

February 28 2022

Philippine Stock Exchange

6th Floor PSE Tower

5th Avenue corner 28th Street

Bonifacio Global City, Taguig City 1634

Attention: **Janet A. Encarnacion**
Head, Disclosure Department

Subject: **Comprehensive Corporate Disclosure**

Ladies and Gentlemen:

The Board of Directors of Solar Philippines Nueva Ecija Corporation (“SPNEC”) approved on February 24 2022 the acquisition of 100% of the outstanding shares of Solar Philippines Power Project Holdings, Inc. and affiliates (“SPNEC Parent”) in various entities (“Solar Philippines Assets”) through an asset-for-share swap, with SPNEC Parent subscribing to 24,373,050,000 shares of SPNEC at Php 2.50 per share (“Share Swap”). The Solar Philippines Assets are described further below.

This Share Swap is supported by a third-party valuation and fairness opinion by FTI Consulting Philippines, Inc., an independent valuation and fairness opinion provider accredited with the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange (“PSE”).

This Share Swap would be enabled by the increase in authorized capital stock from 10 billion shares to 50 billion shares approved by SPNEC’s Board of Directors on January 10 2022, for approval at SPNEC’s Stockholder’s Meeting set for March 7 2022, and subject to regulatory approvals. Definitive agreements for this Share Swap have yet to be executed and will be duly disclosed upon execution.

This Share Swap would expand SPNEC’s portfolio, from currently one solar project in Nueva Ecija to a portfolio including operational projects as well as developments in various provinces of the Philippines, in support of its goal of developing 10 GW of solar projects.

I. Proposed Transaction, Timetable and Related Regulatory Requirements

This Share Swap involves the issuance by SPNEC of 24,373,050,000 shares to SPNEC Parent at an issue price of Php 2.50 per share in exchange for 100% of the outstanding shares of SPNEC Parent in the Solar Philippines Assets.

The Solar Philippines Assets would serve as SPNEC’s subscription payment for the increase in SPNEC’s authorized capital stock from 10 billion shares to 50 billion shares, which is for approval at SPNEC’s Stockholder’s Meeting set for March 7 2022, after which SPNEC would file its application for the increase in authorized capital stock to the SEC. SPNEC would also file an application for a tax-free exchange with the Bureau of Internal Revenue for this Share Swap.

SPNEC targets to complete this Share Swap by the middle of 2022, subject to the time to obtain approvals after SPNEC would make relevant filings to regulators after its Stockholder's Meeting set for March 7 2022. After that, SPNEC would have 32,497,400,005 shares, and would plan to issue to the public at least 5,124,832,502 shares, resulting in an over 20% public float, through a possible stock rights offering ("SRO"), private placement, or follow-on offering ("FOO"), which are currently under evaluation.

II. Rationale and Expected Benefits for the Transaction

This Share Swap would support the existing business model and strategy of SPNEC as a solar project development company, and support its goal of developing 10 GW of solar projects, by significantly expanding its portfolio in exchange for the issuance of only three times its currently outstanding shares.

This Share Swap would enable SPNEC to achieve profitability earlier due to the addition of already operational projects as well as economies of scale due to the expansion of its portfolio of developments. These aim to make SPNEC more attractive to a wider base of investors, including institutional investors, improving SPNEC's access to capital to support its growth plans, for the benefit of SPNEC's existing public shareholders.

III. Aggregate Value of the Consideration, Process and Terms

In exchange for the Solar Philippines Assets, SPNEC Parent would subscribe to 24,373,050,000 shares of SPNEC at Php 2.50 per share, for a value of Php 60,932,625,000. This issuance of shares would be enabled by the increase in authorized capital stock from 10 billion shares to 50 billion shares approved by SPNEC's Board of Directors on January 10 2022, for approval at SPNEC's Stockholder's Meeting set for March 7 2022, and subject to regulatory approvals.

IV. Basis for Determination of Issue Value

This issue value is supported by a third-party valuation and fairness opinion by FTI Consulting Philippines, Inc., an independent valuation and fairness opinion provider accredited with the SEC and PSE. This is based on sum-of-the-parts, discounted cash flows, adjusted book value, and comparable valuation methodologies to determine a fair value for the Solar Philippines Assets.

V. Detailed Work Program of the Application of Proceeds, Timetable and Status

This Share Swap would support SPNEC's goal of developing 10 GW of solar projects, by expanding SPNEC's portfolio to include projects that are already operational as well as an even greater capacity that are under development.

According to the list of Awarded Solar Projects as of 31 December 2021 on the Department of Energy ("DOE") website, the Solar Philippines companies subject to this Share Swap hold over 30 DOE Solar Energy Service Contracts with over 10 GW of potential capacity, as shown in the following table:

Solar Energy Service Contract ("SESC") No. of SP Projects	DOE List of Awarded Solar Projects as of 31 December 2021 (https://www.doe.gov.ph/renewable-energy/awarded-solar)		
	Project Name	Potential Capacity (MWp) per DOE list	Installed Capacity (MWp) per DOE list

2014-04-071	Central Mall Biñan Solar Power Project	0.00	0.70
2014-04-072	SM North Edsa Solar Power Project	0.00	1.47
2014-12-091	Calatagan Solar Power Project	0.00	63.30
2015-02-110	Roxas City Mall Solar Power Project	0.00	0.59
2015-02-111	SM Mall of Asia Solar Power Project	0.00	2.69
2017-02-363-AF1	Calamba-Tanauan Solar Power Project	100.00	0.00
2017-02-364	Medellin Solar Power Project	100.00	0.00
2017-02-365	Iba-Palauig Solar Power Project	0.00	0.00
2017-05-384	Balayan Solar Power Project	600.00	0.00
2017-05-385	Tarlac Solar Power Project	0.00	0.00
2017-06-404-AF1	Sta. Rosa Nueva Ecija 2 Solar Power Project	0.00	0.00
2017-06-405	San Rafael 1 Solar Power Project	140.00	0.00
2017-06-406	Maragondon-Naic-Tanza 2 Solar Power Project	200.00	0.00
2017-06-407	San Ildefonso Solar Power Project	140.00	0.00
2017-06-415	Iba-Palauig 2 Solar Power Project	1200.00	0.00
2017-06-420	Calamba-Tanauan 2 Solar Power Project	1680.01	0.00
2017-06-421	Maragondon-Naic-1 Solar Power Project	100.00	0.00
2017-07-431	Maragondon 1 Solar Power Project	60.01	0.00
2017-07-432	Maragondon 2 Solar Power Project	0.00	0.00
2017-07-433	Maragondon 3 Solar Power Project	1680.00	0.00
2017-07-434	Sta. Rosa Nueva Ecija 1 Solar Power Project	100.00	0.00
2017-07-435	Sta. Rosa Nueva Ecija 3 Solar Power Project	1680.00	0.00
2017-07-436	Concepcion Tarlac 2 Solar Power Project	0.00	0.00
2017-07-442-AF1	Concepcion 1 Solar Power Project	50.00	100.61
2017-08-445	SM City Tuguegarao Solar Power Project	5.00	0.00
2018-03-477	Cabatang Tiaong Solar Power Project	600.00	0.00
2018-03-478	El Nido Solar Power Project	0.00	0.00
2018-03-479	Tayabas Solar Power Project	0.00	0.00
2019-02-500	Padre Garcia Solar Power Project	1680.01	0.00
2019-05-512	Kananga-Ormoc Solar Power Project	1200.00	0.00
2019-05-513	Naga Solar Power Project	1680.00	0.00
2019-05-514	General Santos Solar Power Project	1200.00	0.00
2019-10-531	Laguna de bay Area 2E Solar Power Project	0.00	0.00
SP SESC Total		14195.03	169.36
Rest of Market SESC Total		5796.60	1141.33
DOE SESC Total		19991.63	1310.69
Other SP Projects	Various Commercial & Industrial Projects	0.00	5.86 (not in DOE list)
2019-10-126	Calatagan Wind Power Project (Wind Energy Service Contract, "WESC")	200.00	0.00
SP Projects Total		14395.03	175.22

The above table is from the DOE's list of Awarded Solar Projects as of 31 December 2021. Many of the above projects will not materialize, and for those that do, the above may not represent the project's ultimate planned capacity, which is subject to change, given the nature of project under development. Risks in developing solar projects include the unavailability of land, transmission, off-take, and financing. On the other hand, the DOE has increased its Renewable Portfolio Standard target to 35% of the country's energy that would need to be sourced from renewable energy by 2030. As such, SPNEC aims to achieve its goal of developing a total of 10 GW of solar projects from the above list, supported by the scarcity of solar projects developed relative to the growing demand for renewable energy in the Philippines.

In the near-term, SPNEC would have two goals:

First, to reach 1 GW of operational capacity across its portfolio. This would comprise the projects of Solar Philippines that are already operating or under construction, the first phase of SPNEC's Nueva Ecija solar farm, and additional developed capacity.

Second, to complete the development of the rest of its 10 GW target. Much of the rest of SPNEC's developments would be located in the provinces of Nueva Ecija, Bulacan, Tarlac, Batangas, and Quezon, where Solar Philippines has spent the past years consolidating land suitable for solar in relative proximity to the Greater Manila Area. Once these projects are shovel-ready, joint-venture partners may help fund the construction of its projects, in line with SPNEC's view that partnerships are key in executing larger-scale projects. Several of the Solar Philippines Assets are subject to existing joint ventures.

To complete the development of these projects, and particularly to fund land acquisition, SPNEC plans to issue to the public at least an additional 5,124,832,502 shares. On February 14 2022, the Board of Directors of SPNEC approved the conduct of an SRO, where eligible stockholders would have the opportunity to subscribe to shares. The company plans to file the SRO in the second quarter of 2022, from which point the SRO's timing would depend on regulatory approvals. The company may also raise capital from private placements with institutional investors to complete the capital required for the company's expansion plans.

From that point, a project may become shovel-ready within 2-3 years, after which a project may be constructed over another 1-2 years, subject to possible delays due to the challenges of solar project development and market conditions. While external factors such as the demand for renewable energy are outside any one company's control, SPNEC is focused on executing on its business model as a solar project development company, preparing the supply of projects in anticipation of demand when it comes.

VI. Effects to the Company Before and After the Transaction

a. Increase in Authorized Capital Stock

SPNEC's authorized capital stock is proposed to increase from Php 1 billion divided into 10 billion shares to Php 5 billion divided into 50 billion shares. This was approved by SPNEC's Board of Directors on January 10 2022, is for approval at SPNEC's Stockholder's Meeting set for March 7 2022, and would be subject to regulatory approvals.

b. Change in Nature of Business

This Share Swap has not caused any change in the nature of the business of SPNEC.

c. Change in Board of Directors and Officers

This Share Swap has not caused any change in the Board of Directors or Officers of SPNEC.

d. Change in Name, if any

This Share Swap has not caused any change in the name of SPNEC.

e. Ownership Structure of the Issuer

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
Solar Philippines Power Project Holdings, Inc.	5,424,349,998	66.77%	29,797,399,998	91.69%

f. Capital Structure of the Listed Company

	Before	After
Issued Shares	8,124,350,005	32,497,400,005
Outstanding Shares	8,124,350,005	32,497,400,005
Treasury Shares	none	none
Listed Shares	8,124,350,005	32,497,400,005

g. Public Ownership Level

After this Share Swap, the public ownership of SPNEC will change from 29.54% to 7.39%. The issuance to the public of at least an additional 5,124,832,502 shares through a possible SRO, private placement, or FOO would result in an over 20% public float.

VII. Additional Information on SPNEC Parent

a. Summary of the Solar Philippines Assets

Name	Date of Incorporation	Nature of Business	Status of Operations
Solar Philippines Power Project Holdings, Inc.	April 30 2014	Holding company	Holds shares of SPNEC and Solar Philippines Assets
Solar Philippines Calatagan Corporation	June 9 2015	Solar project company	Operating 63 MW (SESC 2014-12-091), possible expansion (WESC 2019-10-126)
Solar Philippines Tarlac Corporation	July 15 2015	Solar project company	Operating 100 MW with 100 MW expansion (SESC 2017-07-442-AF1)
Solar Philippines Tanauan Corporation	September 7 2016	Solar project company	Constructing 140 MW (SESC 2017-02-363-AF1, SESC 2017-07-431)
Terra Solar Philippines, Inc.	June 21 2021	Solar project company	Project development (SESC for assignment)
SP Holdings, Inc.	June 9 2021	Holding company	Holds shares of project developments
Solar Philippines Batangas Baseload Corporation	March 8 2018	Solar project company	Project development (SESC for assignment)
Solar Philippines Tarlac Baseload Corporation	October 2 2015	Solar project company	Project development (SESC for assignment)
Solar Philippines Central Luzon Corporation	March 2 2017	Solar project company	Project development (SESC for assignment)
Solar Philippines South Luzon Corporation	April 6 2017	Solar project company	Project development (SESC 2019-05-513, SESC 2019-10-531)
Solar Philippines Eastern Corporation	November 11 2021	Solar project company	Project development (SESC for assignment)
Solar Philippines Southern Tagalog Corporation	November 11 2021	Solar project company	Project development (SESC for assignment)

Solar Philippines Western Corporation	November 11 2021	Solar project company	Project development (SESC for assignment)
Solar Philippines Visayas Corporation	April 6 2017	Solar project company	Project development (SESC 2019-05-512)
Solar Philippines Central Visayas Corporation	November 11 2021	Solar project company	Project development (SESC for assignment)
Solar Philippines Southern Mindanao Corporation	November 11 2021	Solar project company	Project development (SESC for assignment)
Solar Philippines Batangas Corporation	April 6 2017	Solar project company	Project development (SESC 2019-02-500)
Solar Philippines Retail Electricity, Inc.	August 24 2016	Retail Electricity Supplier ("RES")	Holds RES license, Green Energy Option Program ("GEOP") operating permit
Laguna Rooftop Solar Corporation	July 6 2021	Solar project company	Constructing Mitsubishi Rooftop Solar Projects
Solar Philippines Rooftop Corporation	April 6 2017	Project company and EPC	Holds several rooftop solar projects, and operates as an Engineering, Procurement, Construction ("EPC") contractor
Solar Philippines Commercial Rooftop Projects, Inc.	December 13 2013	Project company	Holds several rooftop solar projects, operates as an EPC contractor, and holds many of the above SESC's for assignment

b. Capital Structure

Company Name	No. of Shares Issued and Outstanding
Solar Philippines Power Project Holdings, Inc.	100,000,000

This Share Swap has not caused any change in the capital structure of SPNEC Parent, other than the subscription of additional shares by SPNEC Parent in SPNEC.

c. Ownership Structure

Solar Philippines Power Project Holdings, Inc.		
Name of Shareholder	No. of Shares	%
Leandro Antonio L. Leviste	99,999,998	100%
Hazel Iris P. Lafuente	1	0%
Irma C. Flaminiano	1	0%

This Share Swap has not caused any change in the ownership structure of SPNEC Parent, other than the subscription of additional shares by SPNEC Parent in SPNEC.

d. Board of Directors, Principal Officers and Major Shareholders

Solar Philippines Power Project Holdings, Inc.	
Name of Director/Officer	Position
Leandro Antonio L. Leviste	Chairman, President & CEO
Hazel Iris P. Lafuente	Corporate Secretary/Treasurer & Director
Irma C. Flaminiano	Director

This Share Swap has not caused any change in the Board of Directors, Principal Officers, or Major Shareholders of SPNEC Parent.

e. Latest Audited Financial Statements

Please see attached.

f. Corporate Structure of the Solar Philippines Group

Please see attached.

VIII. Interest of Directors of the Parties to the Transaction to the Transaction

Aside from ownership of shares in SPNEC and SPNEC Parent, the directors of the parties to the transaction do not have an interest in the proposed transaction, other than Mr. Leviste, who is the beneficial owner of SPNEC Parent and the Solar Philippines Assets.

IX. Steps to be Taken to Safeguard the Interests of Independent Stockholders

SPNEC's increase in the authorized capital stock from 10 billion shares to 50 billion shares will be for approval at SPNEC's Stockholder's Meeting set for March 7 2022. In addition, this Share Swap is supported by a third-party valuation and fairness opinion by FTI Consulting Philippines, Inc., an independent valuation and fairness opinion provider accredited with the SEC and PSE.

X. Other Relevant Information

After extensive consultations, SPNEC has determined it to be accretive to its public shareholders to pursue this Share Swap, which would support SPNEC's goal of developing 10 GW of solar projects, by significantly expanding SPNEC's portfolio in exchange for the issuance of only three times its currently outstanding shares. This would enable SPNEC to achieve profitability earlier due to the addition of already operational projects as well as economies of scale due to the expansion of its portfolio of developments. These aim to make SPNEC more attractive to a wider base of investors, including institutional investors, improving SPNEC's access to capital to support its growth plans.

Moreover, SPNEC has determined it to be advantageous to its public shareholders to pursue this plan now given the myriad of time-sensitive opportunities to develop solar projects in the Philippines.

For any questions or clarifications, the Company may be reached through the undersigned via e-mail at spnec@solarphilippines.ph or mobile phone at 0917 881 6684.

Very truly yours,

Solar Philippines Nueva Ecija Corporation

By:



Hazel Iris P. Lafuente

Assistant Corporate Secretary and Chief Information Officer