share, including the Offer Shares
"Custodian Bank"	Philippine National Bank – Trust Banking Group, the entity that will hold the shares under lock-up

"DST"	Documentary Stamps Tax
"Eligible Applicant"	Any person of legal age or duly organized and existing corporations, partnerships, or other corporate entities applying to subscribe to the Offer Shares, subject to the limits prescribed by Philippine laws on foreign ownership of lands and exploration and use of natural resources in the operation of a solar power plant
"Escrow Bank"	BDO Unibank, Inc. – Trust and Investments Group, the entity that will hold the net proceeds of the Offer, which shall disburse the proceeds in the manner provided in the Use of Proceeds of the Prospectus, unless reallocated by the Board
"ICCP"	Investment & Capital Corporation of the Philippines, a Participating Underwriter for the Offer
"IPO"	Initial Public Offering
"Issue Manager and Lead Underwriter"	Abacus Capital & Investment Corporation
"Listing Date"	[October 22, 2021], or the date on which the Offer Shares shall be listed with the PSE
"LSI"	Local Small Investor, a share subscriber who is willing to subscribe to a minimum board lot and whose subscription does not exceed ₱100,000.00.
"Negative List"	The Eleventh Regular Foreign Investment Negative List signed on October 29, 2018
"Offer" or "Offering"	The primary offering of up to [2,700,000,000] Common Shares with a par value of ₱0.10. per Common Share at an Offer Price Range of [₱0.50 to ₱1.00] per Offer Share to Eligible Applicants, subject to the terms and conditions stated in this Prospectus and on the Application to Purchase form
"Offer Period"	The period commencing at 9:00 a.m. on [October 06, 2021] and ending at 12:00 noon, on [October 12, 2021] unless extended by agreement between the Company, Abacus Capital, and the PSE
"Offer Price Range"	[₱0.50] to [₱1.00] per Offer Share
"Offer Shares"	Up to [2,700,000,000] primary Common Shares to be issued out of the existing unissued ACS with a par value of Ten Centavos (₱0.10) per share, which enjoy equal rank, preference, and priority with the existing issued and outstanding Common Shares of the Company, and being offered for subscription by the Issuer to Eligible Applicants
"₱" or "Pesos"	Philippine Peso, or lawful currency of the Republic of the Philippines
"PCD Nominee"	PCD Nominee Corporation
"PDTC"	Philippine Depository & Trust Corporation

"Permit to Sell"	Certificate of Permit to Offer Securities for Sale
"PFRS"	Philippine Financial Reporting Standards
"Prospectus"	This offering memorandum dated [•] filed by the Company with the SEC and circulated in connection with the IPO of the Offer Shares
"PSE"	The Philippine Stock Exchange, Inc.
"PSE Amended Listing Rules"	The PSE Amended Main and SME Board Listing Rules
"PSE EASy"	PSE Electronic Allocation System
"PSE EDGE"	PSE Electronic Disclosure Generation Technology, the PSE's fully automated system that facilitates the processing, validation, submission, distribution, and analysis of time-sensitive disclosure reports submitted to the PSE
"PSE Trading Participants" or "TPs"	Duly licensed securities brokers who are trading participants of the PSE
"QIB"	Qualified Institutional Buyer
"Receiving Agent"	Philippine National Bank – Trust Banking Group
"SEC"	Securities and Exchange Commission of the Philippines
"SGV"	SyCip Gorres Velayo & Co., the Company's external auditor
"SPNEC," the "Company," or the "Issuer"	Solar Philippines Nueva Ecija Corporation
"SRC"	Securities Regulation Code
"Stock Transfer Agent"	Philippine National Bank – Trust Banking Group
"TP Guidelines"	Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Trading Participants of the PSE
"Trading Day"	Any day on which trading is allowed in the PSE.
"Trading Participants Offer"	The Offer of up to [Five Hundred Forty Million (540,000,000)] Offer Shares or 20% of the Offer Shares to the PSE Trading Participants at the Offer Price
"Trading Participants Offer Shares"	[Five Hundred Forty Million (540,000,000)] Offer Shares or 20% of the Offer Shares that are being offered to all of the PSE Trading Participants at the Offer Price

"Undertaking to Submit"	Affidavit of Undertaking to Submit Original Copies of the Documents in reference to the Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Trading Participants of the PSE
"VAT"	Value-Added Tax

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GLOSSARY OF OTHER TERMS AND ABBREVIATIONS	
"AC" or "Alternating Current"	The flow of charge that changes direction periodically, which results to the voltage level reversing along with the current. AC is used to deliver power to houses, office buildings, etc.
"Captive Market"	Electricity end-users who do not have the choice of a supplier of electricity, as may be determined by the Energy Regulatory Commission ("ERC") in accordance with the EPIRA and other existing rules and regulations
"CC" or "Contestable Customer"	Electricity end-users who have the choice of a supplier of electricity, as may be determined by the ERC in accordance with the EPIRA and other existing rules and regulations
"CNC"	Certificate of Non-Coverage
"COCOC"	Certificate of Confirmation of Commerciality
"Conversion Order"	Conversion Order or land use conversion order is issued by the DAR giving the authority to modify the current physical use of a parcel of agricultural land for a non-agricultural purpose such as industrial.
"COR"	Certificate of Registration
"CSP" or "Competitive Selection Process"	A transparent manner of procurement in which DUs buy electricity from power generators for their captive market. It assures that such supply is bought and passed on to consumers at the least possible cost
"DA"	Department of Agriculture
"DAR"	Department of Agrarian Reform
"DC" or "Direct Current"	An electric current flowing in one direction only
"DENR"	Department of Environment and Natural Resources
"Development/Commercial Stage"	Stage of RE Contract that involves the development, production, or utilization of renewable energy resources, including the construction and installation of relevant facilities up to the operation phase of the RE facilities

"Dispatch"	The process of apportioning the total demand of the grid through the issuance of dispatch instructions to the scheduled generating units and the generating units providing ancillary services in order to achieve the operational requirements of balancing demand with generation that will ensure the security of the grid as defined in the Philippine Grid Code
"DOAS"	Deed of Absolute Sale
"DOE"	Department of Energy
"DU"	Refers to the Distribution Utility as defined in the EPIRA
"EC"	Refers to the Electric Cooperatives as defined in the EPIRA
"ECC"	Environmental Compliance Certificate
"EMB"	DENR-Environmental Management Bureau
"EPC" or "Engineering, Procurement, Construction"	Form of contracting agreement whereby the EPC contractor has to execute and deliver the project within an agreed time and budget on a turnkey basis
"EPIRA"	RA No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", as amended from time to time, and including the rules and regulations issued thereunder
"EPIRA IRR"	The Implementing Rules and Regulations of the EPIRA promulgated on February 27, 2002 with a view of implementing the EPIRA's objectives
"ERC"	Energy Regulatory Commission (formerly the Energy Regulatory Board) created pursuant to the EPIRA
"Financial Closing"	Refers to the stage when the RE Developer has established, based on the lending bank's criteria and procedures, its financial capability to implement its RE project
"GOCC"	Government-owned and controlled corporation
"Government"	The Government of the Republic of the Philippines
"Grid"	The Philippines' high voltage backbone system of interconnected transmission lines, substations, and related facilities

"Grid Code"	Refers to the Philippine Grid Code promulgated by the Energy Regulatory Commission
"GW"	Gigawatt or one million kilowatts
"GWh"	Gigawatt-hours or one million kilowatt-hours, which is typically used as a measure for the annual energy production of large power plants
"IPP" or "Independent Power Producer"	Defined in the EPIRA as an existing power generating entity which is not owned by the state-owned National Power Corporation
"ITH"	Income Tax Holiday
"kW"	Kilowatt or one thousand watts
"kWh" or "Kilowatt-hour"	The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Kilowatt peak" or "kWp"	A measuring unit for the maximum output of a photovoltaic system ("PVS")
"Land Use Conversion"	This refers to the act or process of changing the current use of a piece of agricultural land into some other use as approved by DAR, as defined in DAR Administrative Order No. 1, Series of 1999 (Revised Rules and Regulations on the Conversion of Agricultural Lands to Non-Agricultural Uses)
"LHHC"	Lupang Hinirang Holdings Corporation
"Management"	The executive management of the Company
"Megawatt peak" or "MWp" or "MWdc"	A measuring unit for the maximum output of a photovoltaic system. 1.0 MWp = 1,000 kilowatt peak (kWp); equivalent to the installed capacity of Solar PV power plants expressed in terms of MW in DC side or the rated capacity of a Solar PV module.
"Meralco"	Manila Electric Company
"MOA"	Memorandum of Agreement
"MW"	Equivalent to one million watts, which is the installed capacity of power plants is generally expressed in terms of MW
"MWac"	The installed capacity of Solar PV power plants expressed in terms of MW in the AC side or the grid interconnection point

"NGCP"	National Grid Corporation of the Philippines
"NOLCO"	Net Operating Loss Carry-Over
"NREB"	National Renewable Energy Board
"Open Access"	As defined in the implementing rules of the EPIRA, the system of allowing any qualified person the use of electric power transmission, and/or distribution systems, and associated facilities, subject to the payment of transmission and/or distribution retail wheeling rates duly approved by the ERC
"O&M"	Operation and Maintenance
"Phase 1"	The first phase of the Project, a 225 MWdc solar power plant in Barangay Las Piñas, Peñaranda, Nueva Ecija
"Phase 1A"	The sub-phase of Phase 1 referring to the [50 MWdc] solar power plant, subject of the substantial portion of the IPO proceeds utilization
"Phase 1B"	The sub-phase of Phase 1 referring to the [175 MWdc] solar power plant, to be funded by debt
"Phase 2"	The second phase of the Project, a 275 MWdc solar power plant in Barangay Las Piñas, Peñaranda, Nueva Ecija
"PIC"	Provincia Investments Corporation
"PPA"	Power Purchase Agreement
"Pre-Development Stage"	A stage of an RE Contract that involves assessment and feasibility study, permitting and licensing, up to the financial closing of the RE project
"Project" or "Sta. Rosa Nueva Ecija 2 Solar Power Project"	The 500 MWdc Solar PV power project located in Nueva Ecija under SESC No. 2017-06-404
"PSA"	Power Supply Agreement
"PSALM"	Power Sector Assets and Liabilities Management Corporation
"PSPP"	Power Supply Procurement Plan
"PV"	Photovoltaic

“PV System” or “PVS”	Photovoltaic System
“RA”	Republic Act
“RCOA”	Retail Competition and Open Access
“RE”	Renewable Energy
“REMB”	Department of Energy–Renewable Energy Management Bureau
“Renewable Energy Act of 2008”	RA No. 9513, otherwise known as the “Renewable Energy Act of 2008,” as may be amended from time to time, and including the rules and regulations issued thereunder
“Renewable Energy Resources”	As defined under the Renewable Energy Act of 2008, refers to energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and whose renewal rate is relatively rapid to consider availability over an indefinite period of time. These include hydropower, biomass, solar, wind, and geothermal
“RES”	Retail Electricity Suppliers
“Retail Competition”	As defined in the implementing rules of the EPIRA, the provision of electricity to a Contestable Market by persons authorized by the ERC to engage in the business of supplying electricity to end-users through Open Access
“RFP”	Request For Proposal
“RoW”	Right-of-Way
“ROU”	Right-of-Use
“RPS” or “Renewable Portfolio Standards”	A market-based policy that requires electric power industry participants, including suppliers, to source an agreed portion of their energy supply from eligible RE resources
“SEOC” or “Solar Energy Operating Contract”	The RE Contract issued by the Government, through the DOE, for the development and operation of RE Projects utilizing solar energy as an RE resource
“SESC” or “Solar Energy Service Contract”	The Service Agreement between the Government, through the DOE, and the Solar Energy Developer over a period in which the RE Developer has the exclusive right to a particular RE area for exploration and development of solar energy

"SIS" or "System Impact Study"	As defined in the Philippine Grid Code, an assessment made or conducted by the Transmission Network Provider/System Operator (both as defined in the Philippine Grid Code) in addition to the Grid Impact Studies prepared by it in accordance with the Philippine Grid Code, to determine: (a) the adequacy of the Grid and its capacity to accommodate a request for power delivery service; and (b) the costs, if any, that may be incurred in order to provide power delivery service to a Transmission Customer
"Solar Philippines Group" or the "SP Group"	The group of companies led by Mr. Leandro Antonio L. Leviste, comprising of multiple companies including the Company and its affiliates, with operations covering the development, construction and operations of solar power plants
"SPCRPI"	Solar Philippines Commercial Rooftop Projects, Inc.
"SPPPHI" or the "Parent Company"	Solar Philippines Power Project Holdings, Inc., the parent company of SPNEC
"SPREI"	Solar Philippines Retail Electricity, Inc., an affiliate of SPNEC with an RES license
"TransCo"	National Transmission Corporation
"WESM"	Wholesale Electricity Spot Market
"WESM Rules"	The rules promulgated pursuant to the EPIRA and other existing rules and regulations that govern the administration and operation of the WESM

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SUMMARY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

The Offer

The Company is offering for subscription up to [Two Billion Seven Hundred Million (2,700,000,000)] primary Common Shares to be issued out of the existing unissued ACS, each with a par value of ₱0.10 per share. The Offer Shares shall enjoy equal rank, preference, and priority with the existing issued and outstanding Common Shares of the Company. The Offer Shares are being made available for subscription in the Philippines at an Offer Price Range of [Fifty Centavos (₱0.50)] to [One Peso (₱1.00)] per share.

The Company expects to raise gross proceeds of [One Billion Three Hundred Fifty Million Pesos (₱1,350,000,000.00) to Two Billion Seven Hundred Million Pesos (₱2,700,000,000.00)] from the Offer. The net proceeds from the Offer, after deducting the issue management and underwriting fees, registration and licensing fees, listing fees, taxes, and other related fees and expenses from the gross proceeds, are estimated to amount to [One Billion Two Hundred Eighty-Six Million Pesos (₱1,286,000,000.00) to Two Billion Five Hundred Eighty-Nine Million Pesos (₱2,589,000,000.00)]. The proceeds shall be allocated towards (a) the construction and development of Phase 1A[2] amounting to approximately [₱1.00 billion], (b) transmission line construction amounting to approximately [₱200.00 million], (c) lease during the construction of Phase 1 amounting to approximately [₱23.00 million], (d) general corporate purposes amounting to approximately [₱40.00 million], and (d) any excess amount after the aforementioned purposes will be allocated towards future land acquisition.

The Offer Shares shall represent up to [33.23%] of the Company's total issued and outstanding capital stock after the Offer. All of the Offer Shares shall be primary shares to be taken from the existing unissued ACS of the Company. No secondary shares shall form part of the Offer.

The Offer Shares will be underwritten by the Lead Underwriter on a firm basis. The total fees to be derived by the Lead Underwriter shall be based on a percentage of the gross proceeds from the sale of the Offer Shares, is exclusive of out-of-pocket expenses and inclusive of amounts that will be ceded to the Selling Agents.

The Company

Solar Philippines Nueva Ecija Corporation was incorporated and registered with the SEC on November 23, 2016, primarily to construct, operate, and maintain renewable energy ("RE") power plants and to perform other ancillary and incidental activities associated with the development and supply of RE.

SPNEC aims to develop an up to 500 MWdc solar power plant in barangays Las Piñas and Sinasajan, Peñaranda, Nueva Ecija ("Project"). The Company plans to implement the Project with Phase 1 divided into Phase 1A and Phase 1B, with Phase 1A of 50 MWdc planned to be commissioned by the middle of 2022 ("Phase 1A") and Phase 1B of 175 MWdc planned to be commissioned in late 2022 ("Phase 1B"). After it has completed Phase 1, the Company plans to construct Phase 2 of the Project for up to an additional 275 MWdc for a total 500 MWdc.

Upon completion of the IPO, the funds raised will be primarily used for the construction and development of Phase 1A, with an aim to raise debt to complete the funding requirements for Phase 1B.

[2]The sub-phase of Phase 1 referring to the [50MWdc] solar power plant, subject of the substantial portion of the IPO proceeds utilization

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. ("SPCRPI") was awarded SESC No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project wherein SPCRPI shall undertake the exploration, assessment, harnessing, piloting, and other studies of the solar energy resources in Santa Rosa, Peñaranda, and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations under SESC No. 2017-06-404 and its DOE Certificate of Registration as RE developer to SPNEC. On February 23, 2018, the Department of Energy ("DOE") acknowledged and approved the Deed of Assignment between SPCRPI and SPNEC. Further, on the same day, the DOE issued and approved a new Certificate of Registration ("COR") under the name of SPNEC with amended SESC No. 2017-06-404-AF1, which recognizes the Company as an RE developer. As of the date of this Prospectus, the Company is at the pre-operating stage.

The Company plans to pursue off-take through contracting on an opportunistic basis with Retail Electricity Suppliers ("RESs"), and/or Distribution Utilities ("DUs") by participating in Competitive Selection Processes ("CSPs"). As an alternative to an off-take agreement, the Company may supply power through the Wholesale Electricity Spot Market ("WESM").

The Company's principal office is located at 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City, Philippines 1229.[3]

The following presents the Company's corporate structure.

Figure 1: SPNEC Corporate Structure

The Company is a wholly-owned subsidiary of Solar Philippines Power Project Holdings, Inc. ("SPPPHI" or the "Parent Company"), a corporation organized in the Republic of the Philippines, which is part of the SP Group. The SP Group is an integrated developer, owner, and operator of solar power projects.

SPPPHI was incorporated in 2014 and is headquartered in Makati City. The SP Group has grown its portfolio from its first 4 MWdc of solar rooftop installations in 2014 to the 63 MWdc Calatagan Solar Farm in 2016 to the total 100 MWdc Tarlac Solar Farm that began partial operations in 2019, with these two (2) solar farms generating total revenues of ₱1,274.37 million and net income of ₱733.20 million for the year ended December 31, 2020. Since its inception, the SP Group has been able to win three (3) Meralco CSPs and formed project joint ventures with partners such as KEPCO Philippines Holdings, Inc., Prime Metro Power Holdings Corporation, and AC Energy Corporation.

Solar Energy

While generating solar energy has been around for decades, it was only in the last decade that solar power became a commercially viable source of power around the world. Given the clean, non-polluting, and sustainable nature of solar energy, governments, globally, have actively pushed the deployment of solar power through subsidies. Projections show that renewable energy will comprise more than 50% of global power

[3] As presented in the current Amended Articles of Incorporation of the Company.

generation by 2035. In addition, solar energy is expected to grow the fastest, becoming the largest power generation source by 2040, and is projected to increase by a factor of 60 from 2015 to 2050.[4]

In the Philippines, solar energy has expanded significantly during the last decade, increasing from 1 MW in 2008 to 896 MW in 2018[5]. In recent years, the per kWh cost of solar power in the country has also decreased, making it among the cheapest energy sources in the country today. This is evidenced by the decline in approved solar rates – from ₱9.68/kWh in 2012[6], to ₱8.69/kWh in 2015 (FIT)[7], to ₱5.39/kWh in 2016 (MERALCO CSP, 2016)[8], and ₱2.9999/kWh in 2017 (MERALCO CSP, 2017).[9]

The Philippines' DOE forecasts that solar energy will achieve the biggest jump in installed capacity among RE sources, with growth from 896 MW in 2018 to 11,393 MW in 2030 and further to 22,050 MW in 2040. Solar energy's contribution in the generation mix is also expected to increase, achieving 10.2% in 2040, the biggest share compared to hydropower (8.8%), wind (3.8%), and geothermal (3.0%)[10]

Management believes that the growth in solar power generation in Philippines has been facilitated by:

- Growing demand for power driven by the growth of the Philippine economy;
- Decreasing costs making solar cost-competitive for peaking demand, and with the decreasing cost of storage making solar cost-competitive for mid-merit and baseload demand in the near future;
- Phasing out of fossil fuel, given regulatory and environmental concerns, as demonstrated by the DOE's moratorium on new coal developments, along with the fact that many existing fossil fuel plants are now over 20 years old, leading to a need for new supply over the coming years;
- Structurally high power prices in the Wholesale Electricity Spot Market ("WESM"), which, based on the solar generation profile, averaged at around ₱3.92/kWh from 2015 to 2020;
- Strong government support for renewables and market-oriented regulatory framework for power, including the ability to sell to the WESM with RE as priority dispatch;
- Relatively consistent solar generation profile that matches the peak demand profile of the Philippines (in comparison to wind and hydro, which have more variables and are often available during cooler or rainy periods when demand is lower) resulting in better economics for solar in the Philippines; and
- Increasing awareness among the public and, consequently, off-takers on the benefits of solar.

With the development of new technologies, solar energy is now becoming a major part of the global energy mix. One such development is the decreasing cost of energy storage, which may enable solar power to become a competitive source for an ever greater share of the energy mix.

Enactment of Renewable Energy Law

On December 16, 2008, the Philippine Congress enacted Republic Act No. 9513: An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes ("Renewable Energy Act of 2008"), whereby it was declared the policy of the State to:

a. Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;

[4]https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2019#
[5] Philippine Energy Plan 2018-2040
[6]ERC, Resolution No. 10, Series of 2012, Resolution Approving the Feed-In Tariff Rates, https://www.erc.gov.ph/Files/Render/issuance/539
[7]ERC, Resolution No. 6, Series of 2015, Resolution Adopting the New Solar Feed-In Tariff Rate, http://www.erc.gov.ph/Files/Render/issuance/16712
[8]ERC Decision, ERC Case No. 2017-014 RC, https://www.erc.gov.ph/Files/Render/issuance/30181
[9]ERC Order, ERC Case No. 2017-094 RC, https://www.erc.gov.ph/Files/Render/issuance/19034
[10]https://www.doe.gov.ph/sites/default/files/pdf/pep/pep-2018-2040_20210323.pdf

b. Increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;
c. Encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment.

Competitive Strengths

The Company's competitive strengths include the following:

- Secured Project Site and Grid Connection;
- Preparedness to Pursue Off-Take on an Opportunistic Basis;
- Economies of Scale; and
- Solar Development Expertise

For a detailed discussion of the Company's competitive strengths, please refer to "The Company - Competitive Strengths" section starting on page [77] of this Prospectus.

Business Plans and Strategies

The Company's business plans and strategies include the following:

- Securing off-take through contracting on an opportunistic basis with DUs, RESs, Contestable Customers ("CCs"), or selling to the WESM;
- Leveraging the SP Group's Engineering, Procurement, Construction ("EPC") and Operations & Maintenance ("O&M") capabilities; and
- Opportunity for Growth through a 275 MWdc expansion.

For a detailed discussion of the Company's business plans, please refer to section "The Company - Business Plans and Strategies" section starting on page [79] of this Prospectus.

Investment Considerations and Risk Factors

Before making an investment decision, prospective investors are advised to consider carefully all the information contained in this Prospectus, including the following key points characterizing the potential risks associated with an investment in the Offer Shares.

Risks Relating to the Company

- Limited Operating History and Track Record
- Dependence on SPPPHI's Key People
- Unsuccessful Implementation of Business Plans and Strategies
- Increase in Interest Rates or Tightening of the Supply of Capital
- Risk Relating to the Pledge of SPNEC Shares owned by the Parent Company

Risks Relating to the Company's Solar Business

- Potential Termination of Solar Energy Service Contract
- Inability to Obtain Off-take Agreements
- Validity and Enforceability of Off-take Agreements
- Unsuccessful Implementation of Growth Strategy
- Failure to Obtain Financing or the Inability to Obtain Financing on Reasonable Terms
- Third Party Claim on Specified Areas Defined in the SESC
- Failure to Secure the Necessary Right-of-Way to Connect to the Grid
- Failure to Secure Certificate of Finality on Land Use Conversion
- High Dependence on a Few Key Customers and Credit and Collection Risk
- Electric Power Price Fluctuations
- Reliance on Importation of Critical Parts (Suppliers)
- Limited Experience in Operating and Maintaining PV Systems
- Changes and Inconsistencies in Philippine Laws and Regulations
  - Taxation
  - Permits and Licenses
- Insurance Coverage

Risks Relating to the Philippines

- Any Downturn in the General or Economic Conditions in the Philippines
- Ability of Philippine Consumers to Absorb one of the Highest Electricity Costs in Asia
- Political Risk or Social Instability in the Philippines
- Government May Temporarily Take Control of the Company's Business in Times of National Emergency
- Territorial Disputes Among the Philippines and its Neighboring Nations
- Corporate Governance and Disclosure Standards in the Philippines
- Sovereign Credit Ratings of the Philippines
- Occurrence of Natural or Other Calamities, including Severe Weather Conditions and Epidemics
- COVID-19 Global Pandemic

Risks Relating to the Offer and the Offer Shares

- Listing of Offer Shares on the PSE
- Trading and Liquidity
- Foreign Ownership Restrictions
- Market Volatility
- Effect of Future Sales of Shares in the Public Market
- Dividend Declarations and Payout
- Dilution
- Rights of Minority Shareholders

Risks Relating to the Presentation of Information in this Prospectus

- Presentation of Financial Information in this Prospectus
- Certain Information Derived from Unofficial Publications

Please refer to the section entitled "Investment Considerations and Risk Factors" beginning on page [38] of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

Summary Financial Information

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 six (6) -month periods ended June 30, 2020 and 2021, and its financial position as of December 31, 2018, 2019, and 2020 and June 30, 2021.

Moreover, the summary is based on the audited financial statements of the Company, which were prepared in accordance with the Philippine Financial Reporting Standards ("PFRS") and should be read in conjunction with the auditor's reports and the financial statements and notes contained in this Prospectus, and the section entitled "Plan of Operation and Management's Discussion" on page [111]. The Company adopted PFRS 16, *Leases*, using modified retrospective approach with initial date of application on January 01, 2019. The amounts presented in the statements of financial position and statements of comprehensive income as of and for the year ended December 31, 2018, are based on PAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. Please refer to Note 2 of the Company's financial statements, which are included elsewhere in the Prospectus, for the effect of the adoption of PFRS 16.

However, note the information below is not necessarily indicative of the results of future operations or financial condition of the Company.

Table 1: SPNEC Summary of Comprehensive Income					
Amounts in ₱0.00	**Calendar Year Ended December 31**			**For the Six (6) -Month Periods ended June 30**	
	2018	**2019**	**2020**	**2020**	**2021**
Interest Income	389	895	286	209	6,013
Expenses	693,849	10,403,960	8,888,513	3,229,226	17,015,706
Loss Before Income Tax	**(693,460)**	**(10,403,065)**	**(8,888,227)**	**(3,229,017)**	**(17,009,693)**
Provision for Income Tax – Deferred	-	-	-		(904,291)
Net Loss	**(693,460)**	**(10,403,065)**	**(8,888,227)**	**(3,229,017)**	**(17,913,984)**
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Loss	**(693,460)**	**(10,403,065)**	**(8,888,227)**	**(3,229,017)**	**(17,913,984)**

Table 2: SPNEC Summary of Financial Position				
Amounts in ₱0.00	**As of December 31**			**As of June 30, 2021**
	2018	**2019**	**2020**	
Assets				
Cash	3,148,283	713,743	22,298,155	351,251
Other current assets	19,751	20,750	25,370	776,092
Current Assets	**3,168,034**	**734,493**	**22,323,525**	**1,127,343**
Right-of-use assets	-	45,986,437	44,146,980	297,751,234
Deposits for land acquisition	34,926,712	-	-	537,000,000
Other noncurrent assets	4,311,742	11,265	11,265	1,370,284
Noncurrent Assets	**39,238,454**	**45,997,702**	**44,158,245**	**836,121,518**
Total Assets	**42,406,488**	**46,732,195**	**66,481,770**	**837,248,861**
Liabilities and Equity				
Accounts payable and accrued expenses	56,564	583,084	578,288	6,728,056
Due to related parties	44,030,325	10,668,623	17,387,923	22,792,348
Current portion of lease liabilities	-	4,311,742	4,311,742	14,004,465
Current Liabilities	**44,086,889**	**15,563,449**	**22,277,953**	**43,524,869**
Lease liabilities - net of current portion	-	43,252,212	42,988,010	275,521,361
Deferred tax liability	-	-	-	904,291
Noncurrent Liabilities	**-**	**43,252,212**	**42,988,010**	**276,425,652**

Table 2: SPNEC Summary of Financial Position				
Amounts in ₱0.00	As of December 31			As of June 30, 2021
	2018	2019	2020	
Common Stock	250,000	250,000	1,000,000	542,435,000
Subscription Receivable	(187,500)	(187,500)	-	-
Additional paid-in capital stock	-	-	21,250,000	-
Deficit	(1,742,901)	(12,145,966)	(21,034,193)	(25,136,660)
Equity (Capital Deficiency)	**(1,680,401)**	**(12,083,466)**	**1,215,807**	**517,298,340**
Total Liabilities and Equity	**42,406,488**	**46,732,195**	**66,481,770**	**837,248,861**

Table 3: SPNEC Cash Flow Statements				
Amounts in ₱0.00	Calendar Year Ended December 31			For the Six-Month Period ended June 30
	2018	2019	2020	2021
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss before income tax	(693,460)	(10,403,065)	(8,888,227)	(17,009,693)
Adjustments for:				
Interest expense	-	4,049,803	4,047,540	5,624,883
Amortization of ROU assets	-	1,839,457	1,839,457	3,118,537
Provision for impairment loss on input VAT	4,620	14,243	109,091	-
Interest income	(389)	(895)	(286)	(6,013)
Operating loss before working capital changes	**(689,229)**	**(4,500,457)**	**(2,892,425)**	**(8,272,286)**
Increase in:				
Other current assets	(24,371)	(15,243)	(113,711)	(755,342)
Increase (decrease) in accounts payable and accrued expense	(19,525)	526,520	(4,796)	6,149,768
Net cash used in operations	(733,125)	(3,989,180)	(3,010,932)	(2,877,860)
Interest received	389	895	286	6,013
Net cash flows used in Operating activities	**(732,736)**	**(3,988,285)**	**(3,010,646)**	**(2,871,847)**
CASH FLOWS USED IN INVESTING ACTIVITIES				
Deposits for land acquisition	(2,000,000)	-	-	(537,000,000)
Additions to right-of-use assets	-	-	-	(20,121,600)
Additions to other noncurrent assets	(4,311,742)	(11,265)	-	(1,354,399)
Net cash flows used in financing activities	**(6,311,742)**	**(11,265)**	**-**	**(558,475,999)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common stocks	-	-	22,000,000	541,435,000
Collection of subscription receivable	-	-	187,500	-
Net advances from related parties	10,068,030	1,565,010	6,719,300	5,404,425
Stock issuance costs				(7,438,483)
Payment of lease liabilities	-	-	(4,311,742)	
Net cash flows from financing activities	**10,068,030**	**1,565,010**	**24,595,058**	**539,400,942**
NET INCREASE (DECREASE) IN CASH	3,023,552	(2,434,540)	21,584,412	(21,946,904)
CASH AT BEGINNING OF THE PERIOD	124,731	3,148,283	713,743	22,298,155
CASH AT END OF PERIOD	**3,148,283**	**713,743**	**22,298,155**	**351,251**

Change in Fiscal Year End

On March 29, 2021, the Board of Directors (BOD) approved the Company's change in fiscal year, which will start from July 01 and end in June 30 of each year. On April 06, 2021, the Company filed with the SEC the change in fiscal year and was approved by the SEC on April 14, 2021.

Moreover, the Company opted to adopt the new fiscal year for tax purposes, subject to the approval of the BIR. The complete requirements for the change in accounting period for tax purposes were submitted to the BIR on May 20, 2021.

Accordingly, as the fiscal year ended June 30, 2021 is a transitional period, the "fiscal year ended June 30, 2021" for the Company comprised the six (6) months from January 01, 2021 to June 30, 2021 coming from a fiscal year/calendar year ending on December 31, 2020. In this Prospectus, such "fiscal year ended June 30, 2021" of the Company is referred to as the "six (6) months ended June 30, 2021". As the reporting of accounts for the six (6) months ended June 30, 2021 is irregular, the Company's results of operations, financial condition, and cash flows as of and for the six (6) months ended June 30, 2021 are not comparable to the Company's results of operations, financial condition, and cash flows as of and for the calendar year (12 months) ended December 31, 2020.

As of the fiscal year ended June 30, 2021 the Company's total Shareholders' Equity is ₱517.30 million.

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PARTIES TO THE OFFER

The Issuer	**Solar Philippines Nueva Ecija Corporation** 20th Floor, Philamlife Tower 8767 Paseo de Roxas Makati City, Philippines 1226
Issue Manager and Lead Underwriter	**Abacus Capital & Investment Corporation** 2904 A East Tower Philippine Stock Exchange Centre Exchange Road, Ortigas Center Pasig City 1600
Participating Underwriter	**Investment & Capital Corporation of the Philippines** 17/F Robinsons Summit Center 6783 Ayala Avenue Makati City 1226, Philippines
Independent Auditors	**SyCip Gorres Velayo& Co. ("SGV & Co.")** *(a member firm of Ernst & Young Global Limited)* 6760 Ayala Avenue Makati City 1226 Philippines
Legal Counsel to the Issuer	**Picazo Buyco Tan Fider& Santos** Penthouse, Liberty Center – Picazo Law 104 H.V. Dela Costa Street, Salcedo Village Makati City
Legal Counsel to the Lead Underwriter	**Angara Abello Concepcion Regala& Cruz Law Offices** 22nd Floor, ACCRALAW Tower 2nd Avenue corner 30th Street Crescent Park West, Bonifacio Global City 0399 Taguig City, Philippines
Stock Transfer Agent	**Philippine National Bank – Trust Banking Group** 3F PNB Financial Center Macapagal Boulevard Pasay City, Philippines
Custodian Bank ***(Lock-Up)***	**Philippine National Bank – Trust Banking Group** 3F PNB Financial Center Macapagal Boulevard Pasay City, Philippines
Escrow Bank ***(IPO Net Proceeds)***	**BDO Unibank, Inc. – Trust and Investments Group** BDO Corporate Center 7899 Makati Avenue Makati City 0726 Philippines

TERMS OF THE OFFER

The Issuer	Solar Philippines Nueva Ecija Corporation
Issue Manager and Lead Underwriter	Abacus Capital & Investment Corporation
Participating Underwriter	Investment & Capital Corporation of the Philippines
Selling Agents	PSE Trading Participants
The Offer	The Company is offering for subscription up to [2,700,000,000] offer Shares to be issued out of its unissued ACS. The Offer Shares have a par value of Ten Centavos (₱0.10) per share and enjoy equal rank, preference, and priority with the existing issued and outstanding Common Shares of the Company. At the completion of the Offer, the Offer Shares will comprise up to [33.23%] of the Company's issued and outstanding shares.
Offer Price	The Offer Shares are being offered at the Offer Price Range of [Fifty Centavos (₱0.50)] to [One Peso (₱1.00)] per Offer Share. Please see section "Determination of Offer Price" on page [66].
Offer Period	The Offer Period shall commence at 9:00 a.m. of [October 06, 2021] up to 12:00 noon of [October 12, 2021]. SPNEC and the Issue Manager and Lead Underwriter reserve the right to extend or terminate the Offer Period at any time subject to prevailing market conditions and the approval by the SEC and the PSE. Applications must be received by the Receiving Agent by 12:00 p.m., Manila time on [October 12, 2021], whether filed through a participating Selling Agent or through the PSE Electronic Allocation System ("PSE EASy") for LSI Applications or filed directly with the Lead Underwriter. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to a participating Selling Agent or PSE EASy or the Lead Underwriter, and shall be subject to the terms and conditions of the Offer as stated in this Prospectus and in the Application to Purchase form. The five (5)–day Offer Period shall be followed unless sooner terminated or extended by the Company after obtaining SEC and PSE approvals. If, for any reason, any day of the Offer Period is a non-Trading Day, the Offer Period shall automatically be extended to the next succeeding Trading Day/s. The actual 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 Lead

	Underwriter 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.
Registration, 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 all its issued and outstanding stock (including the Offer Shares). The SEC issued an Order of Effectivity and Certificate of Permit to Offer Securities for Sale on [•] and the PSE approved the listing application on [•], subject to compliance of certain listing conditions. All of the Offer Shares are expected to be listed on the Main Board of the PSE under the symbol "SPNEC". See "Description of Securities" on page [58]. All of the Offer Shares are expected to be listed on the PSE on [October 22, 2021]. Trading of the Offer Shares that are not subject to lock-up is expected to commence on the same date. In the event that the shares are not listed in the PSE for any reason, SPNEC shall return the payments made by the Applicants for the Offer Shares under their respective Applications without interest.
Plan of Distribution	The Lead Underwriter will distribute up to [1,890,000,000] Offer Shares, or 70% of the Offer Shares, directly to QIBs, their clients, and the general public in the Philippines at the Offer Price. The Company shall allocate up to [540,000,000] or 20% of the Offer Shares, among the PSE Trading Participants. Each PSE Trading Participant shall initially be allocated up to [4,251,000] Offer Shares (computed by dividing [540,000,000] Offer Shares among the [127] active PSE Trading Participants) and subject to reallocation as may be determined by Abacus Capital. The balance of [123,000] offer Shares will be allocated by the Issue Manager and Lead Underwriter among the PSE Trading Participants at the Issue Manager and Lead Underwriter's sole discretion. A total of [270,000,000], or 10% of the Offer Shares, shall be allocated to the LSIs at the Offer Price through the PSE EASy. An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot and whose subscription does not exceed ₱100,000.00. In the case of this Offer, the minimum subscription of LSIs shall be [10,000] shares or up to [₱5,000.00 to ₱10,000.00] at the maximum Offer Price Range, while the maximum subscription shall be [100,000 to 200,000] shares equivalent to [₱100,000.00]. There will be no discount on the Offer Price. The procedure in subscribing to the Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for LSIs to be announced through the PSE Electronic Disclosure Generation Technology ("PSE EDGE") website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Issue Manager and Lead Underwriter shall prioritize the subscriptions of small investors with amounts lower than the maximum subscription. Offer Shares not taken up by the PSE Trading Participants or the LSIs shall be distributed by the Lead Underwriter to QIBs, its clients, and the general public. Any allocation of the Offer Shares not taken up by the PSE Trading Participants, LSIs, the Lead Underwriter's clients, or the general public shall be purchased by the Lead Underwriter on a firm commitment basis, pursuant to the terms and

	conditions of the Underwriting Agreement. Nothing in this Prospectus or in the Underwriting Agreement prohibits the Lead Underwriter from purchasing the Offer Shares for its own respective accounts.
Summary of Use of Proceeds	The gross proceeds from the Offer will amount to up to [₱1,350,000,000.00 to ₱2,700,000,000.00]. The net proceeds from the Offer, after deducting the estimated related expenses to the Offer, will amount to up to [₱1,286,000,000.00 to ₱2,589,000,000.00] and will accrue to the Company. The proceeds shall be allocated towards (a) the construction and development of Phase 1A amounting to approximately [₱1.00 billion], (b) transmission line construction amounting to approximately [₱200.00 million], (c) lease during the construction of Phase 1 amounting to approximately [₱23.00 million], and (d) general corporate purposes amounting to approximately [₱40.00 million]. Any excess amount after the aforementioned purposes will be allocated towards future land acquisition. In the event that the actual expenses relating to the Offer differ from the estimates, the actual net proceeds may be higher or lower than the expected net proceeds.

Breakdown of Net Proceeds from Offer

Purpose	At Net Proceeds of [₱1,286.00 million]	At Net Proceeds of [₱2,589.00 million]	Date of Disbursement
Construction and Development of Phase 1A	[₱1,000.00]	[₱1,000.00]	By 4Q 2021
Lease during construction for Phase 1	[23.00]	[23.00]	By 4Q 2021
General corporate purposes	[40.00]	[40.00]	Immediately after Offer
Future land acquisition	[23.00]	[1,326.00]	By 4Q 2021
Total	**[₱1,286.00]**	**[₱2,589.00]**	

Minimum Subscription	The Offer Shares may be subscribed at a minimum of [10,000] Offer Shares and, thereafter, in multiples of [1,000] Offer Shares. No Application for multiples of any other number of Offer Shares shall be considered.
Eligible Applicant and Restrictions on Ownership	The Offer Shares may be purchased by any natural person of legal age residing in the Philippines, regardless of nationality, or any corporation, association, partnership, trust account, fund or entity residing in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality, subject to the Issuer's right to reject an Application or reduce the number of Offer Shares applied for subscription or purchase if the same will cause the Issuer to be in breach of the Philippine ownership requirements under relevant Philippine laws. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in nationalized or partly nationalized activities. Since SPNEC is engaged in a controlled industry, the Philippine Constitution and related statutes limit foreign ownership in the Company to a maximum of 40% of its total outstanding capital stock and its shares entitled to vote. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. 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. For more information relating to restrictions on the ownership of the Shares, please see "Philippine Foreign Investment, Exchange Controls, and Foreign Ownership" on page [154] of this Prospectus.
Form, Title, and Registration of the Offer Shares	The Offer Shares will be issued in scripless form through the electronic book-entry system of Philippine National Bank – Trust Banking Group as Registrar for the Offer, and lodged with the PDTC as Depository Agent on Listing Date through PSE Trading Participants respectively nominated by the Applicants. For this purpose, the Applicant shall indicate in the proper space provided for in the Application to Purchase form the name of a PSE Trading Participant under whose name their shares will be registered. The Offer Shares will be lodged with the PDTC at least three (3) trading days prior to the Listing Date. After the Listing Date, shareholders may request the Registrar, through their respective nominated PSE Trading Participants, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder. Legal title to the Offer Shares will be shown in an electronic register of shareholders (Registry of Shareholders), which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of the Company) at least once every year a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any costs and expenses with respect to the request by shareholders for certifications, reports, or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.
Lock-Up	The PSE Amended Listing Rules require an applicant company for the Main Board to cause its existing shareholders owning at least 10% of the outstanding shares of the Company to refrain from selling, assigning, or in any manner disposing of their shares for a period of: • 180 days after the listing of said shares if the applicant company meets the track record requirements; or • 365 days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements of the PSE Amended Listing Rules. Furthermore, if there is any issuance or transfer of shares done and fully paid for within 180 days prior to the start of the Offer Period and the transaction price is lower than that of the offer price in the IPO, all shares availed of shall be subject to a lock-up period of at least 365 days from full payment of said shares.

The following are covered by the lock-up requirement:

Shareholder	No of Shares Subject to Lock-Up for 365 days	Reason for Lock-Up
Solar Philippines Power Project Holdings, Inc.	5,424,349,998	100% ownership pre-IPO
		Transferred / Issued below IPO Price on:
Benjamin I. Espiritu	1	July 02, 2021
J. Carlitos G. Cruz	1	July 02, 2021
Carlos Jose P. Gatmaitan	1	July 02, 2021
Aresty M. Lapitan	1	July 02, 2021
Gino Antonio C. Cruz	1	July 02, 2021
Total	**5,424,350,003**	

Dividends

The Company is authorized to distribute dividends out of its surplus profit. Dividends paid in the form of cash or property is subject to approval of the Board of Directors. Dividends paid in the form of additional shares (or stock) are subject to the approval of the Board of Directors and stockholders that own at least two-thirds (2/3) of the outstanding capital stock of the Company. Holders of outstanding Common Shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares. Dividends may be declared only from available unrestricted retained earnings.

On July 02, 2021, the Board of Directors approved its dividend policy that gives the Board of Directors the discretion to declare dividends as they see fit after considering the funding requirements for future projects.

For further discussion, refer to the section "Dividends and Dividend Policy" on page [65] of this Prospectus.

Application and Acceptance

For the PSE Trading Participants:

Application to Purchase forms and signature cards may be obtained from the Lead Underwriter and the Receiving Agent. Applicants shall complete the Application to Purchase form, indicating all pertinent information such as the Applicant's name, address, contact number, taxpayer's identification number, citizenship, and all other information and documents listed on the Application to Purchase form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of Offer Shares. Failure to complete the Application to Purchase form may result in the rejection of the Application.

An Application should be submitted in quadruplicate (four (4) copies, one (1) of which will be returned to the Applicant) and 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 or certificate of filing amended articles of incorporation or by-laws, as the case may be, 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 Offer Shares indicated in the Application to Purchase form, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying the nationality of the Applicant. • 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 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 Offer Shares. • Photocopy of any two (2) valid and current government-issued IDs (e.g. SSS, GSIS, UMID, Drivers' License, Passport, or PRC IDs) of each signatory, duly certified by its Corporate Secretary. An Application should be submitted in quadruplicate (four (4) copies, one (1) of which shall be returned to the Applicant) and accompanied by the following complete set of documents: • Two (2) properly filled-out signature cards, each bearing the specimen signature of the PSE Trading Participants designated signatories, and if the Applicant is a corporation, duly authenticated and certified by its corporate secretary (or equivalent officer); • Duly accomplished Sales Report in excel format, which shall be executed in four (4) copies, with all four (4) copies duly certified by the representative authorized by the PSE Trading Participant; and • The PSE Trading Participant's Endorsement and Certification attached as Annex "[•]" to the TP Guidelines. <u>For LSIs:</u> • Applications to subscribe for the Offer Shares must be done online through the PSE EASy. The system will generate a reference number and payment instruction. Application to subscribe for the Offer Shares must be settled within the Offer Period. • An LSI Applicant should nominate in the Application to Purchase form the PSE Trading Participant through which its shares will be lodged. Otherwise, the Application shall not be accepted. • Further information about the Company, details about the Offer, instructions for subscribing through PSE EASy, and list of PSE Trading Participants where LSI applicants may open trading accounts for the lodgement of the LSI applicant's Offer Shares will be made available in the online information center. The link to the online information center will be made available on Company's website in due course and on the Offer Implementing Guidelines, 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 Trading Participants and Retail Offer Shares will be determined pursuant to allocation mechanics. • This section should be read in conjunction with the Offer Implementing Guidelines, which will be published on the PSE EDGE website.

Payment Terms for the Trading Participants	The Offer Shares must be paid for in full upon submission of the duly completed and signed Application to Purchase forms and signature cards with the requisite attachments. Payment for the Offer Shares shall be made either by: (a) a personal or corporate check/s drawn against an account with a Bangko Sentral ng Pilipinas ("BSP") authorized bank at any of its branches located in Metro Manila; or (b) a managers' or cashiers' check issued by such authorized bank. All checks must be made payable to the order of "SPNEC IPO", crossed "Payee's Account Only," and dated as of the date of the Application. The Applications and the related payments will be received at the offices of the Receiving Agent or the Lead Underwriter. Check payments for the Offer Shares must be cleared on or before [October 22, 2021].
Acceptance / Rejection / Scaling down of Applications	The actual number of Offer Shares subject of the Application shall be subject to confirmation by the Issue Manager and Lead Underwriter and the final approval of the Company. The Company and the Issue Manager and Lead Underwriter reserve the right to accept, reject, or scale down the number and amount of Offer Shares covered by the Application. The Company and the Issue Manager and Lead Underwriter have the right to reallocate available Offer Shares in the event that the Offer Shares are insufficient to satisfy the total Applications received. The Offer Shares will be allotted in such a manner as the Company and the Issue Manager and Lead Underwriter 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 any extension thereof or Applications with incomplete requirements shall be rejected. Applications with checks dishonored upon first presentation and Application to Purchase forms that do not comply with the terms of the Offer shall be rejected. Any payment received pursuant to the Application does not mean approval or acceptance by the Company of the Application. Notwithstanding the acceptance of any Application, the actual subscription of the Offer Shares by the Applicant will be effected only upon the Listing of the Offer Shares on the PSE.
Refunds	In the event that the number of Offer Shares to be received by an Applicant, as confirmed by the Issue Manager and Lead Underwriter, is less than the number covered by its Application, or if an Application is rejected by the Company, it shall refund, without interest, via check payable to the Applicant (or in case of joint Applicants to the first named Applicant) and crossed "Payee's Account Only", within 10 calendar days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent, at the applicant's risk. Such refund check shall be made available for pick-up at the offices of the Receiving Agent 10 calendar days after the end of the Offer Period. If such check refunds are not claimed after 30 days following the beginning of the refund period, such checks shall be mailed to the applicant's registered address at the applicant's risk.

Issuance and Transfer Taxes	All fees of the Stock Transfer Agent, documentary stamp taxes ("DST") or other taxes, and other expenses that may be incurred in connection with the sale of the Offer Shares and the lodgment of the shares, shall be for the account of the Company.
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 from the BSP of all foreign investments in the Offer Shares will be the responsibility of the foreign investors. See "Philippine Foreign Investment, Exchange Controls, and Foreign Ownership" on page [154] of this Prospectus.
Voting Rights	The Offer Shares have full voting rights as Common Shares of the Company. Each holder of an Offer Share will be entitled to one vote for each Share held. See "Description of Securities."
Tax Considerations	See "Philippine Taxation" for further information on the Philippine tax consequences of the purchase, ownership, and disposal of the Offer Shares.
Expected Timetable	The expected timetable of the Offer is scheduled as follows: Pricing Date: .....[September 24, 2021] Offer Period: .....[October 06-12, 2021] Submission of Firm Order and Commitments by PSE Trading Participants: .....[October 08, 2021] Deadline of Submission of Applications: PSE Trading Participants and LSIs .....[October 12, 2021] Underwriter .....[October 12, 2021] PDTC Processing of Lodgment of Shares: .....[October 19, 2021] Listing Date and Commencement of Trading on the PSE: .....[October 22, 2021]

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INVESTMENT CONSIDERATIONS AND RISK FACTORS

An investment in the Offer Shares involves a number of risks. The Company's past performance is neither an indication nor a guide to its future performances. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements or may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying and selling price of these securities.

Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below before deciding to invest in the Offer Shares. The occurrence of any of the 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 prospectus, financial condition, results of operations, the market price of the Offer Shares, and the Company's ability to make dividend distributions to its shareholders. All or part of an investment in the Offer Shares could be lost.

[This Prospectus also contains forward-looking statements and forward-looking financial information that involve risks, uncertainties and assumptions. The actual results of the Company could differ materially from those anticipated in these forward-looking statements and forward-looking financial information as a result of certain factors, including the risks faced by the Company as described below and elsewhere in this Prospectus.]

This risk factors discussion does not purport to disclose all risks and other significant aspects of investing in the Offer Shares. Investors should undertake independent research and study in trading of securities before commencing any trading activity. Investors may request for publicly available information on the Company from the SEC. An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of this Offer or the nature of risks involved in purchasing, holding, and trading the Shares. Each investor should consult his/her own counsel, accountant, and other advisors as to the legal, tax, business, financial, and other related aspects of an investment in the Shares.

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

Risks Relating to the Company

Limited Operating History and Track Record

SPNEC was incorporated on November 23, 2016 to enter the RE business. Notwithstanding the limited operating history and track record, the Management of SPNEC believes that its organization, business systems, and processes have been built up substantially to the level adequate to implement its business plan. The SP Group has been operating solar rooftop power plants since 2014, has been operating the Calatagan Solar Farm since 2016, and has been operating the Tarlac Solar Farm since 2019. The SP Group's management and technical team have extensive experience in developing, constructing, and operating solar projects. Furthermore, the Company's Board of Directors has an established record in leading organizations that are leaders in their respective sectors.

In the event the Company terminates or discontinues the services of its key personnel, the Company should be able to mitigate this risk by hiring the services of qualified consultants who will supervise the project from start to completion. Part of their scope is to review the work performed by the Company's experts and provide value engineering services.

Dependence on SPPPHI's Key People

The Company did not employ any personnel as of December 31, 2017 to April 30, 2021. During this period, the operations, business development, administrative, and finance functions of the Company were handled by the Parent Company. The Company is dependent on the services of SPPPHI's executive officers and other members of its senior management team. On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 01, 2021 to April 30,

2024, in which the parties, upon mutual agreement, may renew or extend. Before the commissioning date, which is expected to be in the next 12 months, the Company will hire approximately a total of 45 professionals and engineers for plant O&M. The loss of key employees or any other member of the Parent Company's senior management team could have a material adverse effect on the Company's business. SPPPHI may not be able to retain or replace these key employees in the immediate term. Several of the Parent Company's current key employees, including the Company's executive officers, are subject to employment laws in the Philippines and to arrangements that contain post-employment non-competition provisions. However, these arrangements permit the Parent Company's employees to terminate their employment with it with due notice and to comply with the non-competition provisions as stipulated in their respective contract of employment.

The key personnel possess technical and business capabilities that would be difficult to replace in the immediate term. The loss or diminution in the services of the Parent Company's senior management or other key team members, or its failure to maintain the necessary management and other resources to operate and grow SPNEC's business could have a material adverse effect on SPNEC's business. In addition, as the Company's business develops and expands, the Company believes that its future success will depend on the Parent Company's and the Company's ability to attract and retain highly skilled and qualified personnel, which cannot be guaranteed. The Parent Company and SPNEC recognizes that employees are a critical resource and efforts to retain this talent through implementation of employee engagement programs, competitive compensation and benefits, training programs, succession planning, and programs to promote employee well-being. Under extreme situations where the Parent Company and SPNEC might find it difficult to hire skilled professionals in the Philippines, the Parent Company or SPNEC will tap its network outside the country to procure the talent needed.

Unsuccessful Implementation of Business Plans and Strategies

The Company's future operating and financial performance and success largely depend on its ability to implement its business strategies successfully. There can be no assurance that the Company will successfully implement the business strategies described in this Prospectus or those to be developed by its Management, or that implementing these strategies will sustain or improve and not harm its results of operations in targeted sectors. The Company's ability to implement its business strategies depends on, among other things, its ability to finance its operations and future projects, respond to regulatory changes, and retain and attract highly skilled technical and managerial personnel.

To mitigate this risk, the Company will continuously evaluate its strengths and risks to which its operations are exposed. It will prudently execute its expansion strategies and leverage on the expertise of the SP Group's senior management team who have many years of local and international experience in the renewable energy field. Accordingly, it will revise its key strategies to take advantage of its strengths and mitigate if not to eliminate the negative impact of the risks on its operations.

Increase in Interest Rates or Tightening of the Supply of Capital

The Company depends on debt and/or equity financing to fund the capital expenditures required to develop, engineer, and build solar power projects. As a result, an increase in interest rates or a reduction in the supply of project debt financing or equity investments could reduce the number of solar power projects that receive financing or could otherwise make it difficult for the Company to secure the financing required.

Macroeconomic, political, and market conditions may adversely affect the availability and terms of short and long-term funding, volatility of interest rates, the credit quality of the Company and its counterparties, currency exchange rates, and inflation. The Company's borrowing costs and access to capital may be adversely affected if the Company's corporate credit rating or the credit ratings assigned to the Company's debt are downgraded.

Risk Relating to the Pledge of SPNEC Shares owned by the Parent Company

The Parent Company pledged all of its SPNEC shares to AC Energy Corporation. See the sub-section "Pledge of SPNEC Shares owned by the Parent Company" on page [64] on the description of the pledge. The lender may sell or otherwise dispose of the SPNEC shares upon the occurrence of an Event of Default by the borrower, and the borrower's subsequent failure to pay the outstanding principal amount of the loan and all interests accrued and unpaid, if any. This exposes the Company to the risk of being acquired and controlled by another entity.

Risks Relating to the Company's Solar Business

SPNEC is developing the first phase of the Project, a 225 MWdc solar power plant to which it received local government unit ("LGU") endorsements from the Sangguniang Barangay of Las Piñas, Peñaranda, Nueva Ecija, the Sangguniang Barangay of Sinasajan, Peñaranda, Nueva Ecija, the Sangguniang Bayan of Peñaranda, Nueva Ecija for the whole 500 MWdc Project, and the Sangguniang Panlalawigan of Nueva Ecija for 300 MWdc, which is more than enough to cover the full 225 MWdc plant contemplated in Phase 1. On August 20, 2019, the Company declared commerciality on the Project and is currently pending the assessment of the DOE. Once confirmed, the DOE shall release the COCOC on the Project.

SPNEC is dividing the implementation of Phase 1 into Phase 1A and Phase 1B. Phase 1A shall be 50 MWdc with a planned commissioning in the middle of 2022; while Phase 1B shall be 175 MWdc with a planned commissioning in late 2022. Upon completion of the IPO, the funds raised will be utilized for the construction and development of Phase 1A.

The Company plans to pursue off-take through contracting on an opportunistic basis with RESs, and/or DUs by participating in CSPs. As an alternative to an off-take agreement, the Company may supply power through the WESM.

Potential Termination of Solar Energy Service Contract

Any inability or failure on the part of SPNEC to meet its obligations or comply with the terms and conditions under its SESC may constitute a material breach thereof and could lead to the cancellation or termination of such SESC.

Substantially all of the Company's business plans and strategies depend on SPNEC's SESC and rights under this SESC. The SESC gives SPNEC exclusive rights to explore, develop, and utilize the solar energy resources within the contract area defined in the SESC. Under the SESC, the RE contract remains in force for a period of 25 years and renewable for another 25 years from the effective date of the contract, which is defined as the date of execution of the SESC.

The following table presents the original expiration dates and the maximum extension periods for SPNEC's service contract:

Table 4: SPNEC's Solar Energy Service Contract

Title	Location	Service Contract Number	Effective Date	Original Expiration & Maximum Extension Date
Santa Rosa Nueva Ecija 2 Solar Power Project	Santa Rosa, Peñaranda, and San Leonardo, Nueva Ecija	SESC No. 2017-06-404	August 22, 2017	August 22, 2042 and 2067

The above SESC has a potential capacity of 1200 MWdc. At present, SPNEC is developing the first phase of this SESC, a 225 MWdc solar power plant in Barangay Las Piñas, Peñaranda, Nueva Ecija.

Inability to Obtain Off-take Agreements

The Company is working to secure off-take through agreements with RESs and/or participating in CSPs. In the event that off-take agreements are still in process, the Company is looking at supplying power through the WESM at rates based on spot market prices. There can, however, be no assurance that the Company will be able to enter into any off-take agreements, or if it does, that the pricing may be too low to make the Project highly profitable, even at WESM prices, which could have a material adverse effect on SPNEC's business, financial condition, and results of operation.

The WESM may be an attractive off-take option for SPNEC, because the energy produced by SPNEC is often available during the times when demand is highest, and, as a variable renewable energy, has priority dispatch over generation from other sources, ensuring SPNEC's energy will always be sold through the WESM at the spot price. Historical WESM prices based on the solar generation profile, averaged at around ₱3.92/kWh from 2015 to 2020. In the first two (2) quarters of 2021, WESM prices, based on the solar generation profile, averaged at ₱5.16/kWh.

While there is an upside for SPNEC to sell its energy at higher prices, the Company aims to make its project viably sell at much lower costs. Management works towards this through leveraging the SP Group's capabilities in EPC and O&M to achieve cost-efficiency.

Validity and Enforceability of Off-take Agreements

Any inability or failure on the part of SPNEC to meet its obligations, or comply with the terms and conditions under any of the off-take agreements that the Company may enter into, may constitute a material breach thereof and could lead to the cancellation or termination of such off-take agreement. To mitigate this risk, the Company will employ best efforts to negotiate for provisions that SPNEC can favorably satisfy in its off-take agreements, as well as achieve cost-efficiency such that SPNEC can be viable even in the absence of an off-take agreement.

Unsuccessful Implementation of Growth Strategy

The upfront capitalization required is substantial, delays of which may hinder profitability, the further acceptance of solar projects and SPNEC's ability to contract as future customers may doubt SPNEC's ability to execute projects.

Furthermore, SPNEC's development of new projects is subject to substantial risks that could give rise to delays, unanticipated cost overruns, unsatisfactory construction, or development, or the total or partial loss of SPNEC's interest in the project under development, construction, or expansion. Such risks to development include:

- The need to incur expenses for preliminary engineering, permits, and legal and other expenses before determining whether a project is feasible, economically attractive, or capable of being financed;
- The inability to negotiate acceptable PSAs with customers;
- The inability to secure adequate construction financing;
- Shortages and insufficient quality of equipment, materials, and labor and the breakdown or failure of equipment or processes;
- Social unrest and terrorist activities that may prevent the completion of projects;
- Engineering and environmental problems;
- Construction and operational delays or unanticipated cost overruns;
- Failure by key contractors and vendors to timely and properly perform their obligations; and
- Adverse environmental and geological conditions (including inclement weather conditions).

Any such delays, unanticipated cost overruns, unsatisfactory construction or development, or total or partial loss of SPNEC's interests in such projects could have a material adverse effect on SPNEC's business, financial condition, and results of operation.

SPNEC is confident that it can mitigate the following risks through the SP Group:

a) Financing Risks – The SP Group secures financing from a variety of lenders and international institutions, which can provide SPNEC access to such lenders and institutions that will allow it to pursue the projects to generate revenue.

b) Execution Risks – The SP Group executes its projects through its own in-house Engineering team to complete its projects that SPNEC can also tap for its own projects. Where these are insufficient, SPNEC can also call upon the expertise of its sister companies within the SP Group to provide technical assistance and support.

c) Quality Assurance Risks – The SP Group has an established auditing system in its Project Management Office that conducts random checks and spot audits in order to uphold the integrity and quality of work, and ensure that these systems are operationalized according to the SP Group's highest standards.

Failure to Obtain Financing or the Inability to Obtain Financing on Reasonable Terms

The Company's operations, growth, and expansion plans are expected to be funded mostly by a combination of debt and equity. The Company's ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. It will be required to seek additional financing from other sources.

The Company's access to debt financing as a source of funding for new projects and for refinancing maturing debt is subject to many factors, many of which are outside of the Company's control. For example, political instability, economic downturn, social unrest, changes in the Philippine regulatory environment or the bankruptcy of an unrelated power generation company could increase the Company's cost of borrowing or restrict the Company's access to credit markets. To manage these risks, the Company plans to develop, execute and regularly review its borrowing or financial plans with potential banking partners.

While the SP Group has successfully risen funding via equity for its ongoing projects, the Company cannot guarantee that it will continue to be able to arrange financing on acceptable terms for its other projects. The inability of the Company to obtain financing from banks and other financial institutions would adversely affect its ability to operate or execute its growth strategies.

Third-Party Claim on Specified Areas Defined in the SESC

According to the 1987 Philippine Constitution, all forces of potential energy and natural resources, including solar energy, within the country's territory belong to the state. Any exploration, development and utilization of such are under the full control of the state. The SESC, which is executed between a developer and the DOE, intends to grant exclusive rights to explore, develop, or utilize solar energy within a particular area over an appropriate period of time. However, since the SESC is awarded to a developer without prejudice of the ownership of the land covered in the said SESC, failure to secure appropriate possessory rights over the land that may give rise to third party claims could bring a project to a halt.

The Company already secured the land needed for the Project; having leasing rights over 352.42 hectares comprising the full project site. The Company has also initiated securing all the relevant permits for the Project site. On April 30, 2021, the DAR has released the Conversion Order for the first 169.86 hectares leased intended for Phase 1. As of the date of this Prospectus, the Company is waiting for the Certificate

of Finality from the DAR to effectively cause the conversion of said land from agricultural to industrial classification, targeted to be within the third quarter of 2021.

Failure to Secure the Necessary Right-of-Way to Connect to the Grid

The Company intends to construct an approximately 10-km, 230 kV transmission line from the Project site to the NGCP Cabanatuan Substation. The acquisition of the related RoW through long-term leases is currently underway and acquisition is planned to be completed prior to the construction of the Phase 1A plant. However, in such case that the Company is not able to secure the RoW, the Company may not be able execute its plan of supplying electricity through the grid.

As of the date of this Prospectus, the Company is not aware of any issues in acquiring the RoW from its owners. Furthermore, with the finalization of the technical survey of the route currently being undertaken, the finalization of the terms and conditions of the RoW acquisition is on schedule.

Failure to Secure Certificate of Finality on Land Use Conversion

The Company has secured the land requirement for the project having leased over 352.42 hectares. On April 30, 2021, the DAR has issued the Conversion Order for the first 169.86 hectares leased intended for Phase 1. As of the date of this Prospectus, the Company is waiting for the Certificate of Finality from the DAR to effectively cause the conversion of said land from agricultural to industrial classification, targeted to be within the third quarter of 2021.

The Company believes that the risk is minimal considering the Company already received the Conversion Order for the first 169.86 hectares.

High Dependence on a Few Key Customers and Credit and Collection Risk

As in other businesses, the power business is exposed to credit and collection risks related to its customers. As the Company is currently still in its pre-operating stage, it is not yet exposed to these risks. Moving forward, the Company foresees its customers to be DUs, electric cooperatives ("ECs"), and RESs. There can, however, be no assurance that all customers will pay the Company in a timely manner or at all. In such circumstances, the Company's working capital needs may increase. If a large amount of its customers is unable or unwilling to pay the Company, its financial condition could be negatively affected.

Given the potential collection risk, the Company will review the capability of its potential wholesale and retail clients as part of the accreditation process. Clients will be requested to put in security deposits equivalent to a certain period of their consumption.

Electric Power Price Fluctuations

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

- Changes in the generation capacity in the market, including additional new supply of power from development or expansion of power plants, decreased supply from closure of existing power plants;
- Additional transmission capacity;
- Electric supply disruptions, such as power plant outages and transmission disruptions;
- Changes in power demand or in patterns of power usage, including the potential development of demand-side management tools and practices;
- The authority of the ERC to review and adjust the prices on the WESM;
- Climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks, and other catastrophic events;

- Availability of competitively priced alternative power sources; and
- Changes in the power market and environmental regulations and legislation.

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

The Company believes that its solar energy generation cost profile will be one of the most efficient in the industry today through the SP Group's capabilities in EPC and O&M. Based on the historical prices of WESM, the Company believes that its lower-cost profile will help ensure that the sold electricity will be at a profit to the Company.

Reliance on Importation of Critical Parts (Suppliers)

The supply of major equipment such as PV modules, inverters, and other peripherals, which are usually sourced from abroad, may be a source of concern. Where issues on port congestion and other logistical problems arise especially during the time of COVID-19 pandemic, this may be a source of delay in the completion of projects that may impact the revenue stream of the Company.

Fortunately, the Company is able to secure its supplies either from the port of Manila or Batangas for this purpose; and thus, potential logistical issues on supplies are mitigated.

As the technology for solar becomes more and more accepted, the commoditization of parts is not far behind. By itself, this will reduce the risks of SPNEC being unable to source critical supplies from a single or limited group of suppliers.

Limited Experience in Operating and Maintaining PV Systems

At present, SPNEC holds under its name Sta. Rosa Nueva Ecija 2 Solar Power Project Solar Energy Service Contract with projects located in Santa Rosa, Peñaranda and San Lorenzo, Nueva Ecija in Luzon. The service contract covers 648 hectares of land that has a potential of up to 1200 MWdc.

Notwithstanding its limited operating history and track record, the management of SPNEC believes that its organization, business systems, and processes have been built up substantially to the level adequate to set up and operate its various solar projects, as the SP Group has done in its other solar projects.

Changes and Inconsistencies in Philippine Laws and Regulations

SPNEC's businesses are subject to various Philippine laws and regulations. The DOE is mandated by RA No. 7638 (Department of Energy Act of 1992) to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation.

Furthermore, the Renewable Energy Act of 2008 provides SPNEC or its assignee for the exclusive right to explore and develop particular RE areas under the said Act through a Renewable Energy Service Contract.

There is the risk that government regulators, both at the national and local levels, may implement more stringent policies and/or regulations in the future that will make it more difficult or more costly for SPNEC and its subsidiaries to operate its business. SPNEC has no control over these events. In any case, SPNEC has put into place a compliance team that focuses on ensuring the Company's adherence to laws, rules, and regulations that are in effect.

Taxation

The Philippines currently offers incentives that encourage investment in RE operations to address the power crisis. These incentives include the following:

- ITH for the first seven (7) years of its commercial operations;
- Duty-free importation of RE machinery, equipment, and materials and parts thereof, including control and communication equipment, within the first 10 years upon the issuance of a certification of an RE developer;
- Special realty tax rate on equipment and machinery and other improvements of a registered RE developer actually and exclusively used for RE facilities which shall not exceed 1.5% based on the original cost less accumulated normal depreciation or net book value;
- NOLCO during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of loss;
- Corporate tax of 10% on net taxable income after the seven (7) years of ITH;
- Accelerated depreciation, if, and only if, an RE project fails to receive an ITH before full operation;
- Zero percent VAT rate on sale of power generated from renewable sources of energy as well as on purchases of local supply of goods, properties and services needed for the development, construction and installation of plant facilities;
- Tax exemption of carbon credits; and
- Tax credit on domestic capital equipment and services equivalent to 100% of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer.

The tax incentives provided under the Renewable Energy Act of 2008 are not affected by the laws repealed under Section 17 of Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE). As such, we expect that SPNEC would continue to enjoy the previously cited tax incentives.

There is no guarantee, however, that the existing tax regime will remain, and that no changes will be implemented that will be adverse to the Company's operations. The energy industry, however, maintains a liaison within the legislative branch of the Government that helps ensure that RE operations will continue to enjoy a fair tax environment in the years to come.

Permits and Licenses

The Company's business is highly regulated and the Company requires several licenses, approvals, registrations, consents, and permits to operate its businesses in the Philippines. The Company may need to apply for approvals, including the renewal of approvals that may expire, from time to time, as and when required in the ordinary course of business. If the Company fails to obtain or renew such licenses, approvals, registrations, consents, and permits in a timely manner, the Company may not be able to execute solar power projects, which could affect the Company's business, financial condition, and results of operations.

Furthermore, government approvals and licenses are subject to numerous conditions, including adherence to emission standards and regular monitoring and compliance requirements, some of which are onerous and require the Company to incur some level of expenditure. The Company may incur some costs, including clean up and/or remediation costs, fines and civil or criminal sanctions, as a result of violations of or liabilities under environmental or health and safety laws, which may have a material adverse effect on the Company's business or financial condition. The Company cannot assure investors that approvals, licenses, registrations, consents, and permits issued to the Company will not

be suspended or revoked in the event of non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required licenses, approvals, registrations, consents, or permits, or any suspension or revocation of any approvals, licenses, registrations and permits that have been or may be issued to the Company, may materially and adversely affect the Company's operations. Please see subsection "Permits and Licenses" on page [85] of this Prospectus for more details, including such approvals for which applications are pending before relevant authorities.

Insurance Coverage

The Company's operations carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant, and machinery, and damage to the environment, which are subject to risks such as fire, theft, flood, earthquakes, and terrorism. The Company intends to maintain robust insurance coverage in amounts that the Company believes are commercially appropriate, including insurance against damage, loss of profit, and business interruption, marine inland transit, and third-party liability insurance with respect to the Company's assets. However, such insurance may not adequately cover all losses or liabilities that may arise from the Company's operations, including, but not limited to, when the loss suffered is not easily quantifiable. Even where the Company has made a claim under an existing insurance policy, the Company may not be able to successfully assert the Company's claim for any liability or loss under such insurance policy. If the Company's losses significantly exceed the Company's insurance coverage or cannot be recovered through insurance, the Company's business, financial condition, and results of operations could be materially and adversely affected.

Risks Relating to the Philippines

Risks relating to the Philippines are systemic in nature and outside the Company's control. However, the Company intends to continue to maintain appropriate financial and operational controls and policies within the context of the prevailing business, economic and political environment taking into consideration the interests of its shareholders, customers, and other stakeholders.

Any Downturn in the General or Economic Conditions in the Philippines

Historically, the Company's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls.

In addition, global financial, credit and currency markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U. S. and the global economy, which would be likely to cause a deterioration of the economic conditions in the Philippines. There can be no assurance that current or future governments will adopt economic policies conducive to sustaining economic growth, and the Company cannot provide assurance of effective mitigation to such systemic risk.

Ability of Philippine Consumers to Absorb one of the Highest Electricity Costs in Asia

According to the National Economic and Development Authority (NEDA), the Philippines' Gross Domestic Product (GDP) contracted by 8.3% in the fourth quarter of 2020, an improvement from the 16.9% and 11.4% contractions recorded for the second quarter and third quarter, respectively. Overall, the GDP contracted by 9.5% for the year 2020, which is at the low end of the Philippine Development Budget Coordination Committee (DBCC) estimate of -8.5% to -9.5%. The DBCC views the GDP to grow in the 2021 by 6.5% to 7.5% and by 8.0% to 10.0% in 2022. On the other hand, the Asian Development Bank revised its forecasts for 2020 and 2021 to -7.3% and 6.5%, respectively.

GDP growth is an indicator to consider for the off-take strategy of SPNEC. Businesses and other establishments will continuously need cheaper sources of electricity to be able to sustain its growth, not wanting to miss momentum.

Moreover, despite the fact that global oil prices are at historical lows, the Philippines has the highest electricity rates in Southeast Asia and one of the highest in the world. As such, the average Philippine consumer may not be able to absorb continued increases in electricity costs resulting from, among other things, the volatile global oil prices and other inflationary pressures. Higher fuel prices may result in increased generation costs, which may, in turn, result in increased tariffs charged by the Distribution Utilities to levels that the consumers will be unable to absorb. Notwithstanding the Company's limited operating history and track record, the management of SPNEC believes that its organization, well positioned to offer competitive energy prices to potential customers, as evidenced by winning energy prices that the Company's affiliates have offered in Meralco's solar CSPs.

Political Risk or Social Instability in the Philippines

The Philippines has from time to time experienced political, social, and military instability. In the past decade, there has been political instability in the Philippines, including alleged extrajudicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents and the chief justice of the Supreme Court of the Philippines, military uprisings and public protests arising from alleged misconduct by previous administrations. In addition, a number of incumbent and past officials of the Philippine government are currently under investigation on corruption charges stemming from allegations of misuse of public funds, extortion, and bribery. An unstable political environment may also arise from the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting.

There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. Likewise, no assurance can be given that the future political or social environment in the Philippines will stabilize or that current and future governments will adopt economic policies conducive for sustaining economic growth.

In addition, the Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations. There can be no assurance that any changes in such regulations or policies imposed by the Philippine government from time to time will not have an adverse effect on the Company's business, financial condition, results of operations and prospects.

The Duterte administration has unveiled a "10-point plan," which has committed, among others, to "continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies."As of October 2020, President Duterte's approval and trust ratings remained high. There is no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

In general, political or social instability in the Philippines could negatively affect the general economic conditions and business environment in the Philippines, which could have a material adverse effect on the business, operations, and financial position of the Company.

Government May Temporarily Take Control of the Company's Business in Times of National Emergency

The Philippine constitution provides that in times of national emergency, when the public interest so requires, the Government may temporarily take over and direct the operation of any privately-owned public utility or business. The term "national emergency" has been interpreted to include threat from external aggression, calamities or natural disasters, and strikes of such proportion as would paralyze

government service. Recent jurisprudence has held that, in the event of such a temporary takeover, the Government is not required to compensate the private entity-owner of the business, nor may the private entity-owner that has been affected by the takeover claim compensation. If the Government takes control of the Company's business/es in times of national emergency, the business, financial condition, and results of operations of the Company may be adversely affected.

Territorial Disputes among the Philippines and its Neighboring Nations

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.

Corporate Governance and Disclosure Standards in the Philippines

There may be less publicly available information about Philippine public companies than that which is regularly made available by public companies in certain other countries. SEC and PSE requirements with respect to corporate governance standards may also be less stringent than those applicable in certain other jurisdictions. For example, the SEC requires publicly listed companies to have at least two (2) independent directors or such number of independent directors as is equal to 20% of its board of directors, whichever is lesser, but in no case less than two (2) independent directors. Many other countries require significantly more independent directors. Furthermore, rules against self-dealing and those protecting minority shareholders may be less stringent or developed in the Philippines. Such potentially lower standards in certain areas of disclosure and corporate governance may materially and adversely affect the interests of the Company's shareholders, particularly those of minority shareholders.

Sovereign Credit Ratings of the Philippines

Sovereign credit ratings are used by sovereign wealth funds, pension funds, and other investors to gauge the credit worthiness of a country, thus having a big impact on the country's borrowing costs. Standard & Poor's credit rating for Philippines as of May 30, 2020 still stands at BBB+ with a stable outlook. Fitch's credit rating for the Philippines is BBB with a stable outlook, as affirmed on January 10, 2021. Moody's credit rating for the Philippines is Baa2 with a stable outlook, revised on July 16, 2020.

There is no assurance that Standard & Poor's, Fitch's, Moody's, or any other international credit rating agency will not downgrade the credit ratings of the Philippines in the future and, therefore, of Philippine companies. The Company cannot provide assurance of effective mitigation for this systemic risk. Any of such downgrades could have an adverse impact on the liquidity in the Philippine financial markets and on

the ability of Philippine companies like SPNEC to raise additional financing at the best of terms and the interest rates and other commercial terms at which such additional financing is available. The Company will still be able to raise financing, albeit, at a higher rate.

Occurrence of Natural or Other Calamities, including Severe Weather Conditions and Epidemics

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes, as well as outbreaks of infectious diseases, such as H1N1 influenza (commonly known as swine flu) and more recently, COVID-19.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Project's development and construction. Any natural or other catastrophes may disrupt the Company's business activities and may affect the availability of materials needed for the Project. As a result, the occurrence of natural or other catastrophes may adversely affect the Company's business, financial condition, and results of operations.

There can be no assurance that the Company will be fully capable to deal with these situations and that the insurance coverage it maintains will fully compensate it for all the damages and economic losses resulting from these catastrophes. The Company's business, financial condition and results of operations may be materially and adversely affected by any disruption of its operations or operations of its suppliers, distributors and other contractors, including due to any of the events mentioned above.

To mitigate, the Company established a business continuity and disaster recovery plan. The Company developed watch towers, which the business units monitor on a daily basis to help business unit leaders gauge if it is now an opportunity to trigger the implementation of the plan. The watch towers outline the possible risks/disasters, whether man-made or through a natural calamity, which can possibly happen and how the business must react to minimize, if not eliminate, any business disruption. Likewise, a disaster recovery plan is created to guide the business unit leaders and talents on how to manage the business immediately after a calamity occurs.

COVID-19 Global Pandemic

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 (6) months. This was extended to September 12, 2021 by virtue of the issuance of Proclamation No. 1021 on September 16, 2020. Enhanced community quarantine was imposed throughout the island of Luzon until May 15, 2020, and subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the National Capital Region. This community quarantine has been extended on a more relaxed form after the May 15, 2020 extension. On January 29, 2021, the general community quarantine was further extended until February 28, 2021 in selected areas. Most recently, from March 27, 2021 to April 11, 2021, the Government imposed enhanced community quarantine once more in Metro Manila and neighboring areas due to a surge in COVID-19 cases. This was changed to modified enhanced community quarantine from April 12, 2021 to May 14, 2021. As of the date of this Prospectus, Metro Manila and neighboring areas are under general community quarantine with heightened restrictions. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve. Mobility or travel restrictions and stringent checkpoints posed big challenges on the part of the Company in trying to get its personnel across from one city to another to reach the Project site and various government agencies. The Company has exerted its best efforts in accomplishing permitting tasks at a much slower pace by reason of the community quarantines, curfews, and most importantly, to reduce the risk of exposing its personnel to the virus.

Considering the evolving nature of this outbreak, the Company continues to follow the minimum health protocols imposed by the national, as well as the local, government to continue performing the necessary works to deliver the Project on schedule.

Risks Relating to the Offer and the Offer Shares

Listing of Offer Shares on the PSE

The subscribers of the Offer Shares will be required to pay in full for their subscription upon submission of their Applications during the Offer Period. Although the PSE has approved the Company's application to list the Offer Shares, there can be no guarantee that listing will occur on the set Listing Date or at all. Delays in the commencement of trading in shares of the PSE have occurred in the past. If the PSE does not list the Offer Shares, the market for the Offer Shares will be illiquid and stockholders may not be able to trade the Offer Shares. However, they would be able to sell their shares by negotiated sale. This may materially and adversely affect the value of the Offer Shares.

Trading and Liquidity

The Company's common stock will be traded on the PSE. The trading of the Offer Shares, however, is not expected to commence until 10 calendar days after the end of the Offer Period, thereby making an investment in the Offer Shares illiquid during those 10 calendar days. There can be no assurance that a holder of the Offer Shares will be able to dispose of such Offer Shares in a timely manner. As a result, a holder of such Offer Shares may not be able to take full advantage of market gains during periods of share price increases and conversely, may not be able to limit losses during periods of sharp price declines.

There has been no prior trading in the Common Shares and the Common Shares will not be listed or traded on the PSE. Thus, 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 determination of Offer Price will mainly be driven by book building with institutional investors, who may consider various factors including their perception of the Company's ability to generate earnings and cash flows and the market price of listed comparable companies.

Foreign Ownership Restrictions

The Constitution and other related statutes restrict the exploration, development, and utilization of natural resources, as well as ownership of private lands to Philippine Nationals. The term "Philippine National" as defined under RA No 7042, or the Foreign Investments Act of 1991, as amended means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under The Philippine Revised Corporation Code, of which 100% of the capital stock outstanding and 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% of the fund will accrue to the benefit of Philippine Nationals.

Pursuant to Philippine SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Foreign equity participation in entities such as the Company, where it is engaged in a controlled industry, is limited to a maximum of 40%. The Common Shares are subject to Philippine foreign ownership limitations. Therefore, to the extent that foreign investors' ability to buy the Offer Shares is limited, these restrictions may affect the liquidity of the Offer Shares.

Market Volatility

The market price of securities fluctuates, and it is impossible to predict whether the price of such securities will rise or fall. An individual security may experience upward or downward movements, and may even lose its entire value. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. There may also be a substantial difference between the buying price and the selling price of each security.

Historical price performance is not a guide for future price performance and there may be a big difference between the purchase price of the securities and the eventual price at which these securities are sold. The market price of the Offer Shares will be influenced by, among other factors, the Company's financial position, results of operations, and overall stock market conditions, as well as Philippine economic, political, and other factors.

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.

Effect of Future Sales of Shares in the Public Market

In order to finance the expansion of the Company's business and operations, the Board will consider the funding options available to them at the time, which may include the issuance of new 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 stockholders, the percentage ownership of the stockholders may be reduced, stockholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Offer Shares.

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

The PSE rules require an applicant company to cause its existing stockholders owning at least 10% of the outstanding shares of the Company not to sell, assign or in any manner dispose of their shares for a period of one hundred eighty (180) days after the listing of the shares. For companies invoking the track record exemption according to RE companies listing on the PSE, the one hundred eighty (180) days are extended to three hundred sixty-five (365) days. Furthermore, shares that were issued or transferred and fully paid within one hundred eighty (180) days prior to the start of the Offer Period with a transaction price lower than that of the Offer Price shall likewise be locked up for at least three hundred sixty-five (365) days from the full payment of said shares. To implement this lock-up requirement, the PSE requires the applicant company to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution for the physical lock-up of the shares. After the lapse of the lock-up period, the Company and the Custodian Bank will cause the lodgment of the shares previously locked-up with the PDTC through a PCD Participant in compliance with the rules on lodgment of the securities of the PSE.

Except for such restrictions and as provided under the Revised Corporation Code, there are no other restrictions on the Company's ability to issue Shares or the ability of any of the Company's stockholders to dispose of, encumber or pledge, their Shares, and there can be no assurance that the Company will not issue Shares or that such stockholders will not dispose of, encumber, or pledge their Shares.

Dividend Declarations and Payout

If the Company does not generate sufficient net operating profit, its income and resulting ability to pay dividends will be adversely affected. There is no assurance as to the Company's ability to declare or maintain dividends on the Shares in the future. Future dividends, if any, will be at the discretion of the Board and will depend upon the Company's future results of operations and general financial condition, requirements of applicable laws and regulations, capital expenditure requirements, compliance with the Company's loan covenants, and other circumstances that may restrict the payment of dividends as the Board may deem relevant. Nor is there any assurance that the level of dividends will increase over time, or that the Company will generate adequate income available for dividends to shareholders.

Dilution

The Offer Price is substantially higher than the Company's net book value per Common Share of [₱0.10] as of June 30, 2021. Thus, there will be an immediate and substantial dilution in the net asset value per Share to new investors. Please see section on "Dilution" on page [68].

Rights of Minority Shareholders

In the Philippines, the rights of minority shareholders to assert their rights as such and the fiduciary obligations of directors and majority shareholders may not be as extensive as those in other countries, and the ability of any of the Company's shareholders to assert any such rights or to enforce any such fiduciary obligation may be limited.

The Philippine Revised Corporation Code provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds (2/3) of the Company's outstanding capital stock is required. The Philippine Revised Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions, while permitted under The Philippine Revised Corporation Code and governed by the Interim Rules of Procedure Governing Intra-Corporate Controversies (A.M. No. 01-2-04-SC), are rarely brought on behalf of Philippine companies. 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.

Risks Relating to the Presentation of Information in this Prospectus

Presentation of Financial Information in this Prospectus

The presentation of financial information in this Prospectus comprises historical information of SPNEC as of and for the calendar years ended December 31, 2018, 2019, and 2020 and as of June 30, 2021, and for the six (6) months ended June 30, 2021 and 2020. The historical financial disclosures and discussions incorporated into this Prospectus are in compliance with the requirements of Philippine laws and regulations. As the Company is still in the pre-operating stage, the Company's financial information may not provide a complete basis for evaluating the Company's prospects, business, and results of operations.

As a publicly listed company on the PSE, the Company will maintain and follow the compliance requirements to further improve the effectiveness of its disclosure controls and procedures, and internal control over financial reporting, including keeping adequate records of daily transactions. The Company employs legal counsels and an accounting team that have the appropriate experience and technical knowledge to ensure that the Company is in compliance with the disclosure and financial reporting standards required by the PSE and other government agencies.

Certain Information Derived from Unofficial Publications

Certain information in this Prospectus relating to the Philippines, the industries in which the Company competes, and the markets in which the Company develops its projects, including statistics relating to market size, is derived from various Government and private publications. The information contained in the Industry Overview: Philippine Power Industry section may not be consistent with information found elsewhere regarding the Philippine power industry. Similarly, industry forecasts and market research data, including those contained or extracted herein, have not been independently verified by the Company, the Lead Underwriter, nor any of their respective affiliates or advisors, and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

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USE OF PROCEEDS

The gross proceeds from the Offer will amount up to [₱2,700,000,000.00]. The net proceeds from the Offer, after deducting the estimated related expenses to the Offer, will amount up to [₱2,589,000,000.00] and will accrue to the Company.

The following table shows the breakdown of the proceeds:

Table 5: Breakdown of Proceeds from Offer	**Amounts in ₱0.00**	
Particulars	**At Offer Price ₱0.50**	**At Offer Price ₱1.00**
Gross Proceeds	₱1,350,000,000.00	₱2,700,000,000.00
Estimated Offer Expenses	[64,000,000.00]	[111,000,000.00]
Total	**[₱1,286,000,000.00]**	**[₱2,589,000,000.00]**

The subsequent table shows the estimated breakdown of the expenses.

Table 6: Breakdown of Offer Expenses	**Amounts in ₱0.00**	
Particulars	**At Offer Price ₱0.50**	**At Offer Price ₱1.00**
Issue Management, Underwriting, and Selling Fees	[₱40,500,000.00]	[₱81,000,000.00]
Estimated Professional Fees	[10,800,000.00]	[10,800,000.00]
PSE Listing and Processing Fees	[4,112,175.00]	[8,174,350.00]
Taxes	[3,193,461.00]	[3,680,922.00]
SEC Registration Fees	[1,048,489.84]	[2,622,048.38]
Estimated Receiving, Transfer, and Custodian Agency Fees	[850,000.00]	[850,000.00]
Estimated Escrow Bank Fees	[640,000.00]	[640,000.00]
Roadshow Presentation & Marketing Expenses	[500,000.00]	[500,000.00]
Estimated Cost of Printing Selling Materials	[350,000.00]	[350,000.00]
Publication Fees	[300,000.00]	[300,000.00]
PDTC Processing Fees	[71,935.75]	[93,871.49]
Estimated Other Offer Related Expenses	[1,633,938.41]	[1,988,808.13]
Estimated Offer Expenses	**[₱64,000,000. 00]**	**[₱111,000,000.00]**

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

The Company intends to use the proceeds from the Offer to (a) finance the construction and development of Phase 1A, (b) fund the transmission line construction, (c) lease during the construction of Phase 1, and (d) finance the Company's general corporate requirements. Any excess amount after the aforementioned purposes will be allocated towards future land acquisition for additional capacity beyond the Project. Further details on the proposed use of net proceeds are set forth below:

Table 7: Breakdown of Net Proceeds from Offer			
Purpose	**At Net Proceeds of [₱1,286.00 million]**	**At Net Proceeds of [₱2,589.00 million]**	**Date of Disbursement**
Fund the construction and development of Phase 1A	[₱1,000.00]	[₱1,000.00]	By 4Q 2021
Fund the transmission line construction	[200.00]	[200.00]	By 4Q 2021
Lease during construction for Phase 1	[23.00]	[23.00]	By 4Q 2021
General corporate purposes	[40.00]	[40.00]	Immediately after Offer
Future land acquisition	[23.00]	[1,326.00]	By 4Q 2021
Total	**[₱1,286.00]**	**[₱2,589.00]**	

In the event that the actual expenses relating to the Offer differ from the above estimates, the actual net proceeds may be higher or lower than the expected net proceeds set forth above, which may arise in the event that the quotations provided by the supplier/s change in amount/s due to the appreciation of Peso, renegotiation of prices, and/or availability of other suppliers that can offer same quality of work or service at a lower cost. The Company shall prioritize the funds from the Offer towards the construction and development of Phase 1A, lease during construction for Phase 1, and general corporate purposes. Should the Net Proceeds be less than the expected amounts, adjustments shall be made towards the allocation for future land acquisition. Furthermore, the Company shall negotiate with its EPC contractor, a related party by virtue of common shareholders, to defer payment until cash flows of the Company improve. The Company may also opt to fulfil any funding shortage from debt sources.

Solar Power Project

The following shows the sources and uses of funds for the construction and development of Phase 1 based on Offer Price Range of [₱0.50 to ₱1.00] per Offer Share.

Table 8: Sources and Uses of Funds for the Construction and Development of Phase 1

Description	Amounts (in ₱millions)
Uses of Funds	
Transmission line construction	[₱200.00]
Phase 1A	
Construction	[₱1,000.00]
Lease during construction	[11.50]
Phase 1B	
Construction	[₱3,485.00]
Lease during construction	[11.50]
Financing costs	[161.00]
Total Uses of Funds	**[₱4,869.00]**
Sources of Funds	
Proceeds from debt financings(1)	[₱3,646.00]
Net proceeds from the Offer Allocated for Phase 1(2)	[1,223.00]
Total Sources of Funds	**[₱4,869.00]**

Notes:
(1)Debt assumes expected loan proceeds needed to complete the construction and development of Phase 1 until the commencement of operations.
(2)Based on the Company's estimated maximum net proceeds to be raised from the Offer after deduction of estimated Offer expenses and general corporate expenses.

Construction of Phase 1A and Transmission Lines

The Company plans to undertake its solar power projects using a mix of debt and equity. For the purposes of this Offer, the Company is allocating [₱1,000.00] million to fully fund the construction and development of Phase 1A with a size of [50 MWdc] and the construction of the transmission line for the Project amounting to approximately [₱200.00 million] The approximately remaining [₱3,646.00 million] programmed to complete the funding requirements of the construction and development of Phase 1 (practically Phase 1B) shall be funded by debt financing. In the event that the actual net proceeds to the Company from the Offer may be lower than the expected net proceeds set forth above, the Company shall negotiate with its EPC contractor, a related party by virtue of common shareholders, to defer payment until cash flows of the Company improve. The Company may also opt to fulfil any funding shortage from debt sources. The objective is to commence operations of Phase 1A sooner so that cash flows from this business activity can start coming in to additionally fund the construction and development of Phase 1B as well as Phase 2.

Lease during Construction

Up to approximately [₱23.00 million] shall be used to pay for leases over project lands and RoW during the construction of Phase 1. Having secured leased lands for the Project, these payments shall primarily be made to Las Piñas Agro Industrial Corporation and Silverleaf Farm Inc. The cost of the lease ranges from ₱45,000.00 to ₱55,000.00 per hectare per year. Further details of the lease agreements with Las Piñas Agro Industrial Corporation and Silverleaf Farm, Inc. are discussed in the section "Material Contracts" found on page [135].

General Corporate Purposes

The balance of the proceeds or up to approximately [₱40.00 million] 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 including that of pre-operating costs and expenses like payment of salaries, expenses for hiring employees prior to the start of operations, and other related expenses.

Future Acquisition of Land

Any amount in excess of [₱1,263.00 million] from the Offer shall be allocated towards future land acquisition. As SPNEC has already been able to secure the land required for the entire Project, this land acquisition shall be intended for the expansion of the Project. At this point, the Company is yet to identify this land but shall be in the vicinity of the Project. Nevertheless, should the net proceeds from the Offer be less than the expected amounts, adjustments shall be made towards this allocated use.

None of the proceeds from the Offer will reimburse any officer, director, employee, or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise. Furthermore, the proceeds from the Offer will not be utilized by the Company to pay any of its existing debt facilities as well as to solely satisfy the minimum financial requirements of the DOE for a new service contract. Lastly, none of the proceeds will be used to repay outstanding obligations of the Company to the Lead Underwriter. However, this shall exclude the transaction fee relating to the issue management and underwriting of the Offer.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed above. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. Furthermore, the Company's plans may change, based on various factors including changing macroeconomic and market conditions. 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 reallocate the net proceeds within the categories described above, or to alter its plans. Any proceeds or any excess thereof that are not yet to be used by the Company may be invested in safe investments such as government securities.

In the event of any material deviation or adjustment in the planned use of proceeds, the Company shall inform its shareholders, the SEC, and the PSE in writing at least 30 days before such deviation or adjustment is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Company's Board of Directors and disclosed to the SEC and the PSE. In addition, the Company shall submit via the PSE EDGE the following disclosure to ensure transparency in the use of proceeds:

a. Any disbursements made in connection with the planned use of proceeds from the Offer;
b. Quarterly Progress Report on the application of the proceeds from the Offer on or before the first 15 days of the following fiscal quarter certified by the Company's Chief Financial Officer or Treasurer and external auditor;
c. Annual summary of the application of the proceeds on or before January 31 of the year following the Offer certified by the Company's Chief Financial Officer or Treasurer and external auditor; and

d. Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

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

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DESCRIPTION OF SECURITIES

The following description of the Company's capital stock does not purport to be complete or to give full effect to the provisions of law and is in all respects qualified by reference to the applicable provisions of the Company's Amended Articles of Incorporation and Amended By-Laws.

Share Capital

As of the date of this Prospectus, the Company's ACS is ₱1,000,000,000.00, consisting of 10,000,000,000 Common Shares with a par value of ₱0.10 per share, of which 5,424,350,005 Common Shares are issued and outstanding.

Subject to the approval of the SEC, the Company may increase or decrease its authorized capital, provided that the increase or decrease is with the approval of a majority of the Board of Directors and by its stockholders representing at least two-thirds ($^2/_3$) of the outstanding capital stock of the Company.

Immediately after the completion of the Offer, up to [81.24%] of the Company's ACS shall be issued and outstanding.

Rights Relating to the Common Shares

Voting Rights

Each Common Share entitles the holder to one (1) vote.

At each meeting of the stockholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Company at the time of the closing of the transfer books for such meeting.

In the election of Directors, each stockholder, in person or by proxy, is entitled to such number of votes as is equivalent to the product of the number of Common Shares owned by him multiplied by the number of Directors to be elected. The stockholder may cumulate his votes in favor of one (1) or more candidates as he may see fit. A Director may also be removed by the vote of stockholders representing two-thirds ($^2/_3$) of the outstanding voting shares.

Voting rights cannot be exercised with respect to shares declared delinquent or treasury shares, or with respect to shares upon which its appraisal right has been exercised.

Pre-Emptive Rights

The Philippine Revised Corporation Code provides that all stockholders of a stock corporation will enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings, unless such right is denied by the articles of incorporation or an amendment thereto. Under the Company's Amended Articles of Incorporation, pre-emptive rights are denied as to all issuances or dispositions of the Company's Common Shares.

Article 7 of the Company's Amended Articles of Incorporation state that:

> "The holder of shares shall not be entitled to pre-emptive rights to subscribe to any new issues of stock, nor dispositions of existing stocks, whether issued from its unissued capital or its treasury shares."

Dividend Rights

Dividends may be declared from the unrestricted retained earnings of the Company at such time and in such percentage or amount as the Board of Directors may deem proper. No dividend shall be declared that will impair the capital stock of the Company.

The PDTC has an established mechanism for distribution of dividends to beneficial owners of the shares which are traded through the PSE and lodged with the PDTC as required for scripless trading. Philippine corporations whose securities are listed on any stock exchange are required to maintain and distribute an equitable balance of cash and stock dividends, consistent with the needs of shareholders and the demands for growth or expansion of the business.

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation that have not been allocated for any purpose. A corporation may pay dividends in cash, in property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of stockholders representing at least two-thirds of the issued and outstanding capital stock of the corporation voting at a stockholders' meeting duly called for the purpose.

The Philippine Revised Corporation Code requires, as a general rule, that a corporation with retained earnings in excess of 100% of its paid-in capital declares and distributes as dividends the amount of such surplus. Notwithstanding this requirement, a corporation may retain all or any portion of such surplus in the following cases: (a) when justified by definite expansion plans approved by the Board of Directors of the corporation; (b) when the required consent of any financing institution or creditor to such distribution has not been secured; or (c) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies.

Please see further discussion under "Dividends and Dividend Policy" on page [65].

Appraisal Rights

The Philippine Revised Corporation Code grants a shareholder a right of appraisal in the following circumstances where he has dissented and voted against a proposed corporate action:

a. An amendment of the articles of incorporation that 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;
b. The sale, lease, exchange, transfer, mortgage, pledge, or other disposal of all or substantially all the assets of the corporation;
c. A merger or consolidation; and
d. Investment of corporate finds for any purpose other than the primary purpose of the corporation.

In any of these circumstances, the dissenting shareholder may require the Company to purchase its shares at a fair value, which in default of agreement is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the Company, and the third by the two thus chosen. In the event of a dispute, the SEC will determine any question about whether a dissenting shareholder is entitled to this right of appraisal. This remedy will only be available if the Company has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting stockholders. From the time the shareholder makes a demand for payment until the Company purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

Access to Corporate Books and Records

Stockholders have the right to inspect the books and records of the Company, including the minutes of all Board and stockholders' meetings, and records of business transactions of the Company. However, the right of inspection may be denied if the shareholder seeking to examine the corporate records is not acting in good faith or for a legitimate purpose in making the demand for inspection or has improperly used any information secured through any prior examination of the records of such corporation or any other corporation.

Liquidation Rights

Each shareholder is entitled to a pro rata share in the assets of the Company available for distribution to the stockholders in the event of dissolution, liquidation and winding up, subject to the superior rights of the creditors of the Company.

Derivative Rights

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

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes, one of which is the election of directors. The Company's By-Laws provide for annual meetings on the first Monday of May of each year, and if a legal holiday, then on the day following.

Special Shareholders' Meeting

Under the Company's amended By-laws meetings of shareholders, for any purpose or purposes, may at any time be called by the Chairman, or in his absence the Vice-Chairman, the President, or at the written request of stockholders representing at least a majority of the subscribed capital entitled to vote, setting forth the purpose/s of such meeting in the written notice.

Notice of Shareholders' Meeting

Written notice of the annual and special meetings of the stockholders shall be served to each registered stockholder by personal delivery or by mail. For regular meetings, the notice shall be sent at least twenty-eight (28) days prior to the date of the meeting.

Any such notice must include, among others, the date, hour, and venue of the meeting, and the purpose or purposes for which such meeting was called. In case of a special meeting, only matters in the notice stated in the notice can be subject of motions or deliberations at such meetings.

Notice of any meeting may be waived, expressly or impliedly, by any shareholder, in person or by proxy, before or after the meeting.

When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is decided. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by law, shareholders who own or hold a majority of the outstanding capital shares must be present or represented in all regular or special meetings of shareholders in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until shareholders who own or hold the requisite number of shares shall be present or represented.

Voting

The shareholders may vote at all meetings the corresponding number of shares registered in their respective names, either in person or by proxy duly appointed as discussed herein below.

Fixing Record Dates

Pursuant to the Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 and not more than 30 days from the date of declaration of cash dividends. As to stock dividends, the record date shall not be less than 10 nor more than 30 days from the date of shareholder approval.

In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the Philippine SEC and shall be indicated in the Philippine SEC order which shall not be less than 10 days nor more than 30 days after all clearances and approvals by the Philippine SEC shall have been secured. Regardless of the kind of dividends, the record date set shall not be less than ten trading days from receipt by the PSE of the notice of declaration of the dividend.

Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy. A proxy shall be in writing and duly presented to and received by the Corporate Secretary for inspection and recording within 10 days prior to the scheduled meeting. The proxy shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Treasury Shares

The Company may acquire its own Common Shares, provided that, it has unrestricted retained earnings to pay for the Common Shares to be acquired or purchased and only for a legitimate corporate purpose/s, including but not limited to: (a) to eliminate fractional shares arising out of stock dividends, (b) to collect or compromise an indebtedness to the Company, arising out of unpaid subscription, in a delinquency sale, and to purchase delinquent shares sold during said sale; and (c) to pay dissenting or withdrawing stockholders entitled to payment for their shares under the provisions of The Philippine Revised Corporation Code.

The Common Shares repurchased by the Company shall become treasury shares that may again be disposed of at a reasonable price as may be fixed by the Board of Directors. These treasury shares have neither voting rights nor dividend rights as long as they remain as treasury shares.

As of the date of this Prospectus, the Company has no treasury shares.

Other Securities

The Company has not issued any other form of securities other than its Common Shares.

Transfer of Common Shares

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation ("PCD Nominee"), a corporation wholly-owned by the PDTC. A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company. Please see further discussion under "The Philippine Stock Market" on page [139].

Philippine law does not require transfers of the Common Shares to be affected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. Please see further discussion under "Philippine Taxation" on page [147]. All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Stock Transfer Agent

The Company's share register is maintained at the principal office of the Company's stock transfer agent, Philippine National Bank – Trust Banking Group which holds office at 3/F PNB Financial Center, Macapagal Blvd., Pasay City, Metro Manila, Philippines.

Changes in Control

There are no existing provisions in the amended Articles of Incorporation and amended By-Laws of the Company, which may cause delay, deferment, or in any manner prevent a change in control of the Company.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except those certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's stock transfer agent, [Philippine National Bank – Trust Banking Group], which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. Please see "The Philippine Stock Market" on page [139].

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least (a) 35% of any class of any equity security of a public or listed corporation in a single transaction; or (b) 35% of such equity over a period of 12 months; or (c) even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 50% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 50% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (a) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser; (b) purchases from an increase in the authorized capital shares of the target company; (c) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (d) purchases in connection with privatization undertaken by the government of the Philippines; (e) purchases in connection with corporate rehabilitation under court supervision; (f) purchases through an open market at the prevailing market price; or (g) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Revised Corporation Code provides that certain significant actions require shareholder approval. The following actions require the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation in a meeting duly called for such purpose:

a. Amendment of the articles of incorporation;
b. Removal of directors;
c. Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation;
d. Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
e. Declaration or issuance of stock dividends;
f. Delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;
g. Merger or consolidation;
h. Dissolution;
i. An increase or decrease in capital stock;
j. Ratification of a contract of a directors or officer with the corporation;
k. Extension or shortening of the corporate term;
l. Creation or increase of bonded indebtedness; and
m. Management contracts with related parties.

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly financial statements (for the first three quarters) with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and an income 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 Company for the preceding year, including audited financial statements.

Pledge of SPNEC Shares owned by the Parent Company

On June 25, 2021, the Parent Company executed a pledge over all SPNEC shares (Pledged Shares) it owns as security for a loan agreement entered into by its affiliate, Provincia Investments Corporation ("PIC"), with AC Energy. The stock certificates of the Pledged Shares were delivered to and are currently in the custody of AC Energy. Notwithstanding this, AC Energy has agreed to deliver the stock certificates of the Pledged Shares to the Parent Company for the sole purpose of enabling SPNEC to comply with the PSE's lock-up rules.

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DIVIDENDS AND DIVIDEND POLICY

On July 02, 2021, the Board of Directors approved its dividend policy that gives the Board of Directors the discretion to declare dividends as they see fit after considering the funding requirements for future projects. There are no specific requirements relating to the Company's dividend policy that limits or would likely limit the Company's ability to pay dividends.

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 10 days nor more than 30 days from the date the cash dividends are declared, provided, however, that the set record date is not to be less than 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 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 10 days nor more than 30 days from the date of stockholders' approval, provided, however, that the set record date is not to be less than 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.

The ability of the Company to declare and pay dividends to its shareholders will depend on whether it has earned sufficient income from its planned solar projects that can be distributed to the Company shareholders by way of dividend. As such, the Company's Board of Directors, may, at any time, evaluate whether the Company has sufficient cash available for distribution of cash dividends, although, subject to the requirements of the Philippine Revised Corporation Code, there is no legal or contractual obligation on the part of the Company to declare and pay cash dividends. It should be noted that, subject to certain exceptions, 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.

The Board may decide to declare dividends in the future after considering various factors, including:

- The level of the Company's cash, gearing, return on equity, and retained earnings;
- The Company's results for, and the Company's financial condition at the end of the year, the year in respect of which the dividend is to be paid and the Company's expected financial performance;
- The Company's projected levels of capital expenditure and other investment plans;
- Restrictions of payment of dividends that may be imposed on the Company by any of its financing arrangements and current and prospective debt service requirements; and,
- Such other factors as the Board deems appropriate.

The Company, however, cannot provide the public any assurance that it will pay any dividends in the future.

The Company has not declared any dividends since its incorporation.

DETERMINATION OF OFFER PRICE

An application is made for the listing of the Offer Shares, together with the rest of the shares of the Company, on the Main Board of the PSE. The Offer Shares will be listed and traded on the Main Board of the PSE under the trading symbol "SPNEC".

The Offer Shares are being offered at the Offer Price Range of [Fifty Centavos (₱0.50)] to [One Peso (₱1.00)] per share. Prior to the Offer, there has been no public trading market for the Offer Shares and there has been no market price for the Shares derived from day-to-day trading.

The final Offer Price determination will mainly be driven by book building with institutional investors, who may consider various factors including their perception of the Company's ability to generate earnings and cash flow and the market price of listed comparable companies. The Offer Price may not have any correlation to the actual book value of the Offer Shares.

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CAPITALIZATION

The following table sets out the capitalization of the Company based on the audited financial statements as of December 31, 2018 to 2020, and as of June 30, 2021, with a June 30, 2021 pro-forma adjusted to reflect the sale of the Offer Shares at the low and high of the Offer Price Range.

The table should be read in conjunction with SPNEC's audited financial statements and the notes thereto, included in this Prospectus.

Table 9: SPNEC Capitalization at the Offer Price of ₱0.50 per Offer Share

Amounts in ₱millions	**As of December 31**			**As of June 30**	
	2018	**2019**	**2020**	**2021**	**2021 Post IPO**
	Audited	**Audited**	**Audited**	**Audited**	**Pro-Forma**
Due to related parties	44.03	10.67	17.39	22.79	22.79
Capital Stock	0.25	0.25	1.00	542.44	812.44
Subscription Receivable	(0.19)	(0.19)	-	-	-
Additional paid-in capital stock	-	-	21.25	-	1,029.76
Deficit	(1.74)	(12.15)	(21.03)	(25.14)	(38.9)
Total Capitalization	**₱42.35**	**(₱1.42)**	**₱18.61**	**₱540.09**[2]	**₱1,826.09**

Differences in numbers are due to rounding off.

Table 10: SPNEC Capitalization at the Offer Price of ₱1.00 per Offer Share

Amounts in ₱millions	**As of December 31**			**As of June 30**	
	2018	**2019**	**2020**	**2021**	**2021 Post IPO**
	Audited	**Audited**	**Audited**	**Audited**	**Pro-Forma**
Due to related parties	44.03	10.67	17.39	22.79	22.79
Capital Stock	0.25	0.25	1.00	542.44	812.44
Subscription Receivable	(0.19)	(0.19)			
Additional paid-in capital stock	-	-	21.25	-	2,337.20
Deficit	(1.74)	(12.15)	(21.03)	(25.14)	(43.34)
Total Capitalization	**₱42.35**	**(₱1.42)**	**₱18.61**	**₱540.09**[2]	**₱3,129.09**

Differences in numbers are due to rounding off.

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DILUTION

The following presents a discussion of the dilution that the Common Shares will experience following the Offer.

As of June 30, 2021 and after the issuance of a total of five (5) shares to the new directors of the Company, the Company's net tangible book value is ₱517,298,340.00 or ₱0.10 per share, with the Company not having any intangible assets as of said date. The Company's net tangible book value per share represents its net tangible book value divided by the number of common shares outstanding as of June 30, 2021 plus the five (5) shares issued to the new directors.

After giving effect to the increase in the Company's total assets to reflect its receipt of the net proceeds from the Offer amounting up to [₱1,286,000,000.00 to ₱2,589,000,000.00] and the addition of up to [2,700,000,000] primary Common Shares subject of the Offer, the Company's pro forma net tangible book value would be [₱1,803,298,340.00] or [₱0.22] per share at the Offer Price of [₱0.50] and [₱3,106,298,340.00] or [₱0.38] per share at the Offer Price of [₱1.00]. These represent immediate increases of [₱0.13 to ₱0.29] per share to existing stockholders and dilution of [₱0.37 to ₱0.71] per share to the investors participating in the Offer.

Dilution in pro-forma net tangible book value per share represents the estimated difference between the Offer Price and the approximate pro-forma net tangible book value per share immediately following the completion of the Offer.

The following table illustrates dilution on a per Common Share basis based on an Offer Price Range of [Fifty Centavos (₱0.50)] to [One Peso (₱1.00)] per Offer Share:

Table 11: Dilution			
Offer Price per Share	₱0.50	₱1.00	(a)
Net Tangible Book Value per Share as of June 30, 2021	₱0.10	₱0.10	(b)
Pro-forma Net-Tangible Book Value per Share after the Offer	₱0.22	₱0.38	(c)
Increase per share to Existing Stockholders attributable to the Offer	₱0.13	₱0.29	(d=c-b)
Net Tangible Book Value Dilution per Share to IPO Investors	(₱0.37)	(₱0.71)	(e=a-c)

Differences in decimal numbers are due to rounding off.

The following table sets out the shareholdings and percentage of shares outstanding, of existing and new stockholders of the Company immediately after completion of the Offer:

Table 12: Shares Outstanding after Offer		
	Number of Shares	**Percentage**
Existing stockholders	[5,424,350,005]	[66.77%]
New investors	[2,700,000,000]	[33.23%]
Total	**[8,124,350,005]**	**[100.00%]**

See also "Investment Considerations and Risk Factors – Risk Factors – Risks Relating to the Offer and the Offer Shares – Effect of Future Sales of Shares in the Public Market" on page [51] of this Prospectus.

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PLAN OF DISTRIBUTION

The Company is offering to the public [Two Billion Seven Hundred Million (2,700,000,000)] Common Shares with a par value of ₱0.10 per share, which are being made available for subscription in the Philippines at the Offer Price Range of [Fifty Centavos (₱0.50)] to [One Peso (₱1.00)] per share. The Offer Shares will be issued out of its existing unissued ACS of One Billion Pesos (₱1,000,000,000.00) divided into Ten Billion (10,000,000,000) Common Shares with a par value of Ten Centavos (₱0.10) per share. The Offer Shares will represent up to [33.23%] of the issued and outstanding Common Shares of the Company after the Offer.

All of the Offer Shares shall be primary shares to be taken from the existing unissued ACS of the Company. No secondary shares shall form part of the Offer.

Underwriting Commitment

To facilitate the Offer, the Company has appointed Abacus Capital & Investment Corporation as the Issue Manager and Lead Underwriter for the IPO.

The Offer will be underwritten on a firm commitment basis at the Offer Price. The Lead Underwriter and the Issuer will enter into, on or before the start of the Offer Period, an Underwriting Agreement wherein the Lead Underwriter will agree to subscribe for, or procure subscribers for the Offer Shares.

The Underwriting Agreement is subject to certain conditions and is subject to termination by the Lead Underwriter if certain circumstances, including force majeure, occur on or before the time at which the Common Shares, including the Offer Shares, are listed on the PSE. In addition, the Underwriting Agreement is conditional, *inter alia*, on the Offer Shares being listed on the PSE on or before the stipulated Listing Date, or at such other date as the Lead Underwriter and the Issuer may determine. Under the terms and conditions of the Underwriting Agreement, the Company has agreed to indemnify the Lead Underwriter in respect of any breach of warranty by the Company as contained therein.

There is no arrangement for the Lead Underwriter to return to the Issuer any unsold Offer Shares. The Underwriting Agreement may be terminated in certain circumstances prior to the payment of the net proceeds of the Offer Shares being made to the Issuer. The Lead Underwriter does not have any other business relationships with the Issuer. The Lead Underwriter is not represented in the Board of Directors. Neither is there a provision in the Underwriting Agreement, which would entitle the Lead Underwriter to representation to the Board of Directors as part of compensation for underwriting services. The Lead Underwriter shall receive a transaction fee equivalent to 3% of the gross proceeds of the Offer, inclusive of the amounts to be paid to Selling Agents such as the TPs and any participating underwriter. The transaction fee is based on the final nominal amount of the Offer Shares to be issued and shall be withheld by [Philippine National Bank – Trust Banking Group], the Receiving and Paying Agent, from the proceeds of the Offer. All reasonable out-of-pocket expenses to be incurred by the Lead Underwriter in connection with the Offer shall be for the account of the Company.

Distribution of the Offer

Pursuant to the rules of the PSE, the Issuer will make available up to [Five Hundred Forty Million (540,000,000)] offer Shares comprising 20% of the Offer for distribution to the PSE Trading Participants. The total number of Offer Shares allocated to the 127 PSE Trading Participants will be distributed following the procedures indicated in the implementing guidelines for the Offer Shares to be distributed by the PSE. Each PSE Trading Participant will be allocated a total of [4,251,000] Offer Shares. The balance of [123,000] offer Shares will be allocated by the Issue Manager and Lead Underwriter to the PSE Trading Participants at its sole discretion.

PSE Trading Participants who take up the Offer Shares shall be entitled to a selling commission of 1%, VAT-inclusive of the Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling commission, less a withholding tax of 10%, will be paid to the PSE Trading Participants within eight (8) Trading Days after the Listing Date.

The PSE Trading Participants may be allowed to subscribe for their dealer accounts provided that, if they opt to sell the Offer Shares to the clients during the Offer Period, it must be at a price not higher than the Offer Price per share. Likewise, the PSE Trading Participants are prohibited from selling the Offer Shares after the end of the Offer Period and before the Listing Date.

The balance of the Offer Shares allocated but not taken up by the PSE Trading Participants will be distributed by Abacus Capital to its clients or to the general public.

The Company will make available up to [Two Hundred Seventy Million (270,000,000)] offer Shares, or 10% of the Offer, to the LSIs. Subject to the approval of the SEC and the PSE, each LSI Applicant may subscribe up to a maximum of [100,000 to 200,000] offer Shares at the Offer Price, or up to a maximum amount of [₱100,000.00]. 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 ₱100,000.00. In the case of this Offer, the minimum subscription of LSIs shall be 10,000 shares or [₱5,000.00 to ₱10,000.00] at the Offer Price Range. There will be no discount on the Offer Price. The procedure in subscribing to the Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for LSIs to be announced through the PSE EDGE website. Should the LSI demand be five times (5.0x) or more than the initial allocation, the LSI allocation shall be increased to 15% of the total Offer. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, Abacus Capital shall prioritize the subscriptions of small investors with amounts lower than the maximum subscription.

Abacus Capital will distribute up to [One Billion Eight Hundred Ninety Million (1,890,000,000)] offer Shares, or 70% of the Offer Shares, directly to the general public. Abacus Capital has agreed to underwrite the whole Offer on a firm basis. Offer Shares not taken up by the PSE Trading Participants or the LSIs shall be distributed by Abacus Capital to its clients or to the general public. Offer Shares not taken up by the PSE Trading Participants, LSIs, Abacus Capital's clients, or the general public shall be purchased by Abacus Capital on a firm commitment basis, pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement prohibits Abacus Capital from purchasing the Offer Shares for its own respective account.

The Issue Manager and Lead Underwriter

The Lead Underwriter is duly licensed by the SEC to engage in the underwriting or distribution of the Offer Shares. The Issue Manager and Lead Underwriter is Abacus Capital & Investment Corporation. The Lead Underwriter may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for the Company or any of its affiliates.

Abacus Capital & Investment Corporation was incorporated in the Philippines on January 06, 1995. The SEC granted it registration and authorization to act as an investment house, valid unless suspended or revoked for cause or cancelled by the SEC or voluntarily surrendered by the registrant, allowing Abacus Capital to act as Issue Manager and Lead Underwriter. Since it started operations in 1995, Abacus Capital had actively participated in a number of public offering transactions. As a full-service investment house, Abacus Capital provides the full line of corporate finance and merchant banking products and services. Abacus Capital's Board of Directors is chaired by Mr. Paulino S. Soo.

Abacus Capital, as the Issue Manager and Lead Underwriter, represents and warrants that it has exercised the level of due diligence required under existing regulations in ascertaining that all material information appearing in this Prospectus are true and correct as of the date indicated herein. Abacus Capital also warrants and represents, to the best of its knowledge and after exercising the appropriate due diligence review, that there is no other material information omitted, which was necessary in order to make the statements contained in the Prospectus, including its amendments and supplements, not misleading. Except for failure to exercise the required due diligence review, Abacus Capital assumes no liability for any information supplied in this Prospectus.

The Lead Underwriter does not have any direct or indirect interest in the Company or in any securities thereof, including options, warrants, or rights thereto. Furthermore, Abacus Capital does not have any relationship with the Company other than as the Issue Manager and Lead Underwriter for the Offer. The Lead Underwriter also has no direct relations with the Company in terms of ownership by either their respective major stockholders, and has no right to designate or nominate any member of the Board of Directors.

There is no contract or arrangement existing between the Company, the Lead Underwriter, or any other third party whereby the Lead Underwriter may return any unsold securities from the Offer.

Subscription Procedures

Trading Participants

Application forms and signature cards may be obtained from the Lead Underwriter, the Receiving Agent, or from any participating PSE Trading Participant. 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 as may be required in the application form and shall provide all the required documents. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of Offer Shares. Failure to complete the application form may result in the rejection of the application.

An Application should be submitted in quadruplicate (four (4) copies, one (1) of which shall be returned to the applicant) and accompanied by the following documents (complete):

- 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 or certificate of filing amended articles of incorporation or by-laws, as the case may be, duly certified by its corporate secretary (or managing partner in the case of a partnership);
- A duly notarized corporate secretary's certificate (or 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 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;
- Two (2) properly filled-out signature cards, each bearing the specimen signature of the PSE Trading Participant's designated signatories, duly authenticated and certified by its Corporate Secretary;
- Two (2) valid and current government-issued IDs of (a) its authorized signatory(ies), duly certified as true copy by the Corporate Secretary and (b) its Corporate Secretary, duly certified as true copy by an authorized officer of the Applicant;
- Proof of payment;
- Affidavit of Undertaking to Submit Original Copies of the Documents (the "Undertaking to Submit"), attached to the Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Trading Participants of the PSE (the "TP Guidelines"), within 15 calendar days from the submission of the electronic mail of the scanned copies;

- Duly accomplished Sales Report in excel format, which shall be duly executed in four (4) copies, with all four (4) copies duly certified by the respective authorized signatories of the PSE Trading Participant; and
- The PSE Trading Participant's Endorsement and Certification, as attached to the TP Guidelines.

Local Small Investors

With respect to the LSIs, applications to purchase Offer Shares must be done online through the PSE EASy. The system will generate a reference number and payment instruction. Application to purchase the Offer Shares must be settled within the Offer Period.

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

Further information about the Company, details about the Offer, instructions for subscribing through PSE EASy, and list of PSE Trading Participants where LSI applicants may open trading accounts for the lodgement of the LSI applicant's Offer Shares will be made available in the online information center. The link to the online information center will be made available on the Company's website in due course and in the Offer Implementing Guidelines that 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 Offer Shares will be determined pursuant to allocation mechanics. This section should be read in conjunction with the LSI Implementing Guidelines, which will be published on the PSE EDGE website in due course.

Lodgment of Shares

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

The Selling Agents

The PSE Trading Participants shall act as Selling Agents for the Issue, pursuant to the distribution guidelines of the PSE. The PSE Trading Participants who take up Offer Shares shall be entitled to a selling commission of 1% of the Offer Shares taken up and purchased by the relevant PSE Trading Participants. The selling commission, less withholding taxes of 10%, will be paid to the PSE Trading Participants within eight (8) Trading Days after the Listing Date.

Finders

There are no finders involved in this Offer.

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OWNERSHIP STRUCTURE

The following table presents the ownership structure of the Company as of the date of this Prospectus, and the expected ownership structure immediately following the completion of the Offer:

Table 13:Pre and Post IPO Ownership Structure			
Name of Shareholder	**Number of Subscribed Common Shares**	**Percentage Total of Shareholding before the Offer**	**Percentage Total of Shareholding after the Offer**
Solar Philippines Power Project Holdings, Inc.	5,424,349,998	100.00%	[66.77%]
Leandro Antonio L. Leviste	1	-nil-	-nil-
Hazel Iris P. Lafuente	1	-nil-	-nil-
Aresty M. Lapitan	1	-nil-	-nil-
Gino Antonio C. Cruz	1	-nil-	-nil-
Carlos Jose P. Gatmaitan	1	-nil-	-nil-
Benjamin I. Espiritu	1	-nil-	-nil-
J. Carlitos G. Cruz	1	-nil-	-nil-
Investing Public	[2,700,000,000]	0.00%	[33.23%]
Total	**[8,124,350,005]**	**100.00%**	**100.00%**

Differences in decimal numbers are due to rounding off.

Lock-Up

Pursuant to the PSE Amended Listing Rules, 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 Issuer to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- 180 days after the listing of said shares if the applicant company meets the track record requirements; or
- 365 days after the listing of said shares if the applicant company is exempt from the track record and operating history requirements of the PSE Amended Listing Rules.

The Company, being in the RE business, invokes the exemption from the requirements on track record and operating history. Thus, stockholders who own an equivalent of at least 10% of the issued and outstanding shares of the Company is subject to 365 days lock-up reckoned from the Listing Date.

Furthermore, if there is any issuance or transfer of shares (i.e. private placements, asset for shares swap, or a similar transaction) or instruments that lead to an issuance of shares (i.e. convertible bonds, warrants, or a similar instrument) done and fully paid for within 180 days prior to the start of the Offering Period, and the transaction price is lower than that of the Offer Price, all such shares issued or transferred shall be subject to a lock-up period of at least 365 days from full payment of such shares.

The following are covered by the lock-up requirement:

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Table 14: SPNEC Shareholders Covered by Lock-Up Requirement				
Shareholder	**Before the Offer**		**% Total of Shareholding after the Offer**	**Period of Lock-up**
	No of Common Shares Held	**% Total of Shareholding**		
Solar Philippines Power Project Holdings, Inc.	5,424,349,998	100.00%	66.77%	365 days from Listing Date
Aresty M. Lapitan	1	-nil-	-nil-	365 days from Full Payment / Transfer Date
Gino Antonio C. Cruz	1	-nil-	-nil-	
Carlos Jose P. Gatmaitan	1	-nil-	-nil-	
Benjamin I. Espiritu	1	-nil-	-nil-	
J. Carlitos G. Cruz	1	-nil-	-nil-	

To implement this lock-up requirement, the PSE requires, among others, 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 a custodianship agreement with the trust department or custodian unit of an independent and reputable financial institution.

The shareholders listed above, being subject to the lock-up requirement, will enter into a custodianship agreement withthe Philippine National Bank – Trust Banking Group as the Custodian Bank thereunder.

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THE COMPANY

The following discussion of the Company's business contains forward-looking statements, which involve risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "Investment Considerations and Risks Factors" and elsewhere in this Prospectus.

History and Development

Solar Philippines Nueva Ecija Corporation was incorporated and registered with the SEC on November 23, 2016. The primary purpose of the Company is as follows:

> "the primary purpose of this Corporation is to construct, erect, assemble, commission, operate and maintain power-generating plants, installations, shops, laboratories. pipelines, repair shops, electrical works, power houses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy"

On August 22, 2017, SPCRPI was awarded SESC No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting, and other studies of the solar energy resources in Santa Rosa, Peñaranda, and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations to SPNEC. On February 23, 2018, the DOE acknowledged and approved the Deed of assignment between SPCRPI and SPNEC. Further, on the same day, DOE issued and approved a new COR under the name of SPNEC, which recognizes the Company as an RE developer with an amended SESC No. 2017-06-404-AF1. As of the date of this Prospectus, the Company is at the pre-operating stage.

SPNEC is developing the first phase of the Project, a 225 MWdc solar power plant to which it received LGU endorsements from the Sangguniang Barangay of Las Piñas, Peñaranda Nueva Ecija, the Sangguniang Barangay of Sinasajan, Peñaranda, Nueva Ecija, the Sangguniang Bayan of Peñaranda, Nueva Ecija for the whole 500 MWdc Project, and the Sangguniang Panlalawigan of Nueva Ecija for 300 MWdc, which is more than enough to cover the full 225 MWdc plant contemplated in Phase 1. Upon completion of the IPO, the funds raised will be primarily utilized for the construction and development of Phase 1 with the balance to be funded by debt to complete its funding requirements. On August 20, 2019, the Company has declared commerciality and is waiting for the assessment of the DOE. Once confirmed, the DOE shall release a COCOC on the Project. SPNEC is dividing the implementation of Phase 1 into Phase 1A and Phase 1B, with Phase 1A consisting of up to [50 MWdc] planned for commissioning in the middle of 2022 and Phase 1B consisting of [175 MWdc] planned for commissioning in late 2022.

The Company plans to pursue off-take through contracting on an opportunistic basis with RESs, and/or DUs by participating in CSPs. As an alternative to an off-take agreement, the Company may supply power through the WESM.

Moving forward, the Company plans to construct an additional 275 MWdc for its Phase 2 development after it has commissioned Phase 1.

The Company's principal office is located at the 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City, Philippines 1229.[11]

SPPPHI was incorporated in 2014 and is headquartered in Makati City. The SP Group has grown its portfolio from its first 4 MWdc of solar rooftop installations in 2014 to the 63 MWdc Calatagan Solar Farm in 2016 to the total 100 MWdc Tarlac Solar Farm that began partial operations in 2019. Since its inception, the SP Group has been able to win three Meralco CSPs and formed project joint ventures with partners such as KEPCO Philippines Holdings, Inc., Prime Metro Power Holdings Corporation, and AC Energy Corporation.

The following shows the Company's milestones from incorporation:

November 23, 2016	:	Incorporation of the Company
May 15, 2017	:	Resolution of Support from the Sangguniang Barangay of Las Piñas, Peñaranda, Nueva Ecija
May 16, 2017	:	Resolution of Support from the Sangguniang Barangay of Sinasajan, Peñaranda, Nueva Ecija
August 22, 2017	:	SPCRPI was awarded SESC No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project
December 29, 2017	:	SPCRPI executed a Deed of Assignment transferring all its rights and obligations to SPNEC
February 15, 2018	:	The Municipality of Peñaranda, Nueva Ecija issued an ordinance authorizing the land reclassification in favor of Sta. Rosa Nueva Ecija 2 Solar Power Project
February 23, 2018	:	DOE issued and approved a new COR in favor of SPNEC
March 16, 2018	:	Resolution of Support from the Municipality of Peñaranda, Nueva Ecija for 100 MWdc
May 15, 2018	:	Resolution of Support from the Sangguniang Panlalawigan of Nueva Ecija for 300 MWdc solar power project in Peñaranda, Nueva Ecija
January 2020	:	NGCP issued the System Impact Study (SIS) results
May 29, 2020	:	Department of Environment and Natural Resources ("DENR") issued the Environmental Compliance Certificate ("ECC") in favor of Sta. Rosa Nueva Ecija 2 Solar Power Project
February 08, 2021		Resolution of Support from the Sangguniang Bayan of Peñaranda, Nueva Ecija for 500 MWdc solar power project
April 30, 2021	:	The DAR issued the Conversion Order for the first 169.86 hectares leased intended for Phase 1
May 25, 2021	:	The Securities and Exchange Commission approved the increase of the Company's authorized capital stock from One Million Pesos to One Billion Pesos

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[11] As presented in the current Amended Articles of Incorporation of the Company.

Below is SPNEC's corporate structure.

Figure 2: SPNEC Corporate Structure

As of the date of this Prospectus, the Company is still at the pre-operating stage.

Since its incorporation, SPNEC has not been the subject of any bankruptcy, receivership, or similar proceedings. Furthermore, since incorporation, the Company has not undergone any material reclassification or purchase or sale of a significant amount of assets not classified as ordinary.

On March 03, 2021, the Board of Directors and shareholders, through a majority vote in due course, approved the undertaking of an IPO primarily to fund the equity portion of the construction and development of Phase 1.

Corporate Vision-Mission

Vision

To make the provinces more prosperous than Manila by creating virtuous cycles of development.

Mission

To accelerate the adoption of solar energy through proactive project development.

Competitive Strengths

As the developer of the largest solar farm in the Philippines upon its targeted commissioning, SPNEC has competitive strengths that would result in the success of the project, profitable operations, and opportunities for growth. These are as follows:

Secured Project Site and Grid Connection

As of the date of this Prospectus, the Company has secured the land needed for the Project; having leasing rights over 352.42 hectares. The Company is working to secure all relevant permits for the Project site. On April 30, 2021, the DAR has released the Conversion Order for the first 169.86 hectares leased intended for Phase 1. As of the date of this Prospectus, the Company is waiting for the Certificate of Finality from the DAR to effectively cause the conversion of said land from agricultural to industrial classification, targeted to be within the third quarter of 2021.

The Company's plan is to connect the Project to the grid via the NGCP Cabanatuan Substation, for which the Company has secured approval for an SIS in January 2020 and the Facility Study in May 2021.

Prepared to Pursue Off-Take on an Opportunistic Basis

The Company anticipates that its scheduled commencement of commercial operations by 2022 will enable it to pursue off-take on an opportunistic basis, given the limited capacity of other solar power plants that will become available by then, and the number of off-takers seeking to contract with power plants that are already in operations. This includes CSPs with DUs and ECs for operating power plants, as well as RESs that prefer contracting with power plants that are already operating. Demand may also increase as off-takers seek to cover their exposure to the WESM during periods of tight supply.

Economies of Scale

The Project, upon its targeted commencement of commercial operations by 2022, would be the country's largest ground-mounted solar power project. The Company believes this economies of scale will enable it to spread over a larger capacity the fixed costs of construction and operations to achieve a cost advantage.

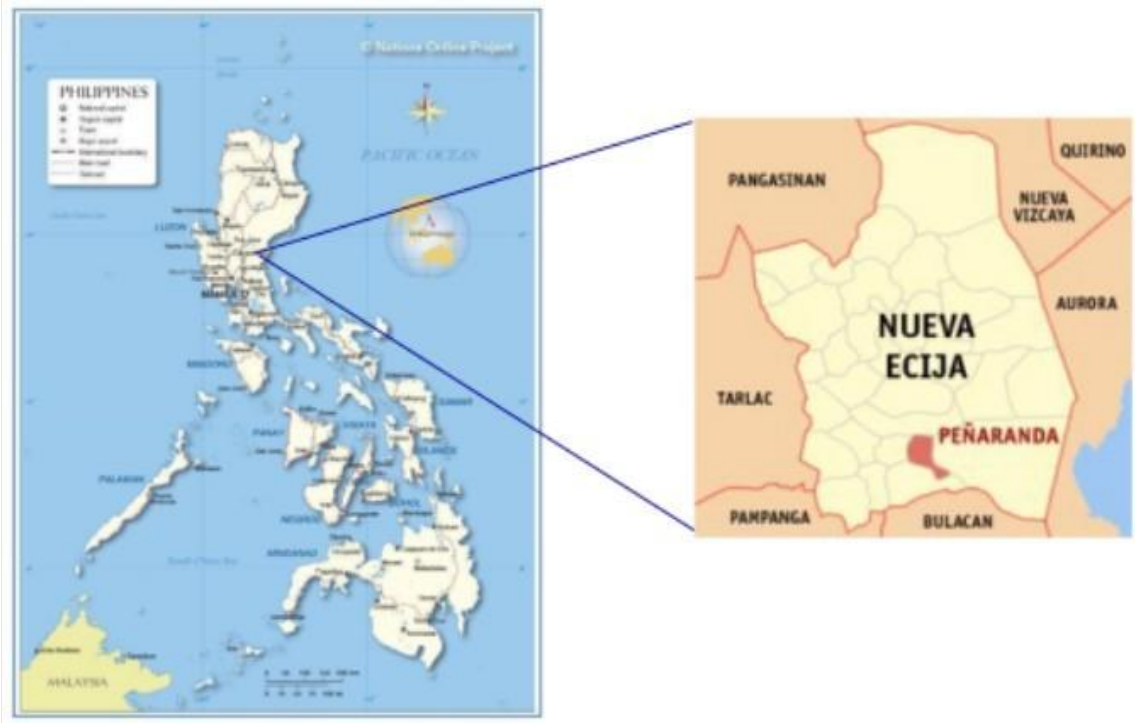
Solar Development Expertise

SPNEC can tap the senior management team of the SP Group, which includes individuals with extensive experience in developing solar power projects in the Philippines as well as the power projects in other markets including India, Indonesia, and the United States, leveraging global best practices to develop projects in the Philippines.

The Project

The Project is situated in barangays Las Piñas and Sinasajan, Peñaranda, Nueva Ecija.

Figure 3: Location of the Project



The project location is secured via long-term leases.

SPNEC will construct an approximately 10-km, 230 kV transmission line from the Project site to the NGCP Cabanatuan Substation. The acquisition of RoW is currently underway, with the full RoW acquisition planned to be completed prior to the construction of the Phase 1 plant.

As of the date of this Prospectus, the Company is at the pre-operating stage. To date, the Company has declared commerciality, pending the assessment of the DOE. Once confirmed, the DOE shall release a COCOC on the Project. Phase 1 is planned to be commissioned in late 2022.

Business Plans and Strategies

Below are the key business strategies of the Company.

Securing Off-Take with DUs/EC CSPs or selling to the WESM

Achieving predictable and low-risk revenue for SPNEC is possible through one or more of the following:

Participation in DU/EC CSPs

According to the recently published Power Supply Procurement Plan ("PSPP") by the DOE, various DU's will be auctioning significant capacities over the coming months, giving SPNEC multiple opportunities to contract its power as CSP's are conducted.

An additional driver for the demand of DUs for renewable energy specifically is the Renewable Portfolio Standard ("RPS") mandated by the RE Law and implemented starting this year[12]. DUs and energy retailers shall have an increasing minimum share of its energy purchases required to be sourced from renewable energy generating plants, which SPNEC can provide.

To help DUs, specifically ECs, fulfill their RPS requirements, the DOE has announced a government-initiated Green Energy Auction Program where the DOE annually shall facilitate contracting between renewable energy generators and ECs.

Selling to Retail Electricity Suppliers or CCs

Another opportunity for SPNEC is to contract whole or part of its power to Retail Electricity Suppliers. RES aggregate energy from generation companies and sell to CCs enabled through the Retail Competition and Open Access ("RCOA").

The RES energy market is unregulated, presenting a straightforward contracting process that SPNEC can enter. Additionally, the sales of electricity to the RESs are typically contracted over shorter tenures versus DU PSAs, presenting ample annual market demand that can be supplied by cost-competitive generation.

SPNEC also has the option to contract with its RES-licensed affiliate, SPREI, catering directly to CCs. Collectively, the SP Group has existing businesses with SM, Robinsons, and other high-demand conglomerates that are potential opportunities for contracting through the RES.

[12] https://www.doe.gov.ph/press-releases/doe-pemc-hold-consultations-re-market-manuals

Selling to the WESM

The WESM remains an attractive off-take option for SPNEC, because the energy produced by SPNEC, as variable renewable energy, shall always take precedence over generation from other sources. This ensures SPNEC's energy will always be sold through the WESM at the spot price.

Historical WESM prices, weighted against the solar generation profile, has been above ₱3.92/kWh from 2015 to 2020 and around ₱5.16/kWh in the first two quarters of 2021. This indicates a modest downside scenario and a high upside at which levels SPNEC can wholly or partially sell its energy.

Another opportunity with the WESM for an off-take is entering into financial hedge contracts or Contracts for Difference, allowing for a longer-term, predictable steady effective tariff.

Leverage on the SP Group's EPC and O&M Capabilities

SPNEC benefits from the efficient use of its capital for building the Project in terms of cost, quality, and time, which can be achieved through:

Direct Sourcing of Big-Ticket Equipment and Services for Lowest Cost

The Company plans to directly source major equipment such as solar modules, inverters, mounting structures, and cables from manufacturers, and to directly employ specialized subcontractors and labor to cut out potential margins a general EPC contractor would otherwise charge on SPNEC. This approach shall result in cost savings while maintaining design standards through utilizing the SP Group's engineering resources seconded to SPNEC.

Furthermore, as a registered RE Developer, SPNEC is entitled to tax and duty incentives best utilized by direct sourcing. SPNEC shall enjoy duty-free importation of equipment, which may comprise over 80% of EPC cost, and zero-rated VAT for local purchases.

Sourcing only from Leading Equipment Suppliers and Service Providers to Ensure High Quality

SPNEC shall source from market leaders for each major solar equipment and service. This shall ensure the reliability of the equipment and after-sales support during both the construction and operations of the Project.

Access to the SP Group's In-house EPC Team with Track Record of Commissioning Solar Plants

The SP Group has an in-house EPC team, which SPNEC plans to utilize through secondment of key personnel.

The SP Group has commissioned over two (2) utility-scale solar farms to date: Calatagan with 63 MWdc in 2016 and Tarlac with 100 MWdc as of 2020.

Given the limited number of large-scale solar farms commissioned in the Philippines as of 2020, SPNEC stands to benefit from the experience of one of the few groups that has managed to design and execute such projects, which takes into consideration challenges specific to the Philippine context.

Efficient Plant Operations and Maintenance

SPNEC benefits from lower plant operational expenses and optimal generation through:

Direct Hiring of O&M Employees and Specialist Services for Efficient Use of Operational Budget

The Company plans on directly hiring Plant Managers, O&M engineers, and O&M technicians, and directly sourcing specialized services to cut out the potential margins a general O&M contractor would otherwise charge SPNEC. This ensures that the in-house O&M team has aligned objectives with SPNEC, where cost and performance efficiencies can be fully realized by SPNEC.

Furthermore, directly sourcing of equipment spares, materials, and services have tax incentives from the Government as SPNEC is a registered RE company.

Leveraging from the SP Group's Plant Management Track Record for Plant Reliability

The SP Group has an in-house Plant Management and O&M team across its power generation entities, a number of key personnel of which can be utilized by SPNEC.

The SP Group operates several solar installations with directly hired O&M teams, including the Calatagan 63.3 MWdc, which has already been operating now for over five (5) years.

SPNEC's plant management team shall benefit from the shared experience among all of the SP Group's operations, including cost optimizations and yield improvements done in other sites.

Opportunity for Growth through a 275 MWdc Expansion

Since the land totaling 352.42 hectares has already been secured by SPNEC in the form of long-term leases that is covered by the SESC, SPNEC is positioned to proceed with Phase 2, envisioned to proceed after Phase 1 has been commissioned.

Suppliers/Contractors

As of the date of this Prospectus, the Company is preparing for the construction of Phase 1.

Customers

The Company, being a power generation company, is allowed to sell electricity to the DU or retail suppliers through either bilateral contracts or through the WESM.

The Company's plan at present is to pursue off take through agreements with Retail Electricity Suppliers, and/or participate in CSPs. Alternatively, without an off-take agreement, the Company shall still be able to supply power through the WESM.

Competition

SPNEC's competitors practically consist of other power generation companies that can offer energy to the Company's targeted customers.

Research and Development

The Company spent the following research and development expenses in the past three (3) years and for the six (6) -month periods ended June 30, 2021.

Table 15: SPNEC Research and Development Expenses: FY 2018-2020~~				
	FY 2018	**FY 2019**	**FY 2020**	**2Q 2021**
System Impact Study	-	₱2,391,471	-	-
Environmental Impact Assessment	-	-	₱888,889	-
Total	**-**	**₱2,391,471**	**₱888,889**	**-**

Transactions with and/or Dependence on Related Parties

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control, or the party is an associate or a joint venture.

Except as indicated otherwise, the outstanding accounts with related parties shall be settled in cash. The transactions are made in terms and prices agreed upon by the parties.

The following shows the due to related party accounts as of December 31, 2018 to 2020 and June 30, 2021.

Table 16: SPNEC Due to Related Parties (Cash Advances)				
	As of December 31			**As of June 30**
Amounts in ₱millions	**2018**	**2019**	**2020**	**2021**
Parent Company	₱44.03	₱10.67	₱17.39	₱22.79
Shareholder	-nil-	-nil-	-nil-	-nil-
Due to Related Parties	**₱44.03**	**₱10.67**	**₱17.39**	**₱22.79**

Differences in decimal numbers are due to rounding off.

In 2019, the Company rescinded, through various mutual rescission of the original Contract to Sell between the Company and landowners amounting to ₱34.9 million, since the management assessed that the said parcels of land are to be subsequently acquired by the Parent Company. These were subsequently re-executed with new contracts to sell between the Parent Company and the same landowners. The deposits paid to the landowners amounting to ₱34.9 million were offset against the due to Parent Company as reimbursements for the rescinded contracts.

On February 20, 2021, the Company entered into a Memorandum of Agreement ("MOA") with an affiliate, Provincia Investments Corporation, which MOA was later amended on March 03, 2021, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 68.621 hectares. Through the MOA, the Company was granted by PIC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g. deeds of absolute sale (DOAS), to transfer the parcels of land to the Company. Hence, at the Company's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in February and March 2021 totaling to ₱267.0 million, which represents the full payment.

On April 19, 2021, the Company entered into a MOA with an affiliate, Lupang Hinirang Holdings Corporation (LHHC), to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares. Through the MOA, the Company was granted by LHHC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g. DOAS to transfer the parcels of land to the Company. Hence, at the Company's discretion, LHHC undertakes to sell and transfer its

rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

These payments for a total consideration of ₱537.0 million are presented as "Deposits for land acquisition" in the June 30, 2021 financial statements.

Intellectual Property

The operations of the Company are not dependent on any copyright, trademark, patent, license, or franchise/royalty agreement.

Need for Government Approvals on Products and Services

The following lists the government approvals required for the Company's business.

Department of Energy

- Renewable Energy Service Contracts (RE Service Contracts) – a service agreement between the Government, through the DOE or the President, and the RE Developer for a specific period as determined by the DOE during which the RE Developer has the exclusive right to explore, develop or develop the RE resources within a particular area.

- Certificate of Registration – issued to an RE Developer upon the effectivity of the RE Contract and upon approval of additional investment, to serve as the basis for the RE Developer's entitlement to the incentives provided under the Renewable Energy Act of 2008.

- Certificate of Confirmation of Commerciality –this certificate converts the project from the Pre-Development Stage to the Development/Commercial Stage. It serves as a notice to proceed to the construction phase of the project. Considering that the Service Contracts clearly state that the Pre-Development Stage shall be for a non-extendible period of two (2) years from effective date, the Solar installations are required to have the COCOC within two (2) years from the grant of the service contract by the DOE.

  The COCOC refers to the certification issued by the DOE confirming the declaration made by the RE Developer that the project is commercially feasible. The Declaration of Commerciality, on the other hand, is the written declaration by the RE Developer, based on the feasibility studies it conducted, that the electricity to be generated from the hydropower resources is in commercial quantities. The issuance of the COCOC by the DOE is the reckoning point for the transition of the project from Pre-Development to Development Stage. The Development Stage refers to the development, production, and utilization of the RE resources, including the construction and installation of the relevant facilities up to the operation phase thereof. The COCOC is also the basis for Feed-in-Tariff eligibility. The submission of the COCOC is typically one of the requirements of banks for the grant of loans for project financing.

- Certificate of Compliance – refers to a license issued by the ERC in favor of a person or entity to operate a power plant or other facilities used in the generation of electricity. This certification is required before a power plant goes into commercial operation. The application must be filed not later than three (3) months before the targeted date of Test and Commissioning.

Non-compliance or violation of the established guidelines of the DOE relative to the Renewable Energy Act of 2008 shall result in imprisonment of one (1) year to five (5) years, or a fine ranging from One

Hundred Thousand Pesos (₱100,000.00) to One Hundred Million Pesos (₱100,000,000.00) or twice the amount of damages caused or costs avoided for the noncompliance, whichever is higher. Operating without a Certificate of Compliance issued by the ERC is punishable by fine and penalties as the ERC deems fit pursuant to Article III of the Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of RA No. 9136, as Amended.

Department of Environment and Natural Resources

All projects are generally required to secure environmental clearance, either in the form of an ECC or a Certificate of Non-Coverage ("CNC"). The requirements and processes will vary depending on whether the project contemplated is: (a) within or without the Philippine Environment Impact Statement (EIS) system; (b) considered an environmentally critical project; and (c) located in an environmentally critical area.

The ECC or the CNC from the DENR Regional Office is a document issued by the Environmental Management Bureau ("EMB") after a positive review of an application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact. An 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.

All ECC/CNC applications shall be accompanied by:

- Environmental Impact Assessment (EIA) Report in the form of an Environmental Impact Statement (EIS);
- An Initial Environmental Examination (IEE) Checklist Report;
- An Environmental Performance Report and Management Plan (EPRMP); and
- Programmatic EIS or Programmatic EPRMP.

For projects operating without an ECC: A fine of ₱50,000.00 is imposed and reduced at the discretion of the DENR Secretary or the EMB Director, considering the circumstances of each case, i.e. impact of the violation on the environment. In case of violation of ECC conditions, a fine of ₱50,000.00 is again set as the maximum amount of fine per violation. Violation of one condition in the ECC is an offense separate and distinct from the violation of another condition. Finally, misrepresentation in the Environmental Impact Assessment Reports or any other documents submitted by the Company is punishable by a fine of ₱50,000.00 for every proven misrepresentation.

Energy Regulatory Commission

For off-take agreements executed into with a regulated entity, i.e., Distribution Utility (DU) or Electric Cooperative (EC), the ERC needs to approve the terms of the contract before it can take effect. The ERC will determine a fair and reasonable generation cost that a DU or EC can pass on to its captive market and determine/approve a reasonable generation cost under the off-take agreement. Without the ERC approval, the off-take agreement is deemed not valid.

Wholesale Electricity Spot Market

The WESM is a market where trading of electricity in the Philippines is made. It establishes basic rules, requirements and procedures that govern the operation of the Philippines' electricity market. As a power generator, the Company must register as a participant in the WESM.

Permits and Licenses

For SPNEC to pursue its business, the Company secured the following permits and licenses from the Government:

Table 17: Licenses, Permits, & Certificates			
License / Permit / Certificate	**Date Awarded/Issued**	**Term/Expiry**	**Issuing Authority**
DOE Service Contract	August 22, 2017	No expiry	DOE
LGU Resolution of Support from the Sangguniang Barangay of Las Piñas	May 15, 2017	No expiry	LGU
LGU Resolution of Support from the Sangguniang Barangay of Sinasajan	May 16, 2017	No expiry	LGU
LGU Resolution of Support from the Municipality of Peñaranda, Nueva Ecija for 500 MWdc	February 08, 2021	No expiry	LGU
LGU Resolution of Support from the Sangguniang Panlalawigan of Nueva Ecija for 300 MWdc	May 15, 2018	No expiry	LGU
Bureau of Customs (BOC) Registration Certificate	For application		BOC
DOE Certificate of Registration	February 23, 2019	No expiry	DOE
ECC	May 29, 2020	No expiry	DENR
NGCP SIS	January 2020	No expiry	NGCP
National Commission on Indigenous People (NCIP) Certificate of Non-Overlap (CNO)	November 21, 2018	No expiry	NCIP
DENR Tree Cutting Permit	For application		DENR
Philippine Coconut Authority (PCA) Certificate of Verification/Inspection	March 22, 2018	No expiry	PCA
Sugar Regulatory Administration (SRA) Certificate of Verification/Inspection	April 30, 2018	No expiry	SRA
National Irrigation Administration (NIA) Certification Non-Irrigation	September 13, 2019	No expiry	NIA
DAR Conversion*	Ongoing application (169.86 hectares)		DAR
DOE Certificate of Commerciality	Ongoing application		DOE
ERC Certificate of Compliance	For Application		ERC
ERC Approval of Transmission Point-to-point	For Application		ERC
WESM Registration	For Application		Philippine Electricity Market Corporation
Business Permit	February 09, 2021	December 31, 2021	City of Makati – Business Permits Office
BIR Registration	April 06, 2017	No expiry	BIR

**The DAR has already issued the Conversion Order, pending the Certificate of Finality*

As of the date of this Prospectus, the Company is in the process of applying for some permits necessary to conduct its business and operations.

Environmental Laws

SPNEC must comply with the environmental law, rules, and regulations in establishing and operating its facilities. The Philippines adheres to the Environmental Impact Statement (EIS) System. This allows the

proponent company and the Government through the DENR to assess the direct and indirect impact of the project on the biophysical and human environment, and ensuring that these impacts are addressed by appropriate environmental protection and enhancement measures. Under this system, SPNEC is required to undergo an Environmental Impact Assessment before the commencement of each project. This involves predicting and evaluating the likely impacts of a project (including cumulative impacts) on the environment during construction, commissioning, operation, and abandonment. It also includes designing appropriate preventive, mitigating, and enhancement measures addressing these consequences to protect the environment and the community's welfare. A positive determination by the EMB results in the issuance of an ECC document, to be conformed to by the project proponent. The release of the ECC allows the project to proceed to the next stage of project planning, which is the acquisition of approvals from other government agencies and LGUs, after which the project can start implementation.

The average costs of the Company in acquiring and complying with environmental laws is approximately ₱200,000.00 per project, due to the DENR and the LGUs from the barangay level to the provincial level.

The average cost for water permits due to the NWRB is ₱300,000.00 per annum.

Employees

The Company did not employ any personnel as of December 31, 2017 to April 30, 2021. During this period, the operations, business development, administrative, and finance functions of the Company were handled by the Parent Company. On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 01, 2021 to April 30, 2024, in which the parties, upon mutual agreement, may renew or extend. Before the commissioning date, which is expected to be in the next 12 months, the Company will hire a total of 45 professionals and engineers for plant O&M.

Description of Properties

The Company's principal office address is 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City, Philippines 1229. The Company is, however, holding its business offices at the 20th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, Philippines 1226. While the Management is still deciding on the transfer to a more suitable office location, the Company was in the interim granted rights to use certain portions of the said office space conditioned on the entry by the Company into a sublease agreement with an affiliate. The affiliate currently occupies the said office space on a month-to-month basis arrangement.

SPNEC currently holds rights over a total of 118 parcels/352.42 hectares of land composed of secured leases in Las Piñas, Peñaranda, Nueva Ecija.

For the secured leases, the effective term is 25 years with the earliest lease commencement and expiry dates being January 01, 2020 and December 31, 2044, respectively. The said leases may be subject to renewal for another five (5) years or for a reasonable period upon mutual agreement by SPNEC and the landowner. In the case however of the lease agreement with Las Piñas Agro Industrial Corporation, the term shall be extended for another five (5) years after its expiry, and any extension beyond this first five (5) -year extension may be agreed at any point during the term by SPNEC and the landowner.

In the next 12 months, SPNEC is planning to complete RoW land acquisition via long-term leases. Said RoW is estimated to have a total distance of 10.0 kilometers from the Project site.

The Company shall commence construction of the Project in accordance with Table 8: Sources and Uses of Funds for the Construction and Development of Phase 1.

Legal Proceedings

As of date of this Prospectus, the Company is currently not involved in any material litigation, arbitration, or similar proceedings, and is not aware of any such proceedings pending or threatened against it or any its properties, which are or might be material.

As of the date of this Prospectus, the Company's affiliates are involved in legal actions arising in the ordinary course of business such as labor cases and applications before the Energy Regulatory Commission usually filed by a company engaged in renewable energy development, operations, and production. The Company does not consider any of these as material as these legal proceedings will not affect the daily operations of its business nor will it have any material effect on the present financial position of the Company.

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SUMMARY OF TECHNICAL STUDIES

Feasibility Study

When SPCRPI, an affiliate of the Company, applied for an SESC (SESC No. 2017-06-404 issued on August 22, 2017) that was later assigned to SPNEC, the Company conducted a feasibility study to support the application. Below are the salient findings of the feasibility study conducted in-house:

Table 18: Feasibility Study Salient Findings	
Project Capacity	450 MWdc in approximately 234 hectares
Climatic Conditions	Peñaranda, Nueva Ecija is classified by the Manila Observatory and DENR as an area with high risk of typhoons
Volcanic Activity	The nearest volcanic threat to the Project is the Mount Pinatubo, which is considered as one of the most active in the world. It is approximately 73 kilometers from the Project site
Landslide and Flooding Susceptibility	Site investigation and interviews confirm the low likelihood of flooding. The potential likelihood of occurrence of landslides are considered low, which may possibly occur during severe weather conditions and high-magnitude earthquakes, of which the affected areas are most likely to be limited along the channel banks
Soil Assessment	Soil series within the Project area is dominated by the Prensa Series, which are formed on weakly stratified unconsolidated concretionary fine clay materials

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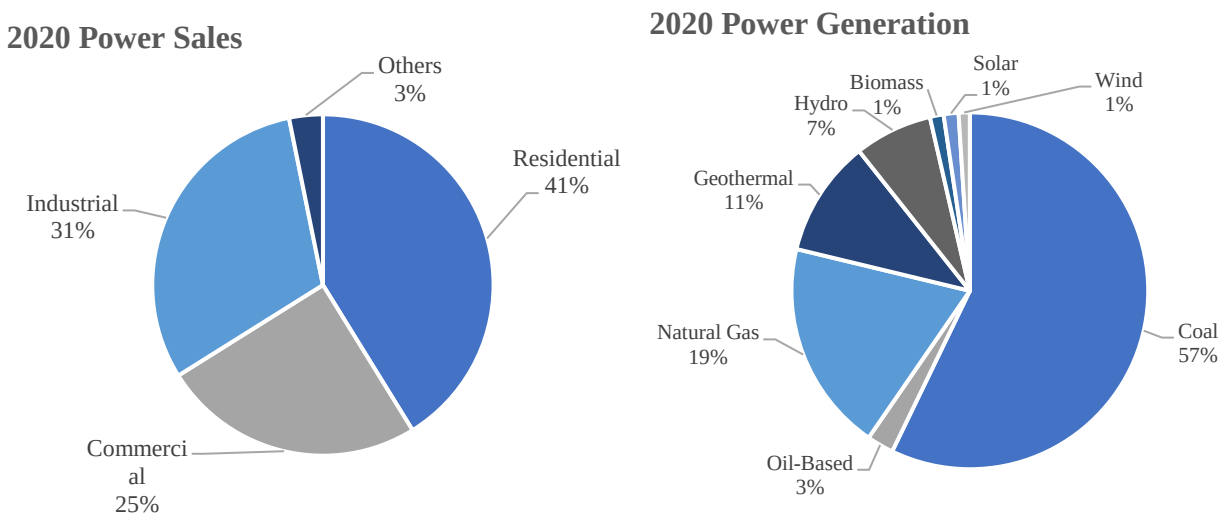
INDUSTRY OVERVIEW: PHILIPPINE POWER INDUSTRY

Power Supply and Demand Highlights[13][14]

Based on the Department of Energy's (DOE) annual statistics, the country's total electricity consumption and sales decreased from 106,041 GWh in 2019 to 101,756 GWh in 2020, which is mostly because of the coronavirus pandemic. Although given this, coal and natural gas remains the two biggest contributors of power supply last year contributing 58,176 GWh or 57% and 19,497 GWh or 19%, respectively.

Figure 4: 2020 Power Consumption and Power Generation



The country's power generation and sales both suffered the consequences of the pandemic, decreasing by 4.04% and 4.45%, respectively. This decline brings the CAGR of both power generation and sales to 4.6% from 2009-2020. In terms of power generation by region, both Luzon and Visayas contracted by 4.93% and 3.58%, respectively, while Mindanao slightly increased by 0.34% in 2020. Even though it suffered a decline last year, the Luzon grid remains the biggest contributor in power generation at 71%, followed by Visayas at 15%, and Mindanao at 14%. On the other hand, the country's installed capacity grew by 2.82% from 25,531 MW in 2019 to 26.250 MW in 2020 representing a CAGR of 4.8% from 2009-2020.

Figure 5: 2019-2021 Power Generation and Sales, GWh

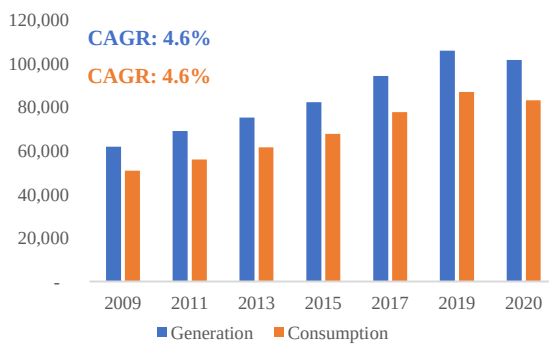
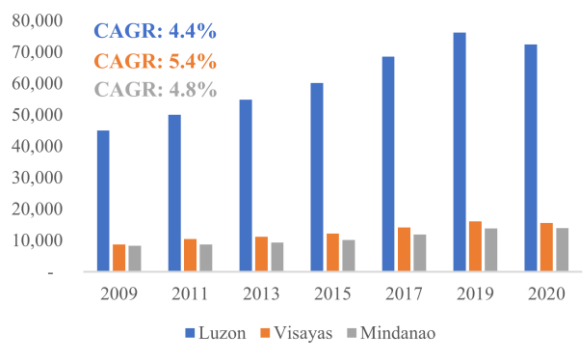


Figure 6: 2009 - 2021 Power Generation by Region, GWh



[13] https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/DOE%202020%20Power%20Statistics_as%20of%2028%20April%202021_f.%202003-2020%20ESales%20and%20Consumption%20per%20Grid%2C%20by%20Sector%20%28protected%29.xlsx

[14] https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/DOE%202020%20Power%20Statistics_as%20of%2028%20April%202021_c.%202003-2020%20Gross%20Generation%20per%20Grid%2C%20by%20Plant%20Type%20%28protected%29.xlsx

Figure 7: 2020 Generation, GWh

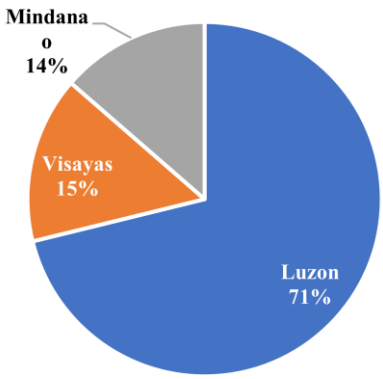
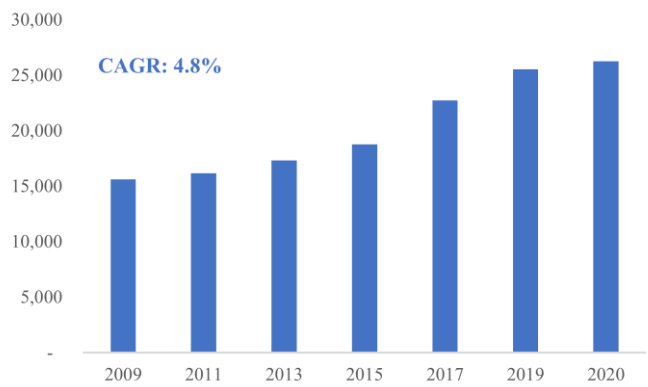


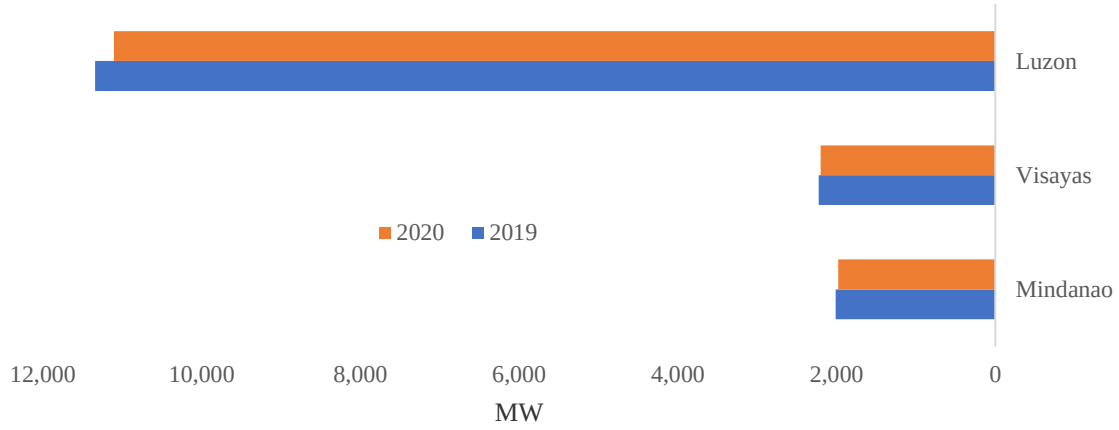
Figure 8: 2009 - 2021 Installed Capacity, MW



Power Demand

The country's total peak demand (non-coincidental peak demand) in 2020 was recorded at 15,282 MW, which is 1.9% lower than year 2019's 15,581 MW. Luzon contributed 11,103 MW or 72.65% of the total peak demand while Visayas and Mindanao recorded 2,201 MW (14.40%) and 1,978 MW (12.94%), respectively.[15] The pandemic greatly affected the country's total electricity sales and consumption resulting to a decrease by 4.04% reaching 101,756 GWh from 106,041 GWh in 2019. Among the notable sectors, 33.70% or 34,292 GWh was contributed by Residential, followed by the Industrial sector reaching 25,566 GWh or 25.13%, and lastly by Commercial having 20.37% share or 20,727 GWh.[16]

Figure 9: 2019 vs 2020 Peak Demand per Grid (in MW)



[15] https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/DOE%202020%20Power%20Statistics_as%20of%2028%20April%202021_g.%202001-2020%20Annual%20System%20Peak%20Demand%20%20%28protected%29.xlsx

[16] https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/DOE%202020%20Power%20Statistics_as%20of%2028%20April%202021_f.%202003-2020%20ESales%20and%20Consumption%20per%20Grid%2C%20by%20Sector%20%28protected%29.xlsx

Power Supply

Despite of the results of the pandemic, the Philippines' total installed capacity still increased by 2.82% from 25,531 MW in 2019 to 26,250 MW in 2020. A total of 719 MW was added from last year which include coal with additional 527 MW, solar with new 98 MW capacity, followed by biomass with 84 MW, hydro with 19 MW, and wind by 16 MW. In terms of share by grid, Luzon has commissioned additional 554 MW or 76.9% of the total additional installed capacity for 2020, while Visayas and Mindanao contributed additional 54 MW (7.5%) and 112 MW (15.6%), respectively.[17]

Table 19: Operational Power Plants per Fuel Type, Philippines (MW)

Fuel Type	Installed Capacity		Dependable Capacity	
	2019	2020	2019	2020
Coal	**10,417**	**10,944**	**9,743**	**10,245**
Oil-based	**4,262**	**4,237**	**3,015**	**3,054**
Natural Gas	**3,453**	**3,453**	**3,286**	**3,286**
Renewable Energy (RE)	**7,399**	**7,617**	**6,691**	**6,825**
Geothermal	*1,928*	*1,928*	*1,792*	*1,753*
Hydro	*3,760*	*3,779*	*3,508*	*3,527*
Biomass	*363*	*447*	*227*	*285*
Solar	*921*	*1,019*	*737*	*817*
Wind	*427*	*443*	*427*	*443*
Total	**25,531**	**26,250**	**22,736**	**23,410**
BESS	*11*	*11*	*11*	*11*

Differences in numbers are due to rounding off.

Similar with the previous years, coal still dominated the power mix in 2020 reaching 57.17% share, an increase from its 2019 share of 54.59%. Renewable energy's share also increased from 20.79% in 2019 to 21.24% in 2020 even though its generation decreased by 435 GWh from 2019. The increase in both coal and renewable energy's share was mainly due to the decrease of the generation from natural gas from 22,354 GWh in 2019 to 19,497 GWh in 2020 as well as from oil-based plants reaching 2.43% share last year compared to year 2019's 3.54%.[18]

Table 20: Gross Power Generation by Plant Type, Philippines (MWh)

Fuel Type	2019	2020	% Share - 2019	% Share – 2020
Coal	**57,890,429**	**58,176,002**	**54.59%**	**57.17%**
Oil-based	**3,752,302**	**2,473,888**	**3.54%**	**2.43%**
Combined Cycle	*728,239*	*494,880*	*0.69%*	*0.49%*
Diesel	*2,814,582*	*1,967,013*	*2.65%*	*1.93%*
Gas Turbine	*25,605*	*10,684*	*0.02%*	*0.01%*
Oil Thermal	*183,876*	*1,310*	*0.17%*	*0.00%*
Natural Gas	**22,354,378**	**19,496,927**	**21.08%**	**19.16%**
Renewable Energy (RE)	**22,044,380**	**21,608,904**	**20.79%**	**21.24%**
Geothermal	*10,690,804*	*10,756,815*	*10.08%*	*10.57%*
Hydro	*8,025,492*	*7,192,019*	*7.57%*	*7.07%*
Biomass	*1,040,343*	*1,261,016*	*0.98%*	*1.24%*
Solar	*1,246,082*	*1,372,604*	*1.18%*	*1.35%*
Wind	*1,041,660*	*1,026,450*	*0.98%*	*1.01%*
Total	**106,041,488**	**101,755,720**	**100.00%**	**100,00%**

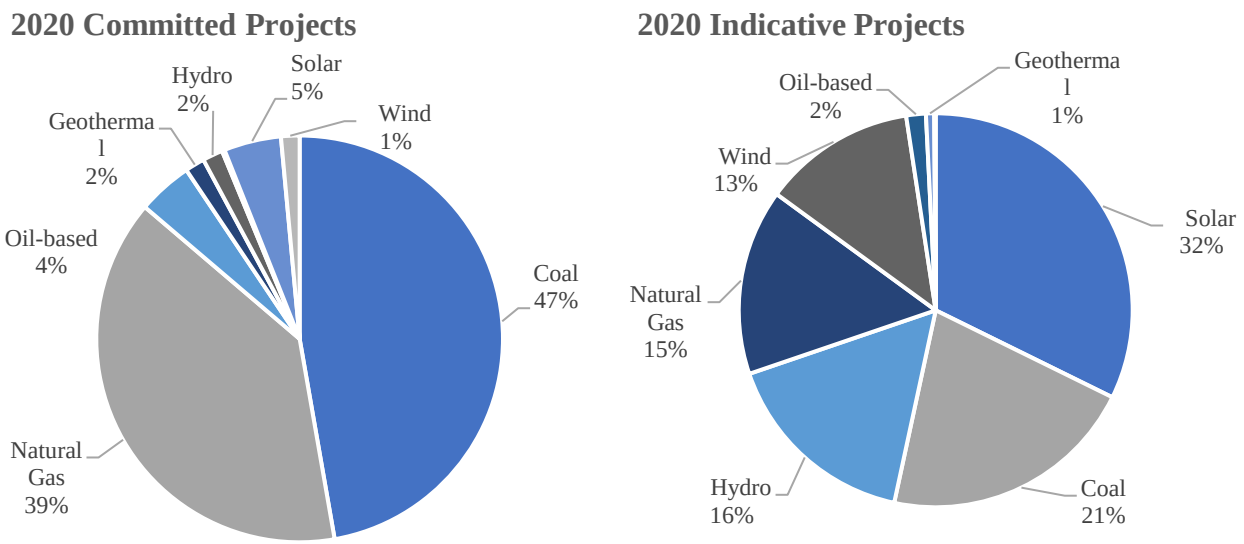
Differences in numbers are due to rounding off.

[17] https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/DOE%202020%20Power%20Statistics_as%20of%2028%20April%202021_b.%202003-2020%20Installed%20and%20Dependable%20Capacity%20per%20grid%2C%20by%20Plant%20Type%20%28protected%29.xlsx

[18] https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/DOE%202020%20Power%20Statistics_as%20of%2028%20April%202021_c.%202003-2020%20Gross%20Generation%20per%20Grid%2C%20by%20Plant%20Type%20%28protected%29.xlsx

As of December 31, 2020, the country's total committed power projects reached 8,977.1 MW, a notable increase from year 2019's 5,767 MW. Luzon is the biggest contributor of committed projects with 8,343.7 MW or 92.94%, while Visayas and Mindanao plans to contribute 281.1 MW (3.13%) and 352.3 MW (3.92%), respectively. Among the different fuel types, about 47.24% of the total committed capacity are from coal power plants, 38.99% from natural-gas plants, and 9.40% from renewable energy projects. On the other hand, the country's indicative power projects as of the end of 2020 reached 33,398.6 MW, with renewable energy dominating the mix with 62.02% share. About 32.28% or 10,781.2 MW of the total indicative projects are from solar energy projects, followed by coal with 7,048 MW (21.10%), and hydro with 5,473.8 MW (16.39%).[19]

Figure 10: 2020 Committed and Indicative Power Projects, Philippines



Electrical Sales and Consumption[20]

Luzon's electricity sales and consumption contracted by 5.38% from 77,687 GWh in 2019 to 73,504 GWh in 2020, opposite to year 2019's growth of 5.7%. Despite of the increase of electricity sales in the Residential sector by 12.54% due to mandatory lockdowns which started in March 2020, commercial and industrial sectors took a major hit experiencing 18.82% and 11.74% decrease, respectively. In spite of being the most affected by the impact of the pandemic, the Luzon grid remains the biggest contributor to the country's electrical sales and consumption at 72.24%

Similar with the Luzon grid, the Visayas grid also experienced a decrease in its electricity sales and consumption by 1.03% reaching 14,399 GWh in 2020 compared to 14,549 GWh of 2019. The Residential sector recorded 4,630 GWh of electricity sales boosting the 2020 growth to 10.29% from 8.66% in 2019. On the other hand, the Commercial sector contracted by 22.66% reaching a total of 1,459 GWh last year from 1,887 GWh in 2019. The Industrial sector is the least affected sector in the Visayas grid that was hit by the pandemic contracting by only 1.06%.

[19]https://www.doe.gov.ph/private-sector-initiated-power-projects?ckattempt=1

[20]https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/DOE%202020%20Power%20Statistics_as%20of%2028%20April%202021_f.%202003-2020%20ESales%20and%20Consumption%20per%20Grid%2C%20by%20Sector%20%28protected%29.xlsx

The Mindanao grid is the only grid that did not experience a decrease of its total electricity sales and consumption growing by 0.34% from 13,805 GWh in 2019 to 13,852 GWh in 2020. The Residential sector recorded 4,669 GWh in 2020 from 4,146 GWh in 2019 increasing by 12.61%, while its Commercial and Industrial sectors contracted by 11.76% and 6.85%, respectively. The rise of Mindanao grid's electricity consumption was also due to the increase of the utilities' own-use boosting by 21.07%.

Table 21: Electricity Sales and Consumption per Grid, by Sector (MWh)

Sector	Luzon	Luzon % share	Visayas	Visayas % share	Mindanao	Mindanao % share	Total	Total % share
Residential	*24,992,520*	*34.00%*	*4,629,883*	*32.15%*	*4,669,182*	*33.71%*	*34,291,585*	*33.70%*
Commercial	*17,787,676*	*24.20%*	*1,459,399*	*10.14%*	*1,480,028*	*10.68%*	*20,727,103*	*20.37%*
Industrial	*17,161,923*	*23.35%*	*4,335,541*	*30.11%*	*4,068,863*	*29.37%*	*25,566,327*	*25.13%*
Others	*1,170,022*	*1.59%*	*915,274*	*6.36%*	*572,471*	*4.13%*	*2,657,768*	*2.61%*
Electricity Sales	61,112,142	83.14%	11,340,097	78.76%	10,790,544	77.90%	83,242,783	81.81%
Own-Use	5,753,871	7.83%	1,703,096	11.83%	1,314,249	9.49%	8,771,216	8.62%
System Loss	6,638,437	9.03%	1,356,008	9.42%	1,747,276	12.61%	9,741,721	9.57%
Electricity Consumption	**73,504,340**	**100.00%**	**14,399,201**	**100.00%**	**13,852,069**	**100.00%**	**101,755,720**	**100.00%**

Outlook[21]

The Philippine Energy Plan (PEP) 2018-2040 is the DOE's blueprint to secure the country's energy future. By 2040, the PEP sectoral roadmaps intend to:

a. Increase the renewable energy's installed capacity to at least 20,000 MW;
b. Increase the production of clean and indigenous sources of energy to meet the growing economic development of the country;
c. Decrease the wasteful utilization of energy by using energy efficiency tools and strategies; and
d. Ensure the balance between the provision of reliable and reasonably priced energy services, support for economic growth, and protection of the environment.

DOE forecasted that renewable energy installed capacity will reach 25,266 MW by 2030, a significant increase from the 2020 actual values of 7,617 MW. Among all the renewable energy sources, solar energy is expected to achieve the biggest jump in installed capacity reaching 11,393 MW by 2030 and increasing up to 22,050 MW by 2040.

The following table shows the Installed Capacity Forecasts from 2019 to 2040.

Table 22: Installed Capacity Forecast: 2019-2040

Sector	Installed Capacity (MW)		
	As of 2020 (actual)	2030	2040
Geothermal	1,928	1,890	1,770
Hydro	3,779	9,247	9,629
Biomass	447	660	660
Wind	443	2,076	4,772
Solar	1,019	11,393	22,050
Total RE	**7,617**	**25,266**	**38,881**

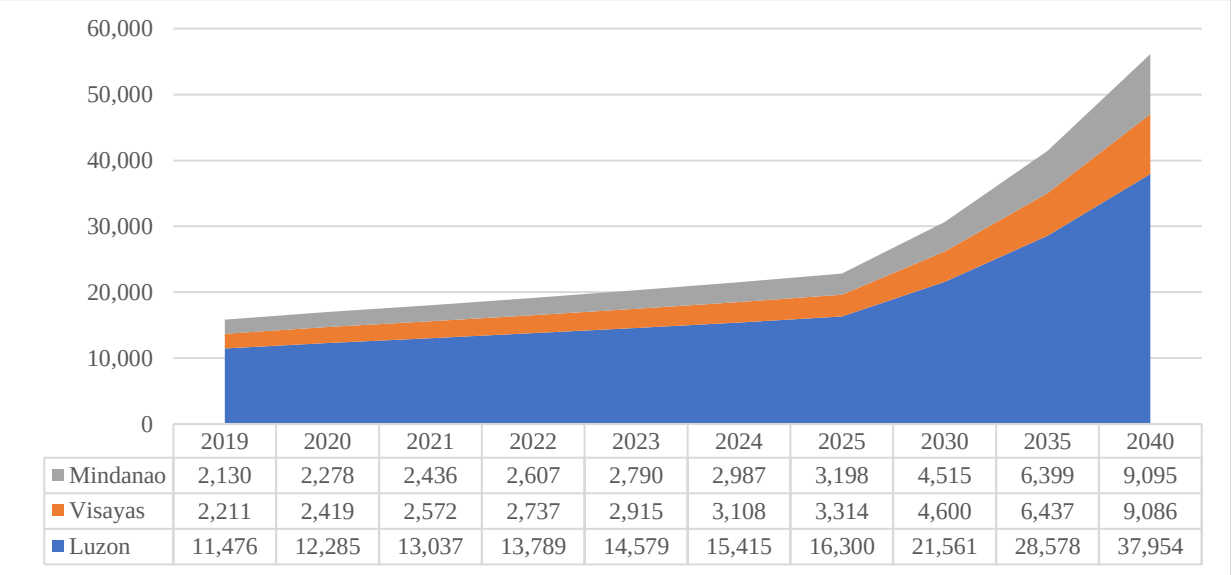
Based on the Renewable Energy Roadmap in the 2018-2040 PEP, the DOE plans to: (a) accelerate the RE positioning of the country; (b) create a conducive business environment; and (c) build reliable and efficient RE infrastructures. Moreover, the DOE and the National Renewable Energy Board ("NREB") proposes to increase the RE capacity target to more than 30,000 MW by 2040 (from the initial target of 15,304 MW of installed capacity by 2030).

[21]https://www.doe.gov.ph/sites/default/files/pdf/pep/pep-2018-2040_20210323.pdf

Projected Aggregate Demand per Grid

According to the 2020-2040 Transmission Development Plan (TDP) Consultation Draft Volume 1, the NGCP forecasts that the power demand of the country is expected to grow at an AACGR of 6.29% for the period 2020-2025, 6.10% for 2026-2030, and 6.20% for 2031-2040. It projects that Mindanao will have the highest average AACGR compared to the other grids. Mindanao is forecasted to reach an AACGR of 7.2% from 2020-2040, while Luzon and Visayas grids at 5.90% and 7.00%, respectively. Thus, the aggregate demands are expected to reach 37,954 MW, 9,086 MW, and 9,095 MW in Luzon, Visayas, and Mindanao, respectively, by 2040.

Figure 11: Projected Aggregate Demand per Grid 2019-2040 (MW)[22]



	2019	2020	2021	2022	2023	2024	2025	2030	2035	2040
Mindanao	2,130	2,278	2,436	2,607	2,790	2,987	3,198	4,515	6,399	9,095
Visayas	2,211	2,419	2,572	2,737	2,915	3,108	3,314	4,600	6,437	9,086
Luzon	11,476	12,285	13,037	13,789	14,579	15,415	16,300	21,561	28,578	37,954

Energy Related Laws, Rules and Regulations

Electric Power Industry Reform Act of 2001

The 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 the Power Sector Assets and Liabilities Management Corporation and the National Transmission Corporation ("TransCo").

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the 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 (a) restructuring of the entire power industry to introduce competition in the generation sector, (b) change from government to private ownership, and (c) introduction of a stable regulatory framework for the electricity sector.

[22]https://ngcp.ph/Attachment-Uploads/TDP%202020-2040%20Consultation%20Draft%20Volume%201%20Major%20Network%20Development_-2020-02-10-17-38-50.pdf

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 respective regulatory authorities involved in implementing the structural reforms in the industry, namely the DOE, NPC, National Electrification Administration, ERC and PSALM.

The Renewable Energy Act of 2008 and its Implementing Rules and Regulations

RA No. 9513, or the Renewable Energy Act of 2008, provides that it is the policy of the State to increase the development and utilization of RE resources such as, but not limited to, biomass, solar, wind, hydro, geothermal, and ocean energy sources, including hybrid systems, and to establish the necessary infrastructure and mechanism to carry this out. The DOE is the lead agency mandated to implement the Renewable Energy Act of 2008[23], in conjunction with the NREB.

A DOE Certificate of Registration is issued to RE Developers holding valid RE Service or Operating Contracts[24] upon application with the DOE. A DOE Certification shall be issued immediately upon the award of an RE Service/Operating Contract. Similarly, existing RE projects must be covered by a new RE Service/Operating Contract, pre-terminating and replacing any existing service contract with the DOE.[25]

The Renewable Energy Act of 2008 provides numerous incentives to RE developers, such as tax holidays, import duty exemptions, and special tax rates, among others. In order to qualify for these incentives, the RE developer must secure a Certificate of Endorsement from the Department of Energy–Renewable Energy Management Bureau ("REMB") for every applicable transaction.

Wholesale Electricity Spot Market Rules

The WESM Rules establishes the basic rules, requirements, and procedures that govern the operation of the Philippine electricity market. The WESM Rules identifies and recognizes and sets the responsibilities of the Market Operator, System Operator, WESM Participants, and the Philippine Electricity Market Corporation (PEM) Board. These groups shall comply with and are bound by all the provisions of the WESM Rules. The WESM Rules are intended to be complimentary with the Grid Code and Distribution Code, all of which are meant to ensure the development of an appropriate, equitable and transparent electricity market, along with a safe, reliable, and efficient operation of the power system.

Under the WESM, RE developers are classified as a must-dispatch generating unit[26], which grants them specific preferences as to the dispatch output and restrictions. These preferences are granted to intermittent RE-based generation plants such as wind, solar, run-of-river hydro or ocean energy owing to the fact that they are dependent on a base supply of electricity but on the availability of the energy source.

Competitive Selection Process

In 2015, the ERC issued Resolution No. 13, Series of 2015 ensuring transparency in the Distribution Utilities' power supply procurement and providing opportunities for DUs to get the best price offers and other contractual terms. The resolution states that a PSA shall only be awarded to the winning generation company following a successful transparent Competitive Selection Process. A CSP is successful if the DU

[23] Section 5, Chapter II, R. A. 9513.
[24] The service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE in which the RE Developer has the exclusive right to explore and develop a particular RE area. See discussion on Renewable Energy Service/Operating Contracts, p. 22.22.
[25] Section 18(A), Rule II, Part II, Rules and Regulations Implementing Republic Act No. 9513.
[26] Section 17 (F), Rules and Regulations Implementing Republic Act No. 9513.

receives at least two (2) qualified bids from entities with which the DU is not prohibited from entering into a contract for power supply, as provided under the EPIRA Implementing Rules and Regulations. After two failed CSPs, a direct negotiation with interested party may be made by the DU. A CSP is considered failed when during its conduct, any of the following circumstances exist: (1) no proposal was received by the DU; (2) only one supplier submitted an offer; and (3) competitive offers of prospective suppliers failed to meet the requirements prescribed under the Terms of Reference, as determined by the DU Bids and Awards Committee.

The following instances, when present, shall warrant a Certificate of Exemption from the Department of Energy on the conduct of CSP:

a. Any generation project owned by the DU funded by grants or donations. The DU may be allowed to infuse internally generated funds; provided, that the amount shared by the DU shall not exceed 30% of the total project cost; provided further, that taxes to be paid by the DU shall not be included in the total project cost.
b. Negotiated procurement of emergency power supply; provided, that the cooperation period of the corresponding power supply agreement shall not exceed one (1) year; provided further that the rate shall not be higher than the latest ERC approved generation tariff for same or similar technology in the area;
c. Provision of power supply by any mandated Government Owned and Controlled Corporation for off-grid areas prior to, and until the entry of New Power Providers (NPP) in an area; and
d. Provision of power supply by the PSALM through bilateral contracts for the power produced from the undisposed generating assets and Independent Power Producer (IPP) contracts duly sanctioned by the EPIRA as deemed by the DUs, subject to a periodic review by the DOE.[27]

Non-compliance with the prescribed rules on the conduct of CSP may result to administrative fines and penalties under the EPIRA and other relevant issuances.

Renewable Portfolio Standards

The DOE has published the Department Circular No. DC 2017-12-0015 on December 22, 2017, which pertains to "Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas" or the RPS. The Renewable Portfolio Standards (RPS) mandates industry participants (DUs, retail suppliers) to have a specified portion of their energy requirements sourced from renewables.[28]

- 2020 will be the first year of implementation where industry participants shall have at least 1% of their energy requirements sourced from renewables.
- Requirements to increase at an initial annual rate of at least 1%, which can be adjusted by the DOE if deemed necessary. As of February 2021, the National Renewable Energy Board has confirmed that it recommended an increase of the minimum annual rate from 1.0% to 2.5%.[29]
- Aspirational target of having 35% of power generation sourced from renewable energy by 2030.

Penalties for noncompliance include monetary fines and revocation of participants' license, franchise or authority to operate.

RPS has indirectly driven demand for renewable capacities by mandating that industry participants have a minimum portion of their energy requirements being sourced from renewables. Given that only power plants built (or capacities added) from 2008 are considered eligible renewable energy facilities under RES, there is additional demand for greenfield renewable capacities.

[27] Section 2.2, DOE Department Circular No. 2018-02-0003 "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market"
[28] https://www.doe.gov.ph/sites/default/files/pdf/issuances/dc2017-12-0015_1.pdf
[29] https://www.bworldonline.com/nreb-confirms-higher-quota-for-contracted-re-power/

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. The RE auction is expected to take place by late 2021, according to DOE's statement this year.[30]

Retail Competition Open Access

The establishment of RCOA is mandated by the EPIRA. RCOA provides power suppliers access to transact directly with any customer designated by the ERC as contestable. RCOA also gives contestable customers the flexibility to choose their electricity suppliers.

The ERC recently expands 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 (CREM) beginning February 26, 2021.[31]

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.[32] 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.[33] 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.

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

[30] https://mb.com.ph/2021/05/21/doe-to-issue-re-capacity-auction-rules-next-month/
[31] http://powerphilippines.com/erc-officially-expands-rcoa-implementation/
[32] Rule 3, Section 12 of the RESHERR provides that in every Workplace with less than one hundred (100) workers, the Manager of the workplace shall be chairman, while the Committee shall be composed of one (1) Foreman/Supervisor, three (3) workers, one (1) Nurse/First-aider, one (1) Environmental Officer, one (1) Contractor Safety Officer (if applicable). The Safety Officer of the workplace shall act as Secretary. In case there are more than one hundred (100) workers in a Workplace, the committee shall be composed similarly, but must have four (4) workers minimum instead of three.
[33] Rule 3, Section 13, RESHERR.

Process ("OCSP"), or (b) Direct Application. The OCSP shall be adopted for the selection and award of RE Service Contracts for Pre-Determined Areas[34] 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 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:

a. 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
b. Development/Commercial Stage which involves the development, construction, commercial operation of the RE Project, and production and utilization of RE Resources.

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.

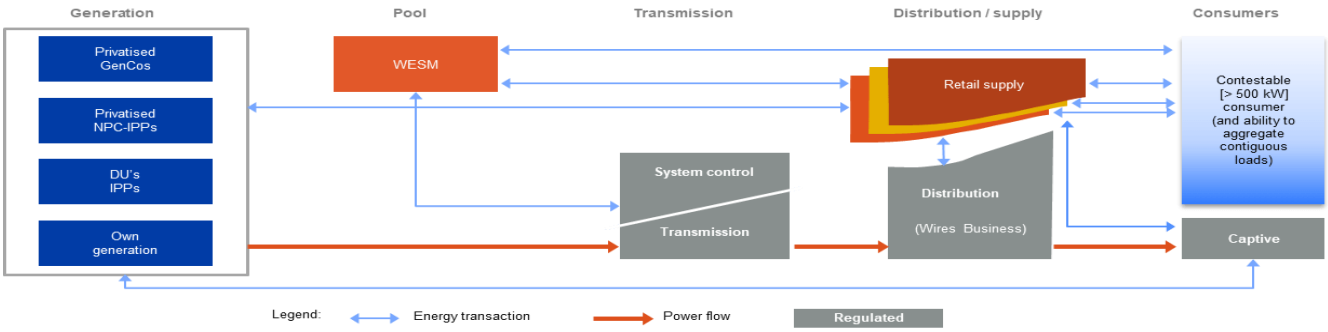
Holders of contracts/agreements prior to the effectivity of DC 2019-10-0013 may apply for conversion to the new RE Contract templates, provided that such holders are fully compliant with the terms of the approved Work Program/Work Plan and the material terms and conditions of the contract/agreement for the past six (6) months prior to the date of filing its application for conversion. For RE Developers with RE Contracts executed less than six (6) 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 (5) years, renewable for the same period until the end-of-project life is reached, in no case to exceed 25 years.

[34] 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.

Market Structure

Figure 12: Energy Market Structure



Below is an overview of the market participants in the Philippine power market:

- Generation companies own and operate power plants. Privately-owned generation companies coexist along with government-owned power plants and compete in supply of energy through bilateral contracts and/or WESM.
- RESs engage in the supply of electricity to end-users in the Contestable Market after securing a license from the ERC.
- DUs own and operate distribution networks as a regulated natural monopoly.
- All transmission assets in Philippines are owned by the Government through the TransCo as a regulated natural monopoly. The transmission systems are operated by the NGCP through a 25-year O&M concession agreement.
- The final customers consist of the following:
  - Directly Connected Customers (DCCs or Bulk customers connected to the transmission grid) and/or Contestable Customers are those who participate in the WESM and can voluntarily engage in bilateral contracting.
  - Captive customers are electricity end-users who do not have choice of a supplier of electricity (mostly households and small businesses connected to distribution networks).

The entities that govern the Philippine power market are the following:

- The DOE is the government agency in charge of planning and policy making for the electricity sector. In addition to its existing powers and functions, the EPIRA mandated the DOE to supervise the restructuring of the electricity industry. In particular, the DOE is mandated by the EPIRA to "organize and establish the appropriate market design and governance structure of the WESM".
- The ERC regulates natural monopolies (distribution and transmission wires business), issues generation and supply licenses, oversees competition in the power market (including penalization of market power abuse), and enforces the implementing rules and regulations of the EPIRA. Specific the ERC's tasks related to power markets include the following:
  - Approve the Price Determination Methodology for the WESM;
  - Promulgate and enforce the Grid Code & Distribution Code;
  - Promulgate and implement Rules for Setting Transmission Wheeling Rates and Distribution Wheeling Rates; and
  - Promulgate the following rules:
    - Open Access Transmission Service Rules;
    - Distribution Services and Open Access Rules;
    - Rules for the Issuance of Licenses to Retail Electricity Suppliers;
    - Code of Conduct for Competitive Retail Market Participants;

    - Rules for Contestability;
    - Rules for Customer Switching;
    - Rules for the Supplier of Last Resort (SOLR); and
    - Competition Rules and Complaint Procedures.
- The system operators (SO) under the NGCP; and
- The market operator (MO) under Independent Electricity Market Operator of the Philippines (IEMOP).[35]

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[35] https://documents1.worldbank.org/curated/en/428331548771494859/pdf/WPS8721.pdf

MARKET INFORMATION

Stock Information

As of the date of this Prospectus, the Company's ACS is ₱1,000,000,000.00, consisting of 10,000,000,000 Common Shares with a par value of ₱0.10 per share, of which [5,424,350,005] Common Shares are issued and outstanding. The Company is offering for subscription [2,700,000,000] Offer Shares to be issued out of the existing ACS. At the completion of the Offer, the Offer Shares will comprise up to [33.23%] of the Company's issued and outstanding shares.

Prior to the Offer, the Company's Shares are not registered and publicly traded. On [July •, 2021], the Company filed its application for the listing and trading of the Common Shares (including the Offer Shares) on the Main Board of the PSE. The board of directors of the PSE approved the listing of the Common Shares on [•]. The Common Shares are not subject to outstanding options or warrants to purchase, or securities convertible into Common Shares. The Offer Shares shall be listed and traded under the stock symbol "SPNEC" on the Main Board of the PSE.

No stockholder shall have a right to purchase or subscribe to any additional share of the capital stock of the Company, whether such shares of capital stock are now or hereafter authorized, whether or not such stock is convertible into or exchangeable for any stock of the Company or of any other class, and whether out of the number of shares authorized by the Articles of Incorporation of the Company as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Company acquired by it after the issue thereof; nor shall any holder of any such stock of any class, as such holder, have any right to purchase or subscribe for any obligation which the Company may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Company or to which shall be attached or appertain any warrant or warrants or any instrument or instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Company, any shares of its capital stock of any class.

The Board of Directors may, from time to time, grant stock options, issue warrants or enter into stock purchase reciprocal investments, private placements, joint ventures, or similar agreements for purposes necessary or desirable for the Company and allocate, issue, sell or otherwise transfer, convey or dispose of shares of stock of the Company of a class or classes and to such persons or entities to be determined by the Board, including, but not limited, to employees, officers, and directors of the Company.

Further, 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 the restrictions on foreign ownership.

Shareholders

As of the date of this Prospectus, the Company has eight (8) shareholders owning common shares of the Company. The Company's shareholders, their respective number of shares held, and the corresponding percentage of these shares out of the total Common Shares outstanding, are as follows:

Table 23: Pre and Post IPO Ownership Structure			
Name of Shareholder	**Number of Subscribed Common Shares**	**Percentage Total of Shareholding before the Offer**	**Percentage Total of Shareholding after the Offer**
Solar Philippines Power Project Holdings, Inc.	5,424,349,998	100.00%	66.77%
Leandro Antonio L. Leviste	1	-nil-	-nil-
Hazel Iris P. Lafuente	1	-nil-	-nil-
Aresty M. Lapitan	1	-nil-	-nil-
Gino Antonio C. Cruz	1	-nil-	-nil-
Carlos Jose P. Gatmaitan	1	-nil-	-nil-
Benjamin I. Espiritu	1	-nil-	-nil-
J. Carlitos G. Cruz	1	-nil-	-nil-
Investing Public	2,700,000,000	0.00%	33.23%
Total	**8,124,350,005**	**100.00%**	**100.00%**

Please refer to section "Security Ownership of Certain Record and Beneficial Shareholders" on page [109] of this Prospectus for a detailed discussion on the beneficial ownership of the Company's common shares.

Recent Sales of Exempt Securities and Unregistered Securities

On February 24, 2021 and March 01, 2021, the Company received Two Hundred Forty-Nine Million Seven Hundred Fifty Thousand Pesos (₱249,750,000.00) from SPPPHI as deposit for future subscription in Two Billion Four Hundred Ninety-Seven Million Five Hundred Thousand (2,497,500,000) common shares of the Company. These shares were issued on May 25, 2021, the date of the approval of the SEC of the Company's application for the increase of its authorized capital stock.

Also on May 25, 2021, the Company issued a total of Two Billion Nine Hundred Sixteen Million Eight Hundred Fifty Thousand (2,916,850,000) common shares to the Parent Company.

The Company paid the taxes involved in the issuance of the shares listed above.

Dividends

The Company is authorized to distribute dividends out of its surplus profit, in cash, properties of the Company, shares of stock, and/or securities of other companies belonging to the Company. Dividends paid in the form of cash or property is subject to approval of the Board of Directors. Dividends paid in the form of additional shares are subject to the approval of the Board of Directors and stockholders that own at least two-thirds ($^2/_3$) of the outstanding capital stock of the Company. Holders of outstanding Common Shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares.

On July 02, 2021, the Board of Directors approved its dividend policy that gives the Board of Directors the discretion to declare dividends as they see fit after considering the funding requirements for future projects.

The Company has not declared any kind of dividend to its shareholders since its incorporation.

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INVESTOR RELATIONS OFFICE

The Company's Investor Relations Program aims to ensure accurate and timely communication of disclosable information, financial and operational performance, and strategic direction related to the Company to the investing public, analysts, fund managers, partners, media, and financial institutions.

The Company aims to build long-standing and trusted relationships with its stakeholders, as it executes its growth strategy to create lasting value for its stakeholders. The Company is committed to transparent communications to provide investors and other stakeholders with the relevant information they need to make their investment decisions and track the Company's operational and financial performance.

Part of the Investor Relations Program is to institutionalize platforms and activities that will allow current and future investors to gain access to the Investor Relations Office of the Company, keeping them abreast with the Company's latest updates.

The Company aims to communicate effectively with its shareholders and stakeholders through the following:

• Corporate Disclosures;
• Press Releases;
• Annual Stockholders Meeting;
• Quarterly Results Briefings;
• Conference and Non-deal Roadshows; and
• Corporate Website.

Through the Company's website, retail and institutional investors may find relevant disclosed information and materials that the Investor Relations Office will regularly review and maintain. Once listed, the Company will comply with the reportorial requirements of the SEC and the PSE, which will also be posted on the Company's official website.

The Investor Relations Office will be headed by an Investor Relations Officer (IRO). The IRO shall be responsible for ensuring that SPNEC's shareholders have timely and uniform access to official announcements, disclosures, and market-sensitive information relating to the Company. As the officially designated spokesperson, the IRO will be responsible for receiving and responding to investor and shareholder queries. In addition, it will oversee most aspects of the Company's shareholder meetings, press conferences, investor briefings, non-deal roadshows, one-on-one or group meetings, conference calls, management of the investor relations portion of the Company's website, and the preparation of its annual reports. The IRO will also be responsible for conveying information such as the Company's policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of the Company's operations and performance.

SPNEC's Investor Relations Office is located at the 20th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, Philippines 1226. The Company's Investor Relations Officer is Gino Antonio C. Cruz. He may be contacted at investorrelations@solarnuevaecija.ph or (+63) 917 802 6230.

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MANAGEMENT

Board of Directors

The Board of Directors is responsible for the overall management and direction of the Company. The Board meets to review and monitor the Company's future plans. Each Board member serves for a term of one (1) year, subject to re-election. A director who was elected to fill any vacancy holds office only for the unexpired term of his/her predecessor.

The Board were elected on July 02, 2021 during the Company's annual shareholders' meeting. As of the date of this Prospectus, the composition of the Board is as follows:

Table 24: Board of Directors

Name	Age	Citizenship	Present Position	Period of Service
Leandro Antonio L. Leviste	28	Filipino	Chairman	Three (3) years
J. Carlitos G. Cruz[36]	60	Filipino	Vice Chairman and Lead Independent Director	Less than one (1) year
Hazel Iris P. Lafuente	33	Filipino	Director	Three (3) years
Aresty M. Lapitan	35	Filipino	Director	Less than one (1) year
Gino Antonio C. Cruz	34	Filipino	Director	Less than one (1) year
Carlos Jose P. Gatmaitan	54	Filipino	Independent Director	Less than one (1) year
Benjamin I. Espiritu	67	Filipino	Independent Director	Less than one (1) year

To describe the business experience of the Company's directors [for the past five (5) years]. The Company has outlined hereunder their professional and business affiliations, as follows:

Leandro Antonio L. Leviste, 28, Filipino, Chairman, President, and CEO

Mr. Leviste founded the Solar Philippines Group in 2013. He has received numerous awards, including being ranked at the top of Forbes Magazine's inaugural "30 Under 30" List for Asia in 2016. His first mall rooftop solar project was awarded the "2016 Sustainable Energy Finance Award" by The International Finance Corporation of the World Bank. His pioneering innovations won for the company the Asian Power Awards for Independent Power Producer of the Year, Dual Fuel Power Plant of the Year, and Solar Power Project of the Year. He is the youngest ever member of two of the nation's associations of business leaders: Management Association of the Philippines and Makati Business Club.

J. Carlitos G. Cruz, 60, Filipino, Vice Chairman and Lead Independent Director[37]

Mr. Cruz is the former Chairman and Managing Partner at SGV & Co. In his former capacity, he oversaw the Firm, ascertaining that its objectives, purpose and policies are met and are in line with SGV's growth strategy. Prior to this role, he was the Vice Chairman and Deputy Managing Partner, and Head of Assurance. He joined SGV & Co. in 1981 and was admitted to the partnership in 1995. He led the audit of multinational and Philippine companies across various industries including power generation, energy, and manufacturing. Mr. Cruz completed the Advanced Management Program of Harvard Business School in 2007 and the Advanced International Program in Oil and Gas Management at the University of Texas in 1994. He graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree major in Accounting in 1981 and passed the licensure examination for Certified Public Accountants in 1982. Mr. Cruz is currently serving as Independent Director, and Chairman of the Risk Oversight Committee and a Member of the Audit and Corporate Governance Committees of SM Prime Holdings,

[36] The effectivity of Mr. Cruz's term as an independent director is subject to the SEC approving his qualifications to sit as an independent director pursuant to an exemptive relief filed by the Company.
[37] Please see Note 36.

Inc., Independent Director and Chairman of the Audit Committee of Federal Land, Inc., Independent Director and Co-Chairman of Risk and Compliance Committee of Transnational Diversified Group, Inc., Independent Director and Chairman of Audit and Risk Management Committee of MarCoPay Inc., Independent Director, Chairman of Risk Management committee, and a Member, Audit Committee and Corporate Governance Committee of Vivant Corporation and a Member of the Audit and Risk Management Committee and Independent Director of Solar Philippines Project Holdings, Inc. He is currently a member of the Board of Trustees of the Makati Business Club. He is also a member of the Management Association of the Philippines and Philippine Institute of Certified Public Accountants.

Hazel Iris P. Lafuente, 33, Filipino, Director

Apart from being SPNEC's Chief Information Officer, concurrently serves as Director, Corporate Secretary and Treasurer of the company's affiliates. She also heads the Land Acquisition and Permitting Business Units of Solar Philippines and its affiliates and the General Manager for Community Development of Countryside Investments Holdings Corporation. With a solid background in both private and public sectors, Ms. Lafuente brings to the team over 14 years of experience in project management, raw land acquisition, community and stakeholder management, regulatory compliance and permitting. Prior to joining Solar Philippines, she worked at the Philippine Senate as a Legislative Staff. Ms. Lafuente graduated from the University of the Philippines with a degree in Social Sciences (Area Studies) cum laude and had taken units in Master of Public Management from the same university. She is also a certified Project Manager and a lifetime member of the Pi Gamma Mu International Honor Society in Social Sciences.

Aresty M. Lapitan, 35, Filipino, Director

Mr. Lapitan is a highly accomplished executive in accounting, financial management, and operations management. He is a Certified Public Accountant with a proven track record of streamlining business operations for growth and profitability in the Philippines and China. He took on leading roles in finance and accounting at subsidiaries of New York-based Fownes Brothers Group of Companies. He holds a Bachelor's Degree in Accountancy and graduated cum laude from Polytechnic University of the Philippines and a Master of Business Administration from the Ateneo Graduate School of Business. He is a member of the Philippine Institute of Certified Public Accountants.

Gino Antonio C. Cruz, 34, Filipino, Director

Mr. Cruz is a highly experienced finance professional with a decade of experience in investments, mergers and acquisitions (M&As), valuation, and capital raising. He is currently the Senior Manager for Corporate Finance for Solar Philippines. He was formerly a Private Equity Analyst with KGL Investment Company Asia where he worked closely with senior executives in the evaluation and execution of big-ticket transactions. Prior to this, he was a Senior Associate at Sycip, Gorres, Velayo & Co. (a member practice of Ernst & Young) in Transactions Advisory and M&A consulting. He is a Certified Public Accountant and has passed the Level 1 Chartered Financial Analyst Exam. He holds a bachelor's degree in Accountancy from the De La Salle University.

Carlos Jose P. Gatmaitan, 54, Filipino, Independent Director

Mr. Gatmaitan is a fellow of the Institute of Corporate Directors. He was President and CEO of PNOC Renewables Corporation, a government-owned and controlled corporation, during the administration of President Benigno Aquino, Jr. Mr. Gatmaitan was also Director for the National Renewable Energy Board. He previously served as Director for Colorplus Production Group, Inc., Printing Industries Association of the Philippines, Dasmariñas Village Association, Inc., and Pacific Plaza Corporation, Inc. An alumnus of the Ateneo de Manila (Bachelor of Science in Business Administration) and Pepperdine University in California, USA (MBA), Mr. Gatmaitan teaches Strategy Management at the Ateneo Graduate School of Business.

Benjamin I. Espiritu, 67, Filipino, Independent Director

Dr. Espiritu has been heading seven (7) different companies and presently occupies the position of Chairman & President for Konstruktura Development Resources Corp., Chairman & Chief Executive Officer for Ormin Realty Corp., Chairman of Banco de Mindoro, Inc., President & Chief Executive Officer for Change Management International, Inc. and President & Chief Executive Officer at Roam, Inc. Dr. Espiritu is also on the board of Dizon Copper-Silver Mines, Inc., Central Azucarera de Tarlac, Inc., *Ospital ng Maynila* (former Chairman), and Intra Strata Assurance Corp., and Chairman of *Pamantasan ng Lungsod ng Maynila* and Commissioner for Philippine Sports Commission. He is also a corporate governance practitioner who has trained roughly over 5,000 directors of banks, publicly listed companies, insurance-provider organizations, and distribution utilities since 2002. He received his doctorate degree from the University of Santo Tomas, a graduate degree from National Defense College of the Philippines, and an undergraduate degree and an MBA from De La Salle University.

Below is a summary of the directors holding interlocking directorships in other listed and reporting companies as of the date of this Prospectus:

Table 25: Interlocking Directorships in Other Listed and Reporting Companies

Director	Listed//Reporting Companies
Benjamin I. Espiritu	Dizon Copper-Silver Mines, Inc.; Central Azucarera de Tarlac, Inc.
J. Carlitos G. Cruz	SM Prime Holdings, Inc.; Vivant Corporation

Principal Officers

As of the date of this Prospectus, the following are the principal officers of the Company:

Table 26: Principal Officers

Name	Age	Nationality	Present Position	Year Position was Assumed
Leandro Antonio L. Leviste	28	Filipino	Chairman, President, and CEO	2017
Hazel Iris P. Lafuente	33	Filipino	Head, Community Development, Chief Information Officer, Corporate Secretary, Treasurer	2017
Aresty M. Lapitan	35	Filipino	Head, Controllership	2019
Gino Antonio C. Cruz	34	Filipino	Head, Investor Relations	2021

The business experience discussion for Messrs. Leandro Antonio L. Leviste, Aresty M. Lapitan, and Gino Antonio C. Cruz, and Ms. Hazel Iris P. Lafuente are discussed above.

Significant Employees

The Company believes that the success of its operations is a result of collective efforts of its personnel. Only when there is a mass separation that the Company's operations will create negative impact on the immediate term.

Family Relationships

There are no known family relationships up to the fourth civil degree either by consanguinity or affinity among the current members of the Board of Directors and key officers of the Company.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence during the past five (5) years up to the date of this Prospectus of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or controlling person of the Company:

- 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 (2) years prior to that time;
- 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;
- 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
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the sec or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Executive Compensation

The Company did not employ any personnel as of December 31, 2017 to April 30, 2021. During this period, the operations, business development, administrative, and finance functions of the Company were handled by the Parent Company. On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 01, 2021 to April 30, 2024, in which the parties upon mutual agreement, may renew or extend.

The Management Service Agreement covers all necessary administrative and advisory services on management, investment, and technical matters involving the Company's operations, including but not limited to human resources, legal, finance, and information technology.

The total annual executive compensation of the Company officers is ₱24,000,000.00, exclusive of value added tax to be charged by SPPPHI as service fee for its executive and leadership support.

Standard Arrangements and Other Arrangements

As of the date of this Prospectus, the Company has no existing arrangements with members of the Board of Directors, executive officers, and employees.

Employment Contracts, Termination of Employment, and Change in Control of Arrangements

There are no special employment contracts between the Company and its executive officers. Furthermore, there are no special retirement plans for executives.

There is also no arrangement for special compensation to be received from the Company.

Warrants and Options

As of the date of this prospectus, there are no outstanding warrants or options held by directors and officers nor are there any adjustments in the exercise price of said warrants or options.

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SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL SHAREHOLDERS

Security Ownership of Certain Record and Beneficial Owners

As of the date of this Prospectus, the following are the owners of record, directly or indirectly, of more than 5% of the Company's outstanding capital stock, the number of shares and percentage of shareholdings of each of them:

Table 27:Security Ownership of 5% or More

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	**Solar Philippines Power Project Holdings, Inc.** LPL Towers, 112 Legaspi St., Legaspi Village, Makati City, Philippines 1229 *Shareholder*	Mr. Leandro Antonio L. Leviste (Owner of 99% of SPPPHI)	Filipino	5,424,349,998	100.00%
Total				**5,424,349,998**	**100.00%**

Security Ownership of Directors and Management

The following are the number of shares owned of record by the directors and executive officers of the Company and the percentage of shareholdings of each of them as of the date of this Prospectus:

Table 28: Direct Ownership by Board of Directors and Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	**Leandro Antonio L. Leviste** Chairman and CEO	1 - Direct 5,424,349,998 – Indirect	Filipino	-nil- 100.00%
Common	**Hazel Iris P. Lafuente** Director and Head of Land and Community Development	1 – Direct	Filipino	-nil-
Common	**Aresty M. Lapitan** Director and Head, Controllership	1 – Direct	Filipino	-nil-
Common	**Gino Antonio C. Cruz** Director and Head, Investor Relations	1 – Direct	Filipino	-nil-
Common	**Carlos Jose P. Gatmaitan** Independent Director	1 – Direct	Filipino	-nil-
Common	**J. Carlitos G. Cruz** Independent Director	1 – Direct	Filipino	-nil-
Common	**Benjamin I. Espiritu** Independent Director	1 – Direct	Filipino	-nil-
Total		**7 – Direct 5,424,349,998 – Indirect**		**-nil- - Direct 100.00% - Indirect**

As of the date of this Prospectus, the aggregate direct and indirect ownership of all directors and officers of the Company as a group is nil and 100% of the total issued and outstanding shares of the Company, respectively.

Selling Security Holders

None of the Offer Shares is to be offered for the account of security holders.

Voting Trust

The Company knows of no person holding more than 5% of shares under a voting trust or similar agreement.

Changes in Control

Article Ninth of the Corporation's amended Articles of Incorporation state that the Corporation shall strictly comply with the lock-up requirements of the PSE. Except for the aforementioned provision, there are no existing provisions in the amended Articles of Incorporation and amended By-Laws of the Company, which may cause delay, deferment, or in any manner prevent a change in control of the Company.

On June 25, 2021, the Parent Company executed a pledge over all SPNEC shares (Pledged Shares) it owns as security for a loan agreement entered by its affiliate, Provincia Investments Corporation, with AC Energy Corporation. Pursuant to this pledge, upon the occurrence of an event of default by the Parent Company as borrower, and its subsequent failure to pay the outstanding principal amount of the loan and all interests accrued and unpaid, if any, AC Energy, as the lender, may sell the Pledged Shares, thereby effecting a change of control of the Company.

However, the sale of SPNEC pursuant to the aforementioned pledge may not be implemented during the lock-up period described in pages [73] to [74]. The lender has agreed to provisionally return the stock certificates representing the pledged shares and to have the same placed under escrow for the exclusive purpose of enabling the IPO.

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PLAN OF OPERATION AND MANAGEMENT'S DISCUSSION

Plan of Operation

As of the date of this Prospectus, the Company is at the pre-operating stage.

The Company plans to undertake its solar power projects using a mix of debt and equity. For the purposes of this Offer, the Company is allocating [₱1,000.00] million to fully fund the construction and development of Phase 1A with a size of [50 MWdc] and the construction of the transmission line for the Project amounting to approximately [₱200.00 million] The remaining [₱3,646.00 million] programmed to complete the funding requirements of the construction and development of Phase 1 (practically Phase 1B) shall be funded by debt financing. In the event that the actual net proceeds to the Company from the Offer may be lower than the expected net proceeds set forth above, the Company shall negotiate with its EPC contractor, a related party by virtue of common shareholders, to defer payment until cash flows of the Company improve. The Company may also opt to fulfil any funding shortage from debt sources. The objective is to commence operations of Phase 1A sooner so that cash flows from this business activity can start coming in to additionally fund the construction and development of Phase 1B as well as Phase 2.

The following shows the sources and uses of funds for the construction and development of Phase 1 based on Offer Price Range of [₱0.50 to ₱1.00] per Offer Share.

Table 29: Sources and Uses of Funds for the Construction and Development of Phase 1

Description	Amounts (in ₱millions)
Uses of Funds	
Transmission line construction	[₱200.00]
Phase 1A	
Construction	[₱1,000.00]
Lease during construction	[11.50]
Phase 1B	
Construction	[₱3,485.00]
Lease during construction	[11.50]
Financing costs	[161.00]
Total Uses of Funds	**[₱4,869.00]**
Sources of Funds	
Proceeds from debt financings(1)	[₱3,646.00]
Net proceeds from the Offer Allocated for Phase 1(2)	[1,223.00]
Total Sources of Funds	**[₱4,869.00]**

Notes:

(1) Debt assumes expected loan proceeds needed to complete the construction and development of Phase 1 until the commencement of operations.

(2) Based on the Company's estimated maximum net proceeds to be raised from the Offer after deduction of estimated Offer expenses and general corporate expenses.

In the next 12 months, the Company's working capital expenses in the next 12 months expected to be around [₱40.00 million], which shall include corporate office overhead, administrative expenses, and other costs shouldered by Company in the course of normal business activities, shall be funded by proceeds from the IPO.

Furthermore, the Company is looking at using any excess in the net proceeds from the Offer allocated to Phase 1 of [₱1,263.00 million] towards future land acquisition.

The Company foresees that it will engage an additional 45 employees in the next 12 months from the date of this Prospectus.

Management's Discussion

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 six (6) -month periods ended June 30, 2020 and 2021, and its financial position as of December 31, 2018, 2019, and 2020 and June 30, 2021.

On March 29, 2021, the Board of Directors (BODs) approved the Company's change in fiscal year which will start from July 01 and end in June 30 each year. On April 06, 2021, the Company filed with the SEC and was approved by the SEC the change in fiscal year on April 14, 2021. Accordingly, as the fiscal year ended June 30, 2021 is a transitional period, the "fiscal year ended June 30, 2021" for the Company comprised the six (6) months from January 01, 2021 to June 30, 2021 coming from a fiscal year/calendar year ending on December 31, 2020. In this Prospectus, such "fiscal year ended June 30, 2021" of the Company is referred to as the "six (6) months ended June 30, 2021". As the reporting of accounts for the six (6) months ended June 30, 2021 is irregular, the Company's results of operations, financial condition, and cash flows as of and for the six (6) months ended June 30, 2021 are not comparable to the Company's results of operations, financial condition, and cash flows as of and for the calendar year (12 months) ended December 31, 2020.

The summary is based on the audited financial statements of the Company, which were prepared in accordance with the PFRS and should be read in conjunction with the auditor's reports and the financial statements and notes contained in this Prospectus.

The Company adopted PFRS 16, *Leases*, using modified retrospective approach with initial date of application on January 01, 2019. Amounts presented in the statements of financial position and statements of comprehensive income as of and for the year ended December 31, 2018 are based on PAS 17, *Lease*s, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. Please refer to Note 2 of the Company's financial statements, which are included elsewhere in the Prospectus, for the effect of the adoption of PFRS 16.

The information below is not necessarily indicative of the results of future operations or financial condition of the Company.

Table 30: SPNEC Summary of Comprehensive Income

Amounts in ₱0.00	**Calendar Year Ended December 31**			**For the Six-Month Periods ended June 30**	
	2018	**2019**	**2020**	**2020**	**2021**
Interest Income	389	895	286	209	6,013
Expenses	693,849	10,403,960	8,888,513	3,229,226	17,015,706
Loss Before Income Tax	**(693,460)**	**(10,403,065)**	**(8,888,227)**	**(3,229,017)**	**(17,009,693)**
Provision for Income Tax – Deferred	-	-	-	-	904,291
Net Loss	**(693,460)**	**(10,403,065)**	**(8,888,227)**	**(3,229,017)**	**(17,913,984)**
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Loss	**(693,460)**	**(10,403,065)**	**(8,888,227)**	**(3,229,017)**	**(17,913,984)**

Table 31: SPNEC Summary of Financial Position

Amounts in ₱0.00	**As of December 31**			**As of June 30, 2021**
	2018	**2019**	**2020**	
Assets				
Cash	3,148,283	713,743	22,298,155	351,251
Other current assets	19,751	20,750	25,370	776,092
Current Assets	**3,168,034**	**734,493**	**22,323,525**	**1,127,343**

Table 31: SPNEC Summary of Financial Position				
Amounts in ₱0.00	As of December 31			As of June 30, 2021
	2018	2019	2020	
Right-of-use assets	-	45,986,437	44,146,980	297,751,234
Deposits for land acquisition	34,926,712	-	-	537,000,000
Other noncurrent assets	4,311,742	11,265	11,265	1,370,284
Noncurrent Assets	**39,238,454**	**45,997,702**	**44,158,245**	**836,121,518**
Total Assets	**42,406,488**	**46,732,195**	**66,481,770**	**837,248,861**
Liabilities and Equity				
Accounts payable and accrued expenses	56,564	583,084	578,288	6,728,056
Due to related parties	44,030,325	10,668,623	17,387,923	22,792,348
Current portion of lease liabilities	-	4,311,742	4,311,742	14.004.465
Current Liabilities	**44,086,889**	**15,563,449**	**22,277,953**	**43,524,869**
Lease liabilities - net of current portion	-	43,252,212	42,988,010	275,521,361
Deferred tax liability	-	-	-	904,291
Noncurrent Liabilities	**-**	**43,252,212**	**42,988,010**	**276,425,652**
Common Stock	250,000	250,000	1,000,000	542,435,000
Subscription Receivable	(187,500)	(187,500)	-	-
Additional paid-in capital stock	-	-	21,250,000	-
Deposit for future stock subscription	-	-	-	-
Deficit	(1,742,901)	(12,145,966)	(21,034,193)	(25,136,660)
Equity (Capital Deficiency)	**(1,680,401)**	**(12,083,466)**	**1,215,807**	**517,298,340**
Total Liabilities and Equity	**42,406,488**	**46,732,195**	**66,481,770**	**837,248,861**

Table 32: SPNEC Cash Flow Statements				
Amounts in ₱0.00	Calendar Year Ended December 31			For the Six-Month Period ended June 30
	2018	2019	2020	2021
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss before income tax	(693,460)	(10,403,065)	(8,888,227)	(17,009,693)
Adjustments for:				
Interest expense	-	4,049,803	4,047,540	5,624,883
Amortization of ROU assets	-	1,839,457	1,839,457	3,118,537
Provision for impairment loss on input VAT	4,620	14,243	109,091	-
Interest income	(389)	(895)	(286)	(6,013)
Operating loss before working capital changes	**(689,229)**	**(4,500,457)**	**(2,892,425)**	**(8,272,286)**
Increase in:				
Other current assets	(24,371)	(15,243)	(113,711)	(755,342)
Increase (decrease) in accounts payable and accrued expense	(19,525)	526,520	(4,796)	6,149,768
Net cash used in operations	(733,125)	(3,989,180)	(3,010,932)	(2,877,860)
Interest received	389	895	286	6,013
Net cash flows used in operating activities	**(732,736)**	**(3,988,285)**	**(3,010,646)**	**(2,871,847)**
CASH FLOWS USED IN INVESTING ACTIVITIES				
Deposits for land acquisition	(2,000,000)	-	-	(537,000,000)
Additions to right-of-use assets	-	-	-	(20,121,600)
Additions to other noncurrent assets	(4,311,742)	(11,265)	-	(1,354,399)
Net cash flows used in financing activities	**(6,311,742)**	**(11,265)**	**-**	**(558,475,999)**

Table 32: SPNEC Cash Flow Statements				
Amounts in ₱0.00	**Calendar Year Ended December 31**			**For the Six-Month Period ended June 30**
	2018	**2019**	**2020**	**2021**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common stocks	-	-	22,000,000	541,435,000
Collection of subscription receivable	-	-	187,500	-
Net advances from related parties	10,068,030	1,565,010	6,719,300	5,404,425
Stock issuance costs	-	-	-	(7,438,483)
Payment of lease liabilities	-	-	(4,311,742)	-
Net cash flows from financing activities	**10,068,030**	**1,565,010**	**24,595,058**	**539,400,942**
NET INCREASE (DECREASE) IN CASH	3,023,552	(2,434,540)	21,584,412	(21,946,904)
CASH AT BEGINNING OF THE PERIOD	124,731	3,148,283	713,743	22,298,155
CASH AT END OF PERIOD	**3,148,283**	**713,743**	**22,298,155**	**351,251**

Material Changes to the Statement of Comprehensive Income for the Six (6) -months ended June 30, 2021 compared to the Statement of Comprehensive Income for the Six (6) -months ended June 30, 2020 (increase/ decrease of 5% or more)

Interest Income

As the Company is still in the pre-operational stage, the Company's cash is parked in banks from which it earns interest. As cash balances were mostly higher in the first six months of 2021 than in 2020, considering the receipt of subscription subject of the increase in ACS on December 14, 2020, interest income increased by 2,876.87% in the first six (6) months of 2021.

Expenses

During the year, the major expenses of the Company are as follows:

Table 33: Breakdown of Expenses June 2021 vs. June 2020				
Amounts in ₱millions	**2021**	**2020**	**Percentage to Total Expenses**	**Growth**
Interest expense	5.62	2.02	31.40%	178.22%
Management fee	4.00	-	22.33%	100.00%
Amortization	3.12	0.92	17.41%	239.13%

Interest and Amortization Expense

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 01, 2019 with one (1-year rent-free period plus 25-year term. Further, the lease is subject to renewal of five (5) years upon mutual agreement by parties. The land lease agreement has an annual rental of ₱45,000 per hectare, net of tax, and is subject to an increase of 5% in rental payments after ever five (5) years. In this regard, the Company recognizes Right-of-Use ("ROU") assets and in effect, recognizes non-cash expenses relating to these ROU assets.

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 06, 2016 Lease Agreement. In March 2021, the Company and Las Piñas Agro Industrial

Corporation executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.1 (Advance Rental) to the September 06, 2016, lease agreement and agreed that the lease commencement date shall be on March 31, 2021, for the parcels of land with a total area of 169.86 hectares. The annual rental increased from ₱50,000.00 per hectare to ₱55,000.00 per hectare, which shall be subject to an escalation of 10% every five (5) years from the start date. This also resulted to an increase of 2-years advance rental from ₱17.96 million to ₱19.23 million payable within 10 days from the lease commencement date, which was recognized in the lease liability computation.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 01, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject for renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The land lease agreement has an annual rental of ₱55,000.00 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.

Along with the new two (2) lease agreements the Company has entered during 2021, expenses related to leases including interest and amortization expenses increased as well. Interest expense amounted to ₱5.62 million and ₱2.02 million as of June 30, 2021, and 2020, respectively. In addition to this, the Company also recognized amortization expense for these agreements amounted to ₱3.12 million and ₱0.92 million for the six (6) -month ended June 30, 2021, and 2020, respectively.

Management Fee

On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI, its Parent Company, to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 01, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For the six (6) -month ended June 30, 2021 and 2020, the expense recorded related to this amounted to ₱4.00 million and nil, respectively.

Net Loss

As the Company entered into new lease agreements and management contract in 2021, the Company booked higher net loss for the six (6) -months ended June 30, 2021 amounting to ₱17.91 million, a deterioration of 454.49% from the net loss of ₱3.23 million booked in the six (6) -months ended June 30, 2020.

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

Cash

Cash decreased by 98.43% from ₱22.3 million as of year-end 2020 to ₱0.35 million as of June 30, 2021. This is mainly due to the payment of 2-years advanced rental to Las Piñas Agro Industrial Corporation on March 22, 2021 amounted to ₱18.68 million. The Company also paid an amount of ₱0.82 million on May 06, 2021, for the gratuity fee on the new lease agreement entered in May 2021.

Other Current Assets

Other Current Assets increased by 3640.20% from ₱20,750 as of year-end 2020 to ₱776,092 as of June 30, 2021. This is primarily due to the cash bond deposit recorded during the period in connection with the conversion of land titles under the Las Piñas Agro Industrial Corporation lease agreement.

Right-of-Use Assets

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 06, 2016 Lease Agreement. The annual rental increased from ₱50,000.00 per hectare to ₱55,000.00 per hectare, net of taxes, which shall be subject to an escalation of 10% every five (5) years from the start date.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 01, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject for renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The land lease agreement has an annual rental of ₱55,000.00 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.

The Company recognizes ROU assets in this regard, which increased by 574.41% in 2021, from ₱44.15 million as of year-end 2020 to ₱297.75 million as of June 30, 2021.

Deposit for Land Acquisition

On February 20, 2021, the Company entered into a MOA with an affiliate, PIC, which MOA was later amended on March 03, 2021, to secure land for future expansion in excess of the capacity contemplate for the Project. The MOA covers certain parcels of land with a total area of 68.621 hectares. Through the MOA, the Company was granted by PIC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to executive definitive agreements, e.g. DOAS, to transfer the parcels of land to the Company. Hence, at the Company's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in February and March 2021 totaling to ₱267.0 million, which represents the full payment.

On April 19, 2021, the Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares. Through the MOA, the Company was granted by LHHC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g. DOAS to transfer the parcels of land to the Company. Hence, at the Company's discretion, LHHC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

These advance payments for a total consideration of ₱537.00 million are presented as "Deposits for land acquisition" in the June 30, 2021 financial statements.

Other Noncurrent Assets

Increase in other noncurrent assets by 6,750.00% from ₱0.02 million as of year-end 2020 to ₱1.37 million as of June 30, 2021, is mainly attributed to the payment made by the Company on May 06, 2021, amounting to ₱0.82 million. The payment is for the gratuity fee on the new lease agreement entered in May 2021.

Accounts Payable and Accrued Expenses

In relation to the management contract entered in 2021, SPNEC recorded a payable to its Parent Company as of June 30, 2021, amounting to ₱3.88 million, net of applicable withholding tax. The Company also accrued documentary stamp tax related to the lease agreements with an amount of ₱1.21 million. These transactions contributed to the increase of this account by 1,058.62% from ₱0.58 million as of year-end 2020 to ₱6.72 million as of June 30, 2020.

Due to Related Parties

The Company, in the normal course of business, has transactions with its Parent Company, SPPPHI. This account increased by 31.05% in 2021 from ₱17.39 million as of year-end 2020 to ₱22.79 million as of June 30, 2021. The proceeds of the advances were used for payment of the Company's pre-operating expenses such as lease payments, taxes and licenses, research and development cost, audit fees, and other project-related costs. These advances are unsecured, non-interest bearing, due and demandable.

Lease Liabilities

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 01, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of five (5) years upon mutual agreement by parties. The land lease agreement has an annual rental of ₱45,000 per hectare, net of taxes and is subject to an increase of 5% in rental payments after every five (5) years. As of June 30, 2021 the total lease liability recognized for this lease contract is ₱47.68 million.

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 06, 2016 Lease Agreement, among others, to the assignee, and the assignee accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. In March 2021, the Company and the lessor executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) to the September 06, 2016 lease agreement and agreed that the lease commencement date shall be on March 31, 2021, for the parcels of land with a total area of 169.86 hectares. The annual rental increased from ₱50,000.00 per hectare to ₱55,000.00 per hectare, net of taxes, which shall be subject to an escalation of 10% every five (5) years from the start date. This also resulted to an increase of 2-years advance rental from ₱17.96 million to ₱19.23 million payable within 10 days from the lease commencement date.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 01, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject for renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The land lease agreement has an annual rental of ₱55,000.00 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.

With the recognition of these additional leases during 2021, the lease liability has increased by 512.11% from ₱47.30 million to ₱289.53 million.

Common Stock and Additional Paid-in Capital

On December 14, 2020, the Board of Directors approved the decrease in the par value from One Peso (₱1.00) per share to Ten Centavos (₱0.10) per share without decrease in ACS and without returning any portion of the subscribed capital to the Company's stockholders, thereby making the ACS to One Million Pesos (₱1,000,000.00) divided into Ten Million (10,000,000) shares.

On December 14, 2020, the Board of Directors also approved the increase in its ACS from One Million Pesos (₱1,000,000.00) divided into One Million (1,000,000) common shares to One Billion Pesos (₱1,000,000,000.00) divided into Ten Billion (10,000,000,000) common shares.

In February and March 2021, the Company received from its Parent Company a total subscription of ₱268.44 million or 2,684.4 million shares with ₱0.10 par value.

On March 03, 2021, the BOD approved to apply the APIC of ₱21.25 million against the deficit as of December 31, 2020 amounting to ₱21.03 million.

On March 18, 2021, the Company has filed with the SEC the following:

• Decrease in par value of common stock from ₱1.00 per share to ₱0.10 per share;
• Increase authorized common stock from ₱1.0 million to ₱1,000 million; and
• Application of APIC to deficit amounting to ₱21.03 million.

In May 2021, the Company received the SEC's approval of the above applications.

In April and May 2021, the Company received additional subscription from its Parent Company totaling to ₱273.0 million for 2,730.0 million shares at par value of ₱0.10 per share.

As of June 30, 2021, 5,424.4 million common shares are issued and outstanding with an amount of ₱542.44 million presented as Common Stock. Total stock issuance cost incurred amounted to ₱7.4 million of which ₱0.22 million was applied against APIC while the remaining ₱7.22 million was charged against deficit.

Deficit

In 2021, deficit deteriorated by 31.54% from ₱21.03 million as of year-end 2020 to ₱25.14 million as of June 30, 2021. This is primarily due to the net losses incurred during the period and stock issuance costs directly charged against deficit amounting to ₱17.91 million and ₱7.22 million, respectively

On March 03, 2021, the Board approved to apply the APIC of ₱21.25 million to deficit as of December 31, 2020, amounting to ₱21.03 million and was approved by SEC on May 11, 2021.

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

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

Interest Income

As the Company was still in the pre-operational stage in 2019 and 2020, the Company's cash was parked in banks from which it earns interest. As cash balances were mostly lower in 2020 than in 2019, except for when it received the subscription subject of the increase in ACS on December 14, 2020, interest income declined by 68.04% during the year.

Expenses

During the year, the major expenses of the Company were as follows:

Table 34: Breakdown of Expenses December 2020 vs. December 2019				
Amounts in ₱millions	**2019**	**2020**	**Percentage to Total Expenses**	**Growth**
Interest expense	4.05	4.05	45.54%	-0.06%
Bid related cost	-	1.91	21.48%	-NA-
Amortization	1.84	1.84	20.69%	0.00%
Professional fee	2.43	0.91	10.28%	-62.39%

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 01, 2019 with one (1) year rent-free period plus 25 years term. Further, the lease is subject to renewal of five (5) years upon mutual agreement by parties. The land lease agreement has an annual rental of ₱45,000.00 per hectare, net of tax, and is subject to an increase of 5% in rental payments after ever five (5) years. In this regard, the Company recognizes ROU assets and in effect, recognizes non-cash expenses relating to these ROU assets. Interest expense and amortization amounted to ₱4.05 million and ₱1.84 million in both full years 2019 and 2020, respectively.

During 2019, the Company incurred a one-time cost of ₱2.4 million recorded as professional fee for the system impact study on the proposed solar power plant in Peñaranda, Nueva Ecija. In 2020, the Company paid Engineering and Environmental Services an amount of ₱0.9 million for the Environmental Compliance Certificate. This resulted to a decrease of the professional fee account by 62.39%.

Net Loss

As the Company was still in the pre-operating stage in 2020, the Company booked net losses amounting to ₱8.89 million, an improvement of 14.56% against the ₱10.4 million booked in 2019.

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

Cash

Cash increased by 3,024.12% during the year from ₱713,743 as of year-end 2019 to ₱22,298,155 as of year-end 2020. This is mainly due to the cash subscription received by the Company from SPPPHI on December 14, 2020 for the issuance of 750,000 common shares.

Other Current Assets

Other Current Assets increased by 22.27% during the year from ₱20,750 as of year-end 2019 to ₱25,370 as of year-end 2020. This is primarily due to the deferred input VAT booked during the year amounting to ₱4,620 relating to audit fees.

Right-of-Use Assets

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 01, 2019 with a one (1) year rent-free period plus 25 years term. Further, the lease is subject to renewal of five (5) years upon mutual agreement by parties. The land lease agreement has an annual rental of ₱45,000 per hectare, net of taxes, and is subject to an increase of 5% in rental payments after ever five (5) years. The Company recognizes ROU assets in this regard, which declined by 4% in 2020 due to the amortization made in the asset for the year, from ₱45.99 million as of year-end 2019 to ₱44.15 million as of year-end 2020.

Due to Related Parties

The Company, in the normal course of business, has transactions with its Parent Company, SPPPHI. This account increased by 62.98% in 2020 from ₱10.67 million as of year-end 2019 to ₱17.39 million as of year-end 2020. The proceeds of the advances were used for payment of Company's leases, permits and licenses, and audit fees. These advances are unsecured, non-interest bearing, due and demandable.

Lease Liabilities

Relating to the Company's land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares, the recognition of ROU assets is countered by booking of Lease liabilities. This account contributed to 72.47% of total liabilities as of year-end 2020, having declined by 0.56% from the previous year-end from ₱47.56 million as of December 31, 2019 to ₱47.30 million as of December 31, 2020.

Common Stock

Common stock increased by 300.00% from ₱250,000 as of year-end December 31, 2019 to ₱1.0 million as of December 31, 2020. This represents the payment of subscription receivable amounting to ₱187,500 during the year as well as the issuance of 750,000 shares during the period.

Additional Paid-in Capital (APIC)

On December 14, 2020, the Board approved the issuance of 750,000 shares for a total amount of ₱22.00 million for an issue price of ₱29.33 per share to the Parent Company. The amount in excess of the par value totaling to ₱21.25 million is presented under this account.

Subscription Receivable

In December 2020, the Company collected the outstanding subscription receivable amounting to ₱187,500 from the Parent Company. As of December 31, 2020, this account is zero.

Deficit

As of December 31, 2020, deficit deteriorated by 73.1% from ₱12.15 million as of year-end 2019 to ₱21.03 million as of year-end 2020. This is primarily due to the net losses incurred during the period amounting to ₱8.89 million.

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

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

Interest Income

As the Company was still in the pre-operational stage in 2018 and 2019, the Company's cash was parked in banks from which it earns interest. As average cash balances were mostly higher in 2019 than in 2018, interest income increased by 130.08% during the year.

Expenses

During the year, the major expenses of the Company were as follows:

Table 35: Breakdown of Expenses December 2019 vs. December 2018				
Amounts in ₱millions	**2018**	**2019**	**Percentage to Total Expenses**	**Growth**
Interest expense	-	4.05	38.93%	N/A
Professional fee	0.12	2.43	23.36%	1,954.9%
Amortization	-	1.84	17.68%	N/A

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 01, 2019 with one (1) year rent-free period plus 25 years term. Further, the lease is subject to renewal of five (5) years upon mutual agreement by parties. The land lease agreement has an annual rental of ₱4.3 million and is subject to an increase of 5% in rental payments after ever five (5) years. In this regard, the Company recognizes ROU assets and in effect, recognizes non-cash expenses relating to these ROU assets. Interest expense and amortization amounted to ₱4.05 million and ₱1.84 million in 2019, respectively.

During 2019, the Company incurred a one-time cost of ₱2.4 million recorded as professional fee for the system impact study on the proposed solar power plant in Peñaranda, Nueva Ecija. In 2018, the professional fee only pertained to audit fees incurred by the Company.

Net Loss

As the Company entered into a new lease agreement in 2019, the Company booked higher net loss for the year ended December 31, 2019 amounting to ₱10.4 million, an increase of 1,400.2% from the net loss of ₱0.69 million booked in the year ended December 31, 2018.

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

Cash

Cash decreased by 77.5% during the year from ₱3.15 million as of year-end 2018 to ₱0.71 million as of year-end 2019. This is mainly due to the advance rental paid to various landowners for the lease of land with a total area of 95.8 hectares.

Right-of-Use Assets

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 01, 2019 with a one (1) year rent-free period plus 25 years term. Further, the lease is subject to renewal of five (5) years upon mutual agreement by parties. The land lease agreement has an annual rental of ₱45,000.00 per hectare and is subject to an increase of 5% in rental payments after ever five (5) years. The Company recognizes ROU assets in this regard, amounted to ₱46.0 million as of year-end 2019.

Deposit for Land Acquisition and Due to Related Parties

In 2019, the Company rescinded, through various mutual rescission of the original Contract to Sell between the Company and landowners amounting to ₱34.9 million, since the management assessed that the said parcels of land are to be subsequently acquired by the Parent Company. These were subsequently re-executed with new Contracts to sell between the Parent Company and the same landowners. The deposits paid to the landowners amounting to ₱34.9 million were offset against the due to Parent Company as reimbursements for the rescinded contracts.

Lease Liabilities

Relating to the Company's land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares, the recognition of ROU assets is countered by booking of Lease liabilities. This account contributed to 80.87% of Total Liabilities as of year-end 2019, amounted to ₱47.6 million.

Deficit

As of December 31, 2019, deficit deteriorated by 596.9% from ₱1.74 million as of year-end 2018 to ₱12.15 million as of year-end 2019. This is primarily due to the net loss incurred during the period amounting to ₱10.4 million.

Aside from the discussion above, as of and for the full years ended December 31, 2018, 2019, and 2020, and the six (6) -months ended June 30, 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.
- It 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.

Key Performance Indicators

As the Company is still at the pre-operating stage, its key performance indicators are limited to the following:

Table 36: Key Performance Indicators				
	Dec. 31, 2018	**Dec. 31, 2019**	**Dec. 31, 2020**	**June 30, 2021**
Debt to Equity Ratio	-nil-	-nil-	5,368.1%	61.85%

The debt-to-equity ratio is used to evaluate Company's financial leverage and is calculated by dividing the Company's total liabilities by its shareholder's equity. The result is expressed in percentage. It is a measure of the degree to which a company is financing its operations through debt versus wholly-owned funds.

Changes in Auditors and/or Accounting Procedure/s

The Audited Financial Information for years ended December 31, 2018, 2019, and 2020 and for the six (6) -month periods ended June 30, 2020 and 2021, and as of December 31, 2018, 2019, 2020 and June 30, 2021 including the notes thereto that are incorporated by reference in this Prospectus, have been audited by SGV, as stated in their reports appearing herein.

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

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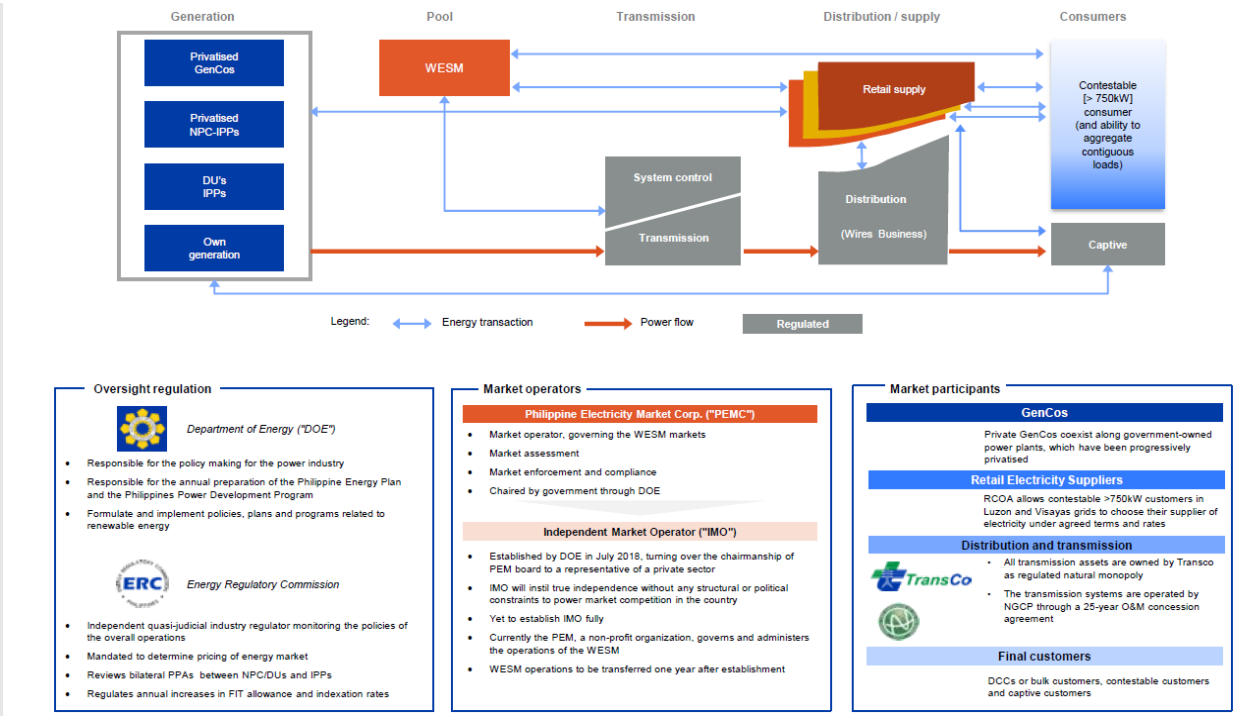
REGULATORY FRAMEWORK

Figure 13: Philippine Power Market Governance and Structure



Philippine Constitution

Lands of the public domain are classified as follows: (a) agricultural; (b) forest or timber; (c) mineral lands; and (d) national parks. Agricultural lands may be further classified by law according to the uses for which they may be devoted. Of the classes of public lands, only agricultural lands may be alienated.

Ownership of agricultural land is limited to natural persons who are Filipino citizens. A private corporation or association may only lease an agricultural land for a period not exceeding twenty-five (25) years, renewable for a period not exceeding twenty-five (25) years, and not to exceed one thousand (1,000) hectares in area.

A natural person who is a Filipino citizen may lease an agricultural land of an area not exceeding five hundred (500) hectares or acquire an area not exceeding twelve (12) hectares by purchase, homestead, or grant.

On the other hand, except in cases of hereditary succession, private lands may only be transferred or conveyed to individuals, corporations or associations subject to qualifications and limitations provided by law.

Finally, the exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least 60% of it is owned by Filipinos. These agreements may be for a period not exceeding twenty-five (25) years, renewable for not more than twenty-five (25) years, and under such terms and conditions as may be provided by law.

Foreign Investment Act

Republic Act No. 7042 or the Foreign Investment Act of 1991 ("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 29 October 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 and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 5 of Commonwealth Act No. 141, 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.

Likewise, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which covers the utilization of natural resources for the operation of renewable energy power plants.

A Philippine National is defined under the law to mean any of the following: (a) a citizen of the Philippines; (b) a domestic partnership or association wholly-owned by citizens of the Philippines; (c) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; (d) a corporation organized abroad and registered as doing business in the Philippines under the Revised Corporation Code of which 100.00% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos; or (e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippines national and at least 60% of the fund will accrue to the benefit of the Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a wholly Filipino-owned corporation.

Revised Corporation Code of the Philippines

For an enterprise organized for holding property to be incorporated and duly registered under Philippine law, it must register with the SEC and comply with the ownership requirements provided under applicable laws. Republic Act No. 11232 or the Revised Corporation Code ("Revised Corporation Code") is the primary law governing private corporations. The SEC is the primary government regulatory agency tasked to implement and administer the Revised Corporation Code. Among the salient features of the Revised Corporation Code are:

a. Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Revised Corporation Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation;
b. The Revised Corporation Code allows the creation of a "One Person Corporation" ("OPC"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws;
c. Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds

of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same;

d. The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and

e. In case of transfer of shares of listed companies, the Philippine SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Philippine SEC. The Revised Corporation Code refers to the Philippine Competition Act 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 Philippine Competition Act thresholds.

The Revised Corporation Code refers to the Philippine Competition Act ("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.

Philippine Competition Act and its Implementing Rules and Regulations

Republic Act No. 10667 or the PCA authorizes the Philippine Competition Commission or the PCC to review mergers and acquisitions to ensure compliance with the PCA. The PCA, its Implementing Rules and Regulations, as amended, and the Rules on Merger Procedure (collectively, the "Merger Rules") provide for mandatory notification to the PCC of any merger or acquisition within 30 days of signing any definitive agreement relating to the transaction, where the transaction value exceeds ₱2.4 billion; and where the size of the ultimate parent entity, including the entities directly or indirectly controlled by the ultimate parent entity of either party exceeds ₱6 billion. Parties may not consummate a notifiable transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules. A merger or acquisition that meets the thresholds under the Merger Rules but was not notified to the PCC, or notified but consummated, in whole or in part, prior to the expiration of the waiting period, is considered void and will subject the parties to a fine ranging from 1% to 5% of the value of the transaction. Anti-competitive agreements, as defined under the law, are subject to penalties that include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) 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 that engage in anti- competitive agreements, abuse their dominant position and conclude prohibited mergers and acquisitions. Treble damages may be imposed 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. 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:

a. Both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and
b. 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.

Energy Related Laws, Rules and Regulations

Electric Power Industry Reform Act (EPIRA) 2001

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 the PSALM and the TransCo.

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the 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 (a) restructuring of the entire power industry to introduce competition in the generation sector, (b) change from government to private ownership, and (c) introduction of a stable regulatory framework for the electricity sector.

With a view of 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, ERC, and PSALM.

The Renewable Energy Act of 2008 and its Implementing Rules and Regulations

RA No. 9513, or the Renewable Energy Act of 2008, provides that it is the policy of the State to increase the development and utilization of RE resources such as, but not limited to, biomass, solar, wind, hydro, geothermal, and ocean energy sources, including hybrid systems, and to establish the necessary infrastructure and mechanism to carry this out. The DOE is the lead agency mandated to implement the Renewable Energy Act of 2008[38], in conjunction with the NREB.

[38] Section 5, Chapter II, R. A. 9513.

A DOE Certificate of Registration is issued to RE Developers holding valid RE Service or Operating Contracts[39] upon application with the DOE. A DOE Certification shall be issued immediately upon the award of an RE Service/Operating Contract. Similarly, existing RE projects must be covered by a new RE Service/Operating Contract, pre-terminating and replacing any existing service contract with the DOE.[40]

The Renewable Energy Act of 2008 provides numerous incentives to RE developers, such as tax holidays, import duty exemptions, and special tax rates, among others. In order to qualify for these incentives, the RE developer must secure a Certificate of Endorsement from the DOE-REMB for every applicable transaction.

Wholesale Electricity Spot Market Rules

The WESM Rules establishes the basic rules, requirements, and procedures that govern the operation of the Philippine electricity market. The WESM Rules identifies and recognizes and sets the responsibilities of the Market Operator, System Operator, WESM Participants, and the Philippine Electricity Market Corporation (PEM) Board. These groups shall comply with and are bound by all the provisions of the WESM Rules. The WESM Rules are intended to be complimentary with the Grid Code and Distribution Code, all of which are meant to ensure the development of an appropriate, equitable and transparent electricity market, along with a safe, reliable, and efficient operation of the power system.

Under the WESM, RE developers are classified as a must-dispatch generating unit[41], which grants them specific preferences as to the dispatch output and restrictions. These preferences are granted to intermittent RE-based generation plants such as wind, solar, run-of-river hydro or ocean energy owing to the fact that they are dependent on a base supply of electricity but on the availability of the energy source.

Competitive Selection Process

In 2015, the ERC issued Resolution No. 13, Series of 2015 ensuring transparency in the Distribution Utilities' power supply procurement and providing opportunities for DUs to get the best price offers and other contractual terms. The resolution states that a PSA shall only be awarded to the winning generation company following a successful transparent Competitive Selection Process. A CSP is successful if the DU receives at least two (2) qualified bids from entities with which the DU is not prohibited from entering into a contract for power supply, as provided under the EPIRA Implementing Rules and Regulations. After two failed CSPs, a direct negotiation with interested party may be made by the DU. A CSP is considered failed when during its conduct, any of the following circumstances exist: (1) no proposal was received by the DU; (2) only one supplier submitted an offer; and (3) competitive offers of prospective suppliers failed to meet the requirements prescribed under the Terms of Reference, as determined by the DU Bids and Awards Committee.

The following instances, when present, shall warrant a Certificate of Exemption from the Department of Energy on the conduct of CSP:

a. Any generation project owned by the DU funded by grants or donations. The DU may be allowed to infuse internally generated funds; provided, that the amount shared by the DU shall not exceed 30% of the total project cost; provided further, that taxes to be paid by the DU shall not be included in the total project cost.

[39] The service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE in which the RE Developer has the exclusive right to explore and develop a particular RE area. See discussion on Renewable Energy Service/Operating Contracts, p. 22.22.
[40] Section 18(A), Rule II, Part II, Rules and Regulations Implementing Republic Act No. 9513.
[41] Section 17 (F), Rules and Regulations Implementing Republic Act No. 9513.

b. Negotiated procurement of emergency power supply; provided, that the cooperation period of the corresponding power supply agreement shall not exceed one (1) year; provided further that the rate shall not be higher than the latest ERC approved generation tariff for same or similar technology in the area;
c. Provision of power supply by any mandated Government Owned and Controlled Corporation for off-grid areas prior to, and until the entry of New Power Providers (NPP) in an area; and
d. Provision of power supply by the PSALM through bilateral contracts for the power produced from the undisposed generating assets and Independent Power Producer (IPP) contracts duly sanctioned by the EPIRA as deemed by the DUs, subject to a periodic review by the DOE.[42]

Non-compliance with the prescribed rules on the conduct of CSP may result to administrative fines and penalties under the EPIRA and other relevant issuances.

Renewable Portfolio Standards

RPS mandates industry participants (DUs, retail suppliers) to have a specified portion of their energy requirements sourced from renewables.

- 2020 will be the first year of implementation where industry participants shall have at least 1% of their energy requirements sourced from renewables.
- Requirements to increase at an annual rate of at least 1% (actual increment may be adjusted by DOE), in coordination with the National Renewable Energy Board, when there are substantial changes in the relevant market grid, or the prevailing percentage is deemed insufficient to attain the target renewable energy share.
- Aspirational target of having 35% of power generation sourced from renewable energy by 2030.

Penalties for noncompliance include monetary fines and revocation of participants' license, franchise or authority to operate.

RPS has indirectly driven demand for renewable capacities by mandating that industry participants have a minimum portion of their energy requirements being sourced from renewables. Given that only power plants built (or capacities added) from 2008 are considered eligible renewable energy facilities under RES, there is additional demand for greenfield renewable capacities.

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 The RE auction is expected to take place by late 2021.[43]

Retail Competition Open Access

The establishment of RCOA is mandated by the EPIRA. RCOA provides power suppliers access to transact directly with any customer designated by the ERC as contestable. RCOA also gives contestable customers the flexibility to choose their electricity suppliers.

[42] Section 2.2, DOE Department Circular No. 2018-02-0003 "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market"
[43] https://mb.com.ph/2021/05/21/doe-to-issue-re-capacity-auction-rules-next-month/

The ERC recently expands 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 (CREM) beginning February 26, 2021.[44]

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.[45] 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.[46] 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.

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 OCSP, or (b) Direct Application. The OCSP shall be adopted for the selection and award of RE Service Contracts for Pre-Determined Areas[47] 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 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:

[44] http://powerphilippines.com/erc-officially-expands-rcoa-implementation/

[45] Rule 3, Section 12 of the RESHERR provides that in every Workplace with less than one hundred (100) workers, the Manager of the workplace shall be chairman, while the Committee shall be composed of one (1) Foreman/Supervisor, three (3) workers, one (1) Nurse/First-aider, one (1) Environmental Officer, one (1) Contractor Safety Officer (if applicable). The Safety Officer of the workplace shall act as Secretary. In case there are more than one hundred (100) workers in a Workplace, the committee shall be composed similarly, but must have four (4) workers minimum instead of three.

[46] Rule 3, Section 13, RESHERR.

[47] 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.

a. 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
b. Development/Commercial Stage which involves the development, construction and commercial operation of the RE Project, production and utilization of RE Resources.

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 (6) months prior to the date of filing its application for conversion. For RE Developers with RE Contracts executed less than six (6) 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 (5) years, renewable for the same period until the end-of-project life is reached, in no case to exceed 25 years.

Laws and Other Regulations for Environment Protection

Environmental Clearance Certificate

An ECC is a document issued by the EMB after a positive review of an ECC application, certifying that:

- The proposed project will not cause significant negative environmental impact; and
- The project proponent has complied with all the requirements of the Environmental Impact Statement (EIS) System and has committed to implement its approved Environmental Management Plan (EMP).

The Implementing Rules and Regulations for the Philippine Environmental Impact Statement System (DENR Administrative Order No. 30-03) defines an ECC as the document that contains specific measures and conditions with which the project proponent undertakes to comply before and during the operation of the project, and where applicable, during the project's abandonment phase for the purpose of mitigating the project's impact to the environment. No person, partnership or corporation shall undertake or operate any declared environmentally critical project or area with first securing an ECC.

An EIS, on the other hand, is a document prepared and submitted by the project proponent or an Environmental Impact Assessment Consultant that serves as an application for an ECC, which includes a comprehensive study of the significant environmental impact of the project.

Under the Philippine Environmental Policy (Presidential Decree No. 1151), all government agencies and instrumentalities and private entities are required to prepare an EIS for any project or activity that affects the quality of the environment detailing the environmental impact of the proposed project, any adverse environmental effect that cannot be avoided in the implementation of such proposed project, and any alternatives to the proposed project. The EIS will also include a determination that the short-term uses of the resources of the environment are consistent with the maintenance and the enhancement of the long-term productivity of such resources.

LGUs must also be consulted during the entire EIA process with regard to actual environmental conditions in the project area and the compatibility of the proposed project with the area's development plan, as required by DENR Memorandum Circular No. 2008-08. LGUs must participate during the scoping sessions where the scope of the EIA study is defined, during the conduct of the EIA study to provide needed data, and during public hearings or consultations in the review of the EIA report.

Lastly, an EMP details the prevention, mitigation, compensation, contingency and monitoring measures that the project proponent intends to undertake to enhance the positive impact and to minimize the negative effect of a proposed project.

Local Government Regulations

Local Government Code

Republic Act No. 7160, otherwise known as the Local Government Code, establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The Local Government Code general welfare clause states that every 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.

An LGU, through its respective legislative bodies, may enact ordinances and approve resolutions, as shall be necessary and proper to provide for health and safety, comfort and convenience, maintain peace and order, improve the morals, and promote the prosperity and general welfare of the community and the inhabitants thereof, and the protection of property therein. Ordinances can reclassify land, impose real property taxes, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Businesses are required to obtain a local business permit from the LGU having jurisdiction over the territory where the entity seeks to operate before commencement of actual operations. In order to obtain a local business permit for any business or activity, a clearance must first be obtained from the barangay where such business or activity is located or conducted.

Subject to certain limitations, the power to tax is also exercised by the LGU through their respective legislative bodies, upon enactment of an appropriate ordinance.

Labor Regulations

Labor Code of the Philippines

The Labor Code of the Philippines (Labor Code) seeks to protect labor, promote full employment, ensure equal opportunities regardless of sex, race or creed and regulate the relations between workers and

employers. The Labor Code prescribes the rules for hiring and termination of private employees, the conditions of working including maximum work hours and overtime, employee benefits such as holiday pay, thirteenth month and retirement pay and the guidelines in the organization and membership to labor unions. The Department of Labor and Employment (DOLE) is the 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 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.

On March 15, 2017, Department Order No. 174 (2017) (D.O. 174) 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. The failure of legitimate contractors to register gives rise to the presumption that the contractor is engaged in labor-only contracting.

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 reaffirms the constitutional and statutory right to security of tenure of workers. It absolutely prohibits labor-only contracting and other illicit forms of employment arrangement. D.O. No. 174 permits contracting and subcontracting provided: (a) the contractor or subcontractor is engaged in a distinct and independent business and undertakes to perform the job or works on its own responsibility, according to its own manner and method; (b) the contractor or subcontractor has substantial capital to carry out the job farmed out by the principal on his account, manner and method, investment in the form of tools, equipment, machinery and supervision; (c) in performing the work farmed out, the contractor or subcontractor is free from the control and/or direction of the principal in all matters connected with the performance of the work except as to the result thereto; and (d) the service agreement ensures compliance with all the rights and benefits for all employees of the contractor or subcontractor under the labor laws.

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.

Taxation on Lease Contracts

National Internal Revenue Code

Rental payment for lease of property located in the Philippines, whether personal or real, is subject to income tax based on the amount payable to the lessor.

Rental payment is also subject to VAT at the rate of 12% based on gross receipts, regardless of the place of execution of the contract of lease. 'Gross receipts' pertains to the total amount of money or its equivalent representing the contract price or rent, including the amount charged for materials supplied with the lease and deposits and advanced payments actually or constructively received during the taxable quarter, excluding VAT.

Furthermore, lease agreements are subject to a DST of six pesos (₱6.00) for the first two thousand pesos (₱2,000.00), or fractional part thereof, and an additional two pesos (₱2.00) for every one thousand pesos (₱1,000.00) or fractional part thereof, in excess of the first two thousand pesos (₱2,000.00) for each year of the term of said agreement.

Revenue Regulations No. 02-98, as amended

Gross rental for the continued use or possession of real property used in business, which the obligor has not taken or is not taking title or in which the obligor has no equity, is subject to creditable withholding income tax at the rate of 5%.

The obligation to deduct and withhold said tax arises at the time rent is paid or becomes due, demandable, or legally enforceable.

Income payments made to any person enjoying exemption from payment of income taxes pursuant to the provisions of any law, such as the Omnibus Investments Code, are exempted from creditable withholding income tax.

Consolidated VAT Regulations of 2005 (Revenue Regulations No. 16-05)

In a lease contract, an advance payment made by the lessee may be: (a) a loan to the lessor from the lessee; (b) an option money for the property; (c) a security deposit to insure the faithful performance of certain obligations of the lessee to the lessor; or (d) a pre-paid rental.

If the advance payment falls under any of items (a), (b), or (c), then said payment is not subject to VAT. However, an advance payment that falls under item (c) but is applied to rental is subject to VAT at the time of its application.

If the advance payment falls under item (d), then said payment is subject to VAT in the month or quarter received by the lessor, irrespective of the accounting method employed by the less.

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MATERIAL CONTRACTS AND AGREEMENTS

Solar Energy Service Contract

On August 22, 2017, SPCRPI, an affiliate of the Company, was awarded SESC No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project respectively, wherein the SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Santa Rosa, Peñaranda and San Leonardo, Nueva Ecija.

On December 29, 2017, SPCRPI executed Deed of Assignment transferring all its rights and obligations to the Company. On February 23, 2018, the DOE acknowledged and approved the Deed of Assignment between SPCRPI and the Company. Further, on that same day, the DOE issued and approved a new COR under the name of the Company which recognizes the Company as an RE developer.

Memorandum of Agreement to Acquire Land

On February 20, 2021, the Company entered into a MOA with an affiliate, Provincia Investments Corporation that was later amended on March 03, 2021, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total land area of 68.621 hectares. Through the MOA, the Company was granted by PIC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute a definitive agreement, e.g. DOAS, to transfer the parcels of land to the Company. Hence, at the Company's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in February and March 2021 totaling to ₱267.0 million, which represents the full payment.

Further, on April 19, 2021, the Company entered into a MOA with an affiliate, Lupang Hinirang Holdings Corporation, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total land area of 56.8064 hectares. Through the MOA, the Company was granted by LHHC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute a definitive agreement, e.g. DOAS, to transfer the parcels of land to the Company. Hence, at the Company's discretion, LHHC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

These advance payments for a total consideration of ₱537.0 million are presented as "Deposits for land acquisition" in the Company's financial statements as of June 30, 2021.

Lease Agreements

On January 11, 2021, a deed of assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 06, 2016 lease agreement, among others, to the assignee, and the assignee accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said deed of assignment. In March 2021, the Company and Las Piñas Agro Industrial Corporation et. al. executed an addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) to the September 06, 2016 lease agreement and agreed that the lease commencement date shall be on March 31, 2021, for the parcels of land with a total area of 169.86 hectares. The said 169.86 hectares is reflective of the parcels of land covered by "Leased Premises" as provided under

Section 2.1 of the September 06, 2016 lease agreement but specifically excluding the 9.7234 hectares in Lot No. 2779-B covered by Transfer Certificate of Title (TCT) No. 041-2011000877. The annual rental increased from ₱50,000.00 per hectare to ₱55,000.00 per hectare, which shall be subject to an escalation of 10% every five (5) years from the start date. This also resulted to an increase of two (2) years advance rental from ₱17.96 million to ₱19.23 million payable within 10 days from the lease commencement date. Part of the addendum is the agreement to commence lease on the five (5) hectares covered by TCT No. 041-2011000877, which is still part of "Leased Premises", on May 2022 upon conversion of said lot from Agricultural to Industrial. On May 25, 2021, the Company and Las Piñas Agro Industrial Corporation et. al. executed an Addendum amending Section 2 (Subject Property) from 179.5813 hectares to 174.8577 hectares. At present, the Company is leasing a total area of 174.8577 hectares of land from Las Piñas Agro Industrial Corporation et. al.

On February 01, 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija with a total area of 95.8165 hectares. The land was made available for use on February 01, 2019, with a rent-free period until December 31, 2019. The lease will expire on December 31, 2044. Further, the lease is subject for renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The land lease agreement has an annual rental of ₱45,000.00 per hectare, net of tax, and is subject to an increase of 5% in rental payments after every five (5) years from the lease commencement date.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 01, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject for renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The land lease agreement has an annual rental of ₱55,000.00 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.

Management Service Agreement

The Company did not employ any personnel as of December 31, 2017 to April 30 2021. During this period, the operations, business development, administrative, and finance functions of the Company were handled by the Parent Company. On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 01, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend.

The Management Service Agreement covers all necessary administrative and advisory services on management, investment and technical matters involving the Company's operations, including but not limited to human resources, legal, finance, and information technology.

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CORPORATE GOVERNANCE

The Company is committed to observing the best practices of good governance. Hence, the Board of Directors approved and adopted the Company's Manual on Corporate Governance (Manual) on July 02, 2021, incorporating therein the corporate governance standards of the SEC with respect to publicly listed companies. The Manual is a supplement to the Company's Amended By-Laws and shall serve as a guide to the Company and its various stakeholders on the Company's continued commitment to good corporate governance.

Among other things, the Manual defined the roles and responsibilities of the Audit and Risk Management Committee; the Corporate Governance Committee; and the Related Party Transactions Committee.

The Audit and Risk Management Committee is tasked with recommending the appointment of external auditors and monitoring the system of internal controls and corporate compliance with laws, regulations and code of ethics. It is also tasked with assisting the Board in the performance of its oversight responsibility over the finances of the Company.

The Corporate Governance Committee assists the Board in the performance of its corporate governance responsibilities. It is also tasked with reviewing and evaluating the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring Board approval.

The Related Party Transactions Committee is responsible for reviewing all material related party transactions and is also responsible for checking compliance with the related party transactions policies as may be adopted by the Board.

Each committee is composed on three (3) members appointed from among the members of the Board and is chaired by one of the appointed members to such committee.

In the meeting of Board on July 02, 2021, the members of the Board were appointed to the above-mentioned committees as follows:

Table 37: Committees of the Board of Directors

Position	Audit and Risk Management Committee	Corporate Governance Committee	Related Party Transactions Committee
Chairperson	J. Carlitos G. Cruz	Benjamin I. Espiritu	Benjamin Espiritu
Members	Benjamin I. Espiritu Carlos Jose P. Gatmaitan Leandro Antonio L. Leviste Hazel Iris P. Lafuente	Carlos Jose P. Gatmaitan J. Carlitos G. Cruz	J. Carlitos G. Cruz Carlos Jose P. Gatmaitan Leandro Antonio L Leviste Hazel Iris P. Lafuente

The Company intends to abide by the Manual and to implement such relevant corporate governance practices as may be applicable to the Company.

The Company designated Mr. J. Carlitos G. Cruz as Lead Independent Director from among its Independent Directors. Pursuant to the relevant corporate governance standards of the SEC for listed companies, a Lead Independent Director must be designated in cases where the positions of Chairman of the Board and Chief Executive Officer are held by one (1) person. To further strengthen the independence of the Company's Independent Directors, Mr. J. Carlitos G. Cruz was also designated as the Vice-Chairman of the Board.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control, or the party is an associate or a joint venture.

Affiliates are related entities of the Company by virtue of common ownership and representation to management where significant influence is apparent.

Except as indicated otherwise, the outstanding accounts with related parties shall be settled in cash. The transactions are made in terms and prices agreed upon by the parties.

The following shows the due to related party accounts as of December 31, 2018 to 2020, and as of June 30, 2021.

Table 38: SPNEC Due to Related Parties (Cash Advances)				
Amounts in ₱millions	**As of December 31, 2018**	**As of December 31, 2019**	**As of December 31, 2020**	**As of June 30,2021**
Parent Company	₱44.03	₱10.67	₱17.39	₱22.79
Shareholder	-nil-	-nil-	-nil-	-nil-
Due to Related Parties	**₱44.03**	**₱10.67**	**₱17.39**	**₱22.79**

Differences in decimal numbers are due to rounding off.

These due to related parties are all intended for working capital purposes. These are all noninterest-bearing, unsecured, and payable in cash upon demand.

In 2019, the Company rescinded, through various mutual rescission of the original Contract to Sell between the Company and landowners amounting to ₱34.9 million, since the management assessed that the said parcels of land are to be subsequently acquired by the Parent Company. These were subsequently re-executed with new contracts to sell between the Parent Company and the same landowners. The deposits paid to the landowners amounting to ₱34.9 million were offset against the due to Parent Company as reimbursements for the rescinded contracts.

The Company entered into a MOA on February 20, 2021 and was amended on March 03, 2021, with Provincia Investments Corporation, an affiliate, who agreed to sell certain parcels of land with a total land area of 68.621 hectares for a total consideration of ₱267.0 million.

Further, to secure land for future expansion, the Company entered into a MOA on April 19, 2021, with Lupang Hinirang Holdings Corporation, an affiliate, who agreed to sell certain parcels of land, with a total land area of 56.8064 hectares for a total consideration of ₱270.0 million.

The Company did not employ any personnel as of December 31, 2017 to April 30, 2021. During this period, the administrative function and finance function of the Company were handled by its Parent Company. On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI which covers all necessary administrative and advisory services on management, investment, and technical matters involving the Company's operations for a period from May 01, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend. Total annual fee for the said agreement would be ₱24,000,000.00, exclusive of value added.

The Company currently maintains its business address at the 20th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, Philippines 1226. While the Management is still deciding on the transfer to a more suitable office location, the Company was in the interim granted rights to use certain portions of the said office space conditioned on the entry by the Company into a sublease agreement with an affiliate. The affiliate currently occupies the said office space on a month-to-month basis arrangement.

SPNEC has no other transactions with other parties (outside the definition of "related parties") that the Company has relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent, parties on an arm's length basis.

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THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents that have not been prepared or independently verified by the Company, or any of their respective subsidiaries, associates or advisors in connection with listing of the Subject Shares.

Brief History

The Philippines initially had two (2) 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 the Government 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 (2) separate exchanges were revoked. While the PSE maintains two (2) trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system that integrates all bids and ask quotations from the bourses.

In June 1998, the SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring PSE Trading Participants and listed companies. On August 08, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an ACS of ₱120,000,000.00. As of June 30, 2020, the PSE has 85,164,091 issued and outstanding shares, of which 3,513,954 are treasure shares, resulting in 81,650,137 total shares outstanding. Each of the then 184 member-brokers was granted 50,000 Common Shares of the new PSE at a par value of ₱1.00 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 of the PSE. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board (SME Board). In 2013, the PSE issued Rules on Exchange Traded Funds (ETF) which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board, or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 06, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in a company's articles of incorporation of the Issuer. Each index represents the numerical average of the prices of component shares.

The PSE has a benchmark index, referred to as the PSEi (previously "PHISIX"), which as of the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 03, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On July 26, 2010, the PSE launched a new trading system, PSE Trade. In June 2015, the PSE Trade system was replaced by PSE Trade XTS.

In December 2013, 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 offered a free-to download mobile application for easy access by investors.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1995 to 2019, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Table 39: Selected Stock Exchange Data

Year Ended	PSEi Level	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			(in ₱Billions)	
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,976.8	1,338.3
2008	1,872.9	246	4,072.2	763.9
2009	3,052.7	248	6,032.2	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	253	8,697.0	1,422.6
2012	5,812.7	254	10,930.1	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.6	2,151.4
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,958.4
2018	7,446.0	267	16,146.7	1,736.8
2019	7,815.3	268	16,705.3	1,772.6
2020	7,139.7	271	15,888.9	1,770.9
As of April 2021	6,370.9	272	15,382.0	776.5

Source: PSE data

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third Trading Day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session and resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed. Commencing on 19 March 2020 on account of the COVID-19 pandemic, trading in the PSE is a continuous session from 9:30 a.m. to 1:00 p.m. daily. Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for a company's shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50% or down by 50% 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 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 shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban.

In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.
- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly listed securities, 15% for security cluster B, and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares of stock 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 (3) business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines (SCCP) is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- Synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also PSE Trading Participants;

- Guaranteeing the settlement of trades in the event of a PSE Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and trade Guaranty Fund; and
- Performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

The SCCP settles the PSE trades on a three (3) -day rolling settlement environment, which means that settlement of trades takes place three (3) Trading Days after transaction date (T+3). The deadline for settlement of trades is 12:00 n.n. of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE Broker maintains a Cash Settlement Account with one of the nine existing settlement banks of SCCP, which are Banco de Oro Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank, The Hong Kong Shanghai Banking Corporation Limited, UnionBank of the Philippines, Maybank Philippines Inc., Asia United Bank Corporation, and China 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 Central Clearing and Central Settlement system on May 29, 2006. Central Clearing & Central Settlement employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (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 issued a temporary license to operate by the SEC as a depository for equity securities.

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 stockholders' 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.

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 stockholders transfer legal title (but not beneficial title) over their shares of stock in favor of the PCD Nominee Corporation, 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 in 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 (Jumbo Certificate) covering all the warrants or shares lodged is issued in the name of the PCD Nominee. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to the 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 (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account the participant-buyer, the PSE trades are automatically settled in the PDTC system, in accordance with the PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment 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. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporation's' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are canceled and a new Jumbo 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 the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 01, 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 SRC. Actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the PSE Listing Rules.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 01, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date.

- For existing listed companies, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee Jumbo Certificates and upon such advice, the PDTC shall surrender all PCD Nominee Jumbo Certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PCD Nominee evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the PSE Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the PSE in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

"For new companies to be listed at the PSE as of July 01, 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.

"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 our registry as a 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 01, 2017, the 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: (a) individuals whose shares are not of significant size and which are non-strategic in nature; (b) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (c) investment funds and mutual funds; (d) pension funds which hold shares in companies other than the employing company or its affiliates; (e) 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 (f) 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 nonpublic. 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 SEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the 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 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 03, 2020, the PSE issued 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, as follows:

Market Capitalization	Minimum Public Offer
Not exceeding ₱500 million	33% or ₱50.0 million, whichever is higher
Over ₱500 million to ₱1.0 billion	25% or ₱100.0 million, whichever is higher
Over ₱1.0 billion	20% or ₱250.0 million, 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, 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.

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, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof.

A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a non-resident alien engaged in trade or business in the Philippines; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a non-resident alien not engaged in trade or business in the Philippines.

A "domestic corporation" is created or organized under the laws of the Philippines; 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.

The Tax Reform for Acceleration and Inclusion (TRAIN) and Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

President Rodrigo Roa Duterte signed into law the RA No. 10963 (TRAIN) and RA No. 11534 (CREATE) on December 19, 2017 and March 26, 2021, respectively. The objectives of this Act are as follows:

The Tax Reform for Acceleration and Inclusion (TRAIN):

a. To enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth;
b. To provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and
c. To ensure that the Government is able to provide for the needs of those under its jurisdiction and care through the provision of better infrastructure, health, education, jobs, and social protection for the people.

The Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

a. Improve the equity and efficiency of the corporate tax system by lowering the rate, widening the tax base, and reducing tax distortions and leakages;
b. Develop a more responsive and globally competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent;

c. Provide support to businesses in their recovery from unforeseen events such as an outbreak of communicable diseases or a global pandemic, and strengthen the nation's capability for similar circumstances in the future; and
d. Create a more equitable tax incentive system that will allow for inclusive growth and generation of jobs and opportunities in all the regions of the country and ensure access and ease in the grant of these incentives especially for applicants in least developed areas.

Corporate Income Tax

While Republic Act No. 10963, or the Tax Reform for Acceleration and Inclusion (TRAIN), which is the first package of the Comprehensive Tax Reform Program (CTRP) of the Duterte administration, brought about extensive changes to individual income taxation, the first package of the CTRP did not include changes in corporate income taxation. This was addressed in the second package of the CTRP or Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), which was signed into law on March 26, 2021, amending provisions of the Tax Code, related to, among others, corporate income tax, lowering corporate income taxes and modernizing fiscal incentives in a bid to complement the expected incremental revenues from the first package. CREATE shall take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

A domestic corporation is subject to a tax of 25% of its taxable income from all sources within and outside the Philippines beginning July 01, 2020, provided that domestic corporations with net taxable income not exceeding ₱5,000,000.00 and with total assets not exceeding ₱100,000,000.00 (excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed) (MSMEs), shall be taxed at 20%. Taxable net income refers to items of income specified under Section 32(A) of the Tax Code less the items of allowable deductions under Section 34 of the Tax Code or those allowed under special laws.

Passive income of a domestic corporations are taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

Any excess of the Minimum Corporate Income Tax (MCIT), beginning July 01, 2020 and until June 30, 2023, shall be computed at 1% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. After June 30, 2023, the rate of MCIT shall be 2% of the gross income as of the end of the taxable year.

Subject to certain conditions, the MCIT may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, force majeure, or due to legitimate business reverses.

Tax on Dividends

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10%, which shall be withheld by the company issuing the dividends. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25% of the gross

amount, subject, however, to the applicable preferential tax rates under 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 corporationsare subject to a final withholding tax at the rate of 25%, starting January 01, 2021. The 25% final withholding tax rate for inter-corporate cash and/or property dividends paid by a domestic corporation to a non-resident foreign corporation may be reduced depending on the country of domicile of the non-resident foreign corporation if it has an existing tax treaty with the Philippines. A country with a tax treaty may have a reduced preferential tax rate depending on the provisions of the corresponding tax treaties. On the other hand, the tax rate for a country without a tax treaty may be reduced to 15% (tax sparing rate) if (a) the country in which the non-resident foreign corporation is domiciled imposes no tax on foreign-sourced dividends or (b) if the country of domicile of the non-resident foreign corporation allows a credit equivalent to 10% for taxes deemed to have been paid in the Philippines.

Revenue Memorandum Circular No. 80-1991 (*Publishing the Resolution of the Supreme Court dated March 7, 1990 in G. R. No. 76573 entitled "Marubeni Corporation vs. Commissioner of Internal Revenue and Court of Tax Appeals" re: pre - requisites for the availment of 15% preferential tax rate under then Section 24 (b)(1) now Sec. 25(b)(5)(B) of the National Internal Revenue Code, as amended* dated August 12, 1991) states that in order to avail of the 15% tax sparing rate a non-resident foreign holder must submit the following documents to the payor of the cash dividends: (a) an authenticated certification issued by the foreign tax authority that the dividends received by the non-resident foreign corporation from the domestic corporation were not among the items considered in arriving at the income tax due from the non-resident foreign corporation; (b) the income tax return of the non-resident foreign corporation for the taxable year when the dividends were received; and (c) an authenticated document issued by the foreign tax authority showing that the foreign government allowed a credit on the tax deemed paid in the Philippines or did not impose any tax on the dividends. The income recipient may also file a request for a ruling from the Bureau of Internal Revenue (BIR) that the 15% income tax rate is applicable to its receipt of the dividends and the request has to comply with Revenue Memorandum Order No. 9- 2014 (*Requests for Rulings with the Law and Legislative Division* dated February 6, 2014) and other relevant BIR issuances. The income recipient should thereafter provide the payor of the cash dividends with proof of its filing of an application for a ruling with the BIR before the deadline for the remittance to the BIR of the withholding tax on the dividends.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident holder (please see discussion on tax treaties below).

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a nonresident holder of the company's shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Transfer taxes (e.g., DST, 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 all the shareholders of the corporation are generally not subject to Philippine income tax. However, the subsequent sale, exchange, or disposition of shares in a domestic corporation received as stock dividends by the shareholder is subject to either: (a) stock transaction tax, if the transfer is through a local stock exchange, or (b) capital gains tax and DST, if otherwise.

Tax Treaties

The following table lists some 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 40: Countries with which the Philippines has Tax Treaties			
	Dividends (%)	**Stock transaction tax on sale or disposition effected through the PSE (0.00%)**[9]	**Capital Gains tax due on disposition of shares outside the PSE (0.00%)**
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% if recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.*
2. *10% if the recipient company holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.*
3. *10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.*
4. *5.00% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends; 15% in all other cases.*
5. *10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six (6) months immediately preceding the date of payment of the dividends; 15% in all other cases.*
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% of the outstanding shares of the voting stock 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% if 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 year of its prior taxable year at least 10% of the outstanding shares of the voting stock of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.*
9. *If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the NIRC 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 Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.*
13. *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*
14. *Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the stock of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

When availing of capital gains tax exemption on the sale of shares of stock under a tax treaty, a tax treaty exemption ruling shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a certificate authorizing registration (CAR) from the BIR is required before the transfer is

registered in the stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

On March 31, 2021, the BIR issued Revenue Memorandum Order No. 14-2021 which repealed the provisions of Revenue Memorandum Order No. 8-2017 (*Procedure for Claiming Tax Treaty Benefits for Dividend, Interest and Royalty Income of Nonresident Income Earners*, dated 24 October 2016) insofar as the submission of a Certificate of Residence for Treaty Relief (CORTT) in order to avail of preferential treaty rates. Such submission of a CORTT shall be discontinued, provided that previously submitted CORTT Forms prior to effectivity of Revenue Memorandum Order No. 14-2021 shall still be forwarded to the relevant Revenue District Offices for compliance checks. The said revenue memorandum order streamlined the process in securing tax treaty relief. A withholding agent or income payor may decide whether to apply the preferential tax treaty rates based on the prescribed documents submitted by a non-resident taxpayer prior to payment of income for the first time. Should the withholding agent or income payor decide to apply the preferential tax treaty rate, the said withholding agent or income payor is required to file with the BIR-International Tax Affairs Division (ITAD) at any time after the payment of the withholding tax but in no case later than the last day of the fourth month following the close of the relevant taxable year a request for confirmation on the propriety of the withholding tax rates applied. Should the withholding agent or income payor decide not to apply the preferential tax treaty rate, the nonresident taxpayer may at any time after receipt of income file a tax treaty relief application with the BIR- International Tax Affairs Division.

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.

Sale, Exchange, or Disposition of Common Shares after the IPO

Capital Gains, if Sale was made Outside of the PSE

The net capital gains realized from the sale, exchange, or other disposition of shares of stock outside the facilities of the PSE by an individual citizen, resident alien, or a domestic corporation (other than a dealer in securities) during each taxable year are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year. For non-resident alien individuals, such sale, exchange, or disposition is also taxable at the rate of 15%, except that this constitutes final withholding tax.

Upon the effectivity of CREATE Law, the net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange, or disposition of shares of stock in a domestic corporation outside the facilities of the PSE are subject to 15%:

The transfer of shares shall not be recorded in the books of a company, unless the BIR certifies that the capital gains and DST relating to the sale or transfer have been paid, or where applicable, a tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR or other conditions have been met.

Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable treaty exempts the sale from income and/or percentage tax, a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident shareholder (other than a dealer in securities) is subject to a stock transaction tax at the rate of 0.6% 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 a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

In addition, VAT of 12% is imposed on the commission earned by the PSE-registered broker and is generally passed on to the client.

Documentary Stamp Tax

Under the TRAIN Act, the original issue of shares of stock is subject to DST of ₱2.00 for each ₱200.00 par value, or fraction thereof, of the shares of stock issued.

The transfer of shares of stock is subject to a DST of ₱1.50 for each ₱200.00 par value or a fractional part thereof of the share of stock transferred. The DST is imposed on the person making, signing, issuing, accepting, or transferring the document and is thus payable by the vendor or the purchaser of the shares. However, the sale, barter, or exchange of shares of stock listed and traded at the PSE is exempt from DST.

Estate and Gift Taxes

Under the TRAIN Act, the transfer of the Common Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine estate tax at a rate of 6% based on the value of the net estate. Under the TRAIN Act, the transfer of the Common Shares by gift or donation would be subject to a uniform rate of 6% for both individuals and corporate holders.

Estate and gift taxes will not be collected in respect of intangible personal property, such as shares, (a) if the deceased at the time of death, or the donor at the time of 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 deceased or the donor was a citizen and resident at the time of his death or donation allow 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.

Revenue Regulation No. 006-08 prescribes that in case the fair market value of the shares of stock sold, bartered or exchanged is greater than the amount of money and/or fair market value of the property received, the excess of the fair market value of the shares of stock sold, bartered or exchanged over the amount of money and the fair market value of the property, if any, received as consideration shall be deemed a gift subject to the donor's tax under the Tax Code.

Income Tax Holiday

Pursuant to the Renewable Energy Act of 2008, renewable energy projects are entitled to an ITH of seven (7) years from commencement of commercial operations. For RE projects, the start of commercial operations shall refer to the state at which the RE plant generated the first kilowatt-hour of energy after commissioning or testing, or two (2) months from the date of such commissioning or testing, whichever comes earlier, as certified by the DOE.

Application for registration must be accompanied by a copy of the DOE Certificate of Registration, Certificate of Accreditation or DOE endorsement, whichever is applicable. Applicant enterprises shall elect to be governed by the provisions of E.O. No. 226 otherwise known as the "Omnibus Investment Code" or the Renewable Energy Act of 2008 at the time of their application for registration.

Notwithstanding the changes brought by CREATE Law on the rationalization of tax incentives, ITH granted to BOI-registered RE Developers are not affected.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' or estate taxes stated above.

The tax treatment of a non-resident shareholder 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. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

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.

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PHILIPPINE FOREIGN INVESTMENT, EXCHANGE CONTROLS, AND FOREIGN OWNERSHIP

Under current BSP regulations, an investment in listed Philippine securities 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 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 is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers and money changers to RA No. 9160, or the Anti-Money Laundering Act of 2001, as amended, and requires these nonbank 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 on the PSE may be done directly with the BSP or through an investor's designated custodian bank on behalf of the BSP. A custodian bank may be any authorized agent bank (as defined below) of the BSP 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. The term "authorized agent bank" refers to all categories of banks, except offshore banking units, duly licensed by the BSP. Applications for registration must be accompanied by: (a) a purchase invoice, subscription agreement, and proof of listing on the PSE (either or both); and (b) the original Certificate of Inward Remittance of foreign exchange and its conversion to Pesos through an authorized agent bank of the BSP in the format prescribed by the BSP.

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 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: (a) the BSP registration document from the registering custodian bank; (b) the cash dividends notice from the PSE and the PCD printout of cash dividend payment or computation of interest earned; (c) copy of the secretary's sworn statement on the board resolution covering the dividend declaration; and (d) detailed computation of the amount applied for in the format prescribed by the BSP. 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 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.

Restriction on Foreign Ownership

Foreign investors are permitted to invest in only a limited number of securities of Philippine corporations due to restrictions on foreign ownership imposed under the Constitution and by Philippine statutes, particularly in respect of securities of corporations engaged in restricted business activities. The principal restricted business activities are the ownership of land, exploitation and development of natural resources, ownership of educational institutions, operation of public utilities, and advertising, commercial banking, mass media, retail trade and rural banking activities.

Under the FIA, as amended, foreign investments in any Philippine corporation not engaged in a restricted business activity may not exceed 40% of a corporation's outstanding capital stock unless such foreign investment represents an inward remittance of at least Two Hundred Thousand US Dollars (US$200,000.00).

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer were passed upon by Picazo Buyco Tan Fider & Santos Law Offices for the Company and by Angara Abello Concepcion Regala & Cruz Law Offices for the Lead Underwriter.

Each of the foregoing legal counsels has neither shareholding 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 counsels 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.

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INDEPENDENT AUDITORS

The audited financial statements of the Company as of December 31, 2018, 2019, and 2020, and June 30, 2021 and for the years ended December 31, 2018, 2019, and 2020, and for the six (6) -month periods ended June 30, 2020 and 2021 have been audited by SGV, a member firm of Ernst & Young Global Limited, independent auditors, as set forth in their report appearing herein.

The following table sets out the aggregate fees billed for each of the last three (3) calendar years and for the June 30, 2021 fiscal year for professional services rendered by SGV, excluding fees directly related to the Offer.

Table 41: Audit and Non-Audit Related Fees

Amounts in ₱thousands	**December 31, 2018**	**December 31, 2019**	**December 31, 2020**	**June 30, 2021**
Audit and Audit-Related Fees(1)	35	35	25	1,500
Non-Audit Services (2)	-	-	-	3,500
Total	**35**	**35**	**25**	**5,000**

Notes:

(1) Audit and Audit-Related Fees. This category includes the audit of annual and interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.

(2) Non-Audit Services. This category includes the Issuance of a Comfort Letter in respect to the initial offering.

The auditing firm of SGV, a member firm of Ernst & Young Global Limited was nominated and recommended to the stockholders for appointment as external auditor for the year 2017-2021.

In compliance with SRC Rule 68 (3) (b) (iv) of the SRC, the appointment of a signing partner of SGV shall not exceed seven (7) consecutive years. Ms. Jhoanna Feliza C. Go commenced as engagement partner of the Company starting 2017.

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