

 PHILIPPINE RATING SERVICES CORPORATION	RATING REPORT
	CITICORE ENERGY REIT CORP.

Date: March 16, 2026
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ISSUER CREDIT RATING

Assigned Rating: PRS Aa plus (corp.)

Assigned Outlook: Stable Outlook

An Issuer Credit Rating is an opinion on the general and overall creditworthiness of the issuer, evaluating its ability to meet all its financial obligations within a time horizon of one year. A company rated PRS Aa (corp.) differs from the highest rated corporates only to a small degree and has a strong capacity to meet its financial commitments relative to that of other Philippine corporates. The “plus” further qualifies the assigned rating.

An Outlook is an indication as to the possible direction of any rating change within a one-year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators and the general public. A Stable Outlook is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months.

MONITORING

Outstanding Bond Issue	Interest Rate	Maturity Date (Tenor)	Assigned Rating and Outlook
₱4.5 billion Association of Southeast Asian Nations (ASEAN) Green Bonds	7.0543%	February 10, 2028 (5 years)	PRS Aa plus Stable Outlook

Obligations rated PRS Aa are of high quality and are subject to very low credit risk. The obligor’s capacity to meet its financial commitment on the obligation is very strong. The “plus” further qualifies the assigned rating. A Stable Outlook, on the other hand, means that the rating is likely to be maintained or to remain unchanged in the next 12 months.

RATING RATIONALE

1. Well-positioned to benefit from the country's growing renewable energy needs with its unique and fully occupied portfolio of green assets

Citicore Energy REIT Corp. (CREIT; the Company) is the first energy-focused Real Estate Investment Trust (REIT) in the Philippines. The Company is focused on the renewable energy space, which is poised for growth given the continuously growing demand for electricity and the government's push to expand the country's renewable energy capacity. The Philippine government aims to increase the share of renewable energy in power generation to 35% in 2030 and 50% in 2040.

CREIT's portfolio currently consists of a Company-owned solar power plant and 13 parcels of land leased or subleased to solar power plant operators. All the Company's properties are being leased to companies within the Citicore Group, in line with its current focus to support its Sponsor's developments. Nonetheless, the leased properties have been fully occupied by their respective lessees since 2017 and have a minimum remaining lease term of 14 years. Moreover, the offtake contracts with the lessees' customers had a weighted average (by contracted capacity) term of 10.6 years as of end-September 2025, longer than the 8.1 years reported in the previous review.

Land properties acquired by CREIT in 2023 host solar power plants that are currently under construction. These projects have a total capacity of 543 megawatts direct current (MWdc). Project timelines, however, have been adjusted due to land acquisition challenges, as well as the National Grid Corporation of the Philippines' (NGCP) delay in completing its Tuy-Dasmariñas transmission line project.¹ In light of the latter, the Department of Energy (DOE) allowed the solar plants' commercial operations dates to slide from 2025 to 2026.

The Sponsor, Citicore Renewable Energy Corporation (CREC), intends to continue to infuse assets into CREIT. This will support the Company's growth over the next few years.

2. Reputable shareholders

As of end-September 2025, CREIT was 33% owned by CREC, the Company's Sponsor, and 29% by SM Investments Corporation (SMIC). The remaining 38% were owned by the general public.

CREC is a pure renewable energy developer engaged in the development and operation of solar, run-of-river hydro, and wind energy platforms in the country. CREC is one of the largest solar energy generation companies in the Philippines, in terms of combined gross installed solar capacity. Its ultimate parent, Citicore Holdings Investment, Inc. (CHII), is also the parent company of Megawide Construction Corporation (Megawide)—an established infrastructure-focused organization, whose ₱8.5 billion outstanding bonds are rated PRS Aa with a Stable Outlook by PhilRatings. CREC is pursuing development activities with the goal of adding 1 GW of renewable energy projects per year to its portfolio from 2025 to 2029, for a total of at least 5 GW.

SMIC is one of the country's largest conglomerates, with businesses in retail, banking, and property. SMIC also has portfolio investments in other sectors such as logistics, food manufacturing, geothermal steam production, and mining. SMIC's outstanding bonds amounting to ₱7.5 billion are given the highest rating

¹ A delay in NGCP's project implementation will also impede the entry of additional power supply from new power plants.

of PRS Aaa, with a Stable Outlook. SMIC is ramping up its efforts in expanding its renewable energy portfolio. SMIC is currently focused on geothermal energy production through its energy arm, which operates geothermal steam fields in Albay, Laguna, and Batangas. SM Prime Holdings (SMPH), SMIC's property arm, has installed solar photovoltaic (PV) systems across 48 malls with a combined 77.6 MW capacity. By the end of 2025, SMPH intends to install solar PVs with a total capacity of 100 MW in 63 malls. SMIC also indicated its potential venture into wind energy.

CREC's recent collaboration with SMIC aligns with SMPH's goal of transitioning all its malls into solar-powered operations. Through the collaboration, CREIT can in turn leverage the brand recognition of the SM Group. SMIC's financial strength, together with its extensive network and experience, could also provide the Company with resources needed for further growth. In relation to CREC, CREIT can benefit from Sponsor's strong relationships with key industry players and affiliates, as well as its extensive experience in the renewable energy market.

3. Satisfactory profitability

In 2024, CREIT's revenues further increased by 5.0% from ₱1.8 billion in 2023 to ₱1.9 billion. Top line growth was driven by the full-year recognition of lease income from land assets acquired in the prior year. Direct costs increased at a slower pace of 1.2% to ₱104.3 million, on account of higher property and fund management fees. Gross profit therefore grew by 5.2%, from ₱1.7 billion in 2023 to ₱1.8 billion in 2024. While operating expenses jumped by 67.5% to ₱11.5 million, gross profit was still 5.0% higher. Gross profit margin (GPM) inched up to 94.5%, while EBITDA margin was a bit lower at 97.6%. With the 11.9% increase in finance costs to ₱346.2 million, net income registered a 2.2% uptick, from ₱1.40 billion in 2023 to ₱1.43 billion in 2024. Net profit margin (NPM) for the year was 75.7%, compared with 77.8% in the prior year.

In the first nine months of 2025 (9M2025), revenues marginally declined by 0.3% year-on-year (YoY) to ₱1.37 billion, mainly due to non-cash Philippine Financial Reporting Standards (PFRS) 16 adjustments made in the prior period. Direct costs inched up by 1.3% YoY to ₱78.6 million, resulting in gross profit declining by 0.4% YoY to ₱1.3 billion. Net income likewise decreased slightly by 0.5%, from ₱1.04 billion in 9M2024 to ₱1.03 billion in 9M2025. Margins were relatively stable.

Moving forward, additional asset infusions are seen to support earnings growth over the medium term.

4. Healthy liquidity and manageable leverage levels

Net cash from CREIT's operating activities amounted to ₱1.7 billion in 2024 and ₱1.4 billion in 9M2025, both higher than in the same period last year. With its healthy cash flows, the Company's cash balance stood at ₱690.6 million as of end-September 2025, up by 15.6% from end-2024. Current ratio also remained more than sufficient at 2.1x as of end-2024, marginally declining to 2.0x as of end-September 2025.

CREIT's ₱4.5 billion outstanding green bonds continue to be its sole interest-bearing debt as of end-2024 and end-September 2025. Total equity, on the other hand, increased slightly to ₱4.58 billion as of end-2024 and further to ₱4.61 billion as of end-September 2025. Debt-to-equity (DE) ratio therefore remained manageable at 1.0x, while solvency ratio was maintained at 1.9x for both periods.

Liquidity is expected to remain more than adequate going forward. Moreover, an improvement in leverage is anticipated.

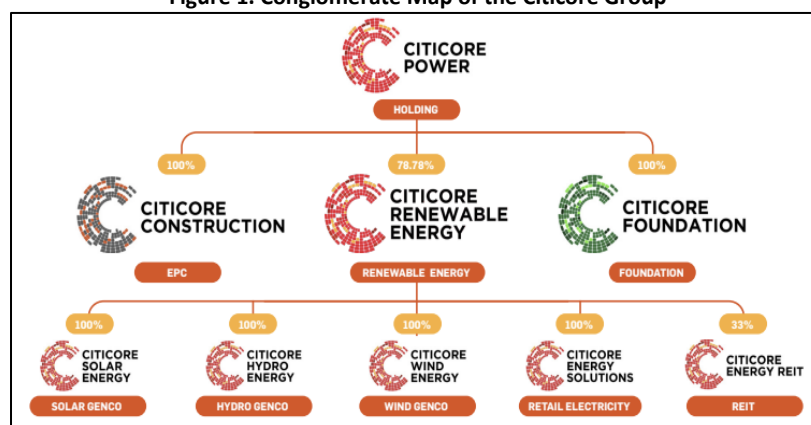
BUSINESS REVIEW

Company Profile

CREIT (formerly Enfinity Philippines Renewable Resources, Inc.) is a REIT focused on the ownership of sustainable infrastructure projects. CREIT was registered with the Securities and Exchange Commission (SEC) on July 15, 2010 and was originally engaged in power generation, prior to changing its primary purpose to that of a REIT. In February 2022, CREIT listed its shares as a REIT company in the main board of the Philippine Stock Exchange (PSE).

CREIT was formed primarily to own and invest in income-generating renewable energy real estate properties—including land and properties used for harnessing power—that meet the Company’s investment criteria. The Company is the REIT arm of the Citicore Power Group, the Group behind construction and infrastructure conglomerate Megawide.

Figure 1. Conglomerate Map of the Citicore Group



CREIT is the country’s first renewable energy REIT and has become the largest renewable energy landlord in the country, with 7.1 million square meters (sqm) of total leasable area. CREIT's green asset portfolio, comprising of 14 leasable assets, was valued at ₱19.8 billion as of end-2024, a marginal decline from ₱20.0 billion appraised value as of end-2023. The Company's assets are predominantly located in Luzon but also has presence in Visayas and Mindanao. The Company leases its real estate properties to solar power operators.

Property Portfolio

As of end-September 2025, CREIT's portfolio consisted of the following, which are collectively referred to as the “Leased Properties”:

- Clark Solar Power Plant in Clark Freeport Zone, Pampanga; and
- 13 parcels of land leased or subleased to solar power plant operators
 - Ten Company-owned parcels of land (freehold land assets): Armenia Property, Bulacan Property, South Cotabato Property, and the recently acquired parcels of land in Batangas, Pampanga, and Pangasinan
 - Three parcels of land which CREIT has leasehold rights: Toledo Property, Silay Property, and Dalayap Property

CREIT's properties are being leased to companies within the Citicore Group. While there could be opportunities to lease to third parties outside of the Group, CREIT is currently focused on leasing its portfolio assets to companies and special purpose vehicles (SPVs) owned by CREC. PhilRatings notes, however, that should CREIT tap lessees from outside the Group in the future, such will lead to further diversification in its tenant base and reduce the Company's exposure to any possible adverse developments within the Citicore Group.

Key information on CREIT's leased properties can be seen in Table 1.

Table 1. Details of CREIT's Leased Properties (as of end-September 2025)

Assets	Lessees	Customers/Offtaker	GLA (in sqm)	Gross Installed capacity (MW)	Remaining Lease term (in years)
IPO-Assets	Clark Solar Farm	CREC	250,318	22	14.0
	Armenia Property	Citicore Tarlac 1	138,164	9	21.1
	Toledo Property	Citicore Cebu	730,000	60	15.7
	Silay Property	Citicore Negros Occidental	431,408	25	15.1
	Dalayap Property	Citicore Tarlac 2	103,731	8	15.1
1st Infusion	Bulacan Property	Citicore Bulacan	253,880	15	21.3
	South Cotabato Property	Citicore South Cotabato	79,997	6	21.3
2nd Infusion	Lumbangan Property	Citicore Batangas 1	1,062,083	125	22.3
	Luntal Property	Citicore Batangas 1	839,535	72	22.3
	Bolbok Phase 1 Property	Citicore Batangas 2	741,016	72	22.3
	Bolbok Phase 2 Property	Citicore Batangas 2	933,979	105	22.3
	Pampanga Property (Arayat)	Citicore Pampanga 1	419,214	42	22.3
3rd Infusion	Pampanga Property (Magalang)	CREC	70,433	14	17.8
	Pangasinan Property	Citicore Pangasinan 2	1,049,102	113	22.8
Total			7,102,860	384*	

*Excluding additional capacities from projects under construction

A. Clark Solar Power Plant

The Clark Solar Power Plant is comprised of a solar power plant with an installed capacity of 22.3 MWdc located in Clark Freeport Zone. The solar plant is built on a 250,318-sqm parcel of land which is subject to a 25-year lease with Clark Development Corporation. The Company's lease started on September 5, 2014 and is valid for 25 years, renewable upon mutual consent of the parties.

The Clark Solar Power Plant was commissioned on March 12, 2016. It is being leased out by the Company to CREC for a period of 18 years beginning November 2021, or until September 2039. The Clark Solar Power Plant is qualified under the feed-in-tariff (FIT) II Program with Certificate of Compliance (COC) eligibility for FIT II rate from March 12, 2016 to March 11, 2036. Under the FIT regime, the offtaker of the Clark Solar Power Plant is National Transmission Corporation (TransCo). TransCo is the owner of the country's power transmission system that links power plants to the electric distribution utilities nationwide.

The Clark Property was valued at ₱2.9 billion for the period ending December 31, 2024.

B. Armenia Property

The Armenia Property is located in Brgy. Armenia, Tarlac City. It is comprised of 11 parcels of land with a total area of 138,164 sqm. The Armenia Property is owned by CREIT. It was acquired by the Company from CREC through a property-for-share swap transaction.

CREIT leased out the Armenia Property to Citicore Tarlac 1 for a period of 25 years commencing on January 2022, or until October 2046. Citicore Tarlac 1 operates a solar power plant with an installed capacity of 8.8MWdc on the Armenia Property. The said solar power plant was commissioned on February 29, 2016. The electricity generated by this power plant are contracted to the DOE as part of the fourth round of Green Energy Auction (GEA-4) Program.

The Armenia Property was valued at ₱675 million for the period ending December 31, 2024.

C. Toledo Property

The Toledo Property refers to a 730,000-sqm land located in Brgy. Talavera, Toledo City, Cebu over which CREIT has leasehold rights. The lessor of the Toledo Property is Leavenworth Realty Development, Inc., which holds the usufructuary rights to the property. CREIT's leasehold rights are valid until May 2041 and renewable upon mutual agreement of the parties. CREIT has a right to match any bona fide offer from a third party to purchase the property from the landowner.

The Toledo property was subleased by CREIT to Citicore Solar Cebu, Inc. (Citicore Cebu) for the term of its leasehold rights. Citicore Cebu operates a solar power plant with an installed capacity of 60MWdc on the Toledo Property. This power plant was commissioned on June 30, 2016, and electricity generated by such are sold to contestable customers belonging to different industries.

The Toledo Property had an appraised value of ₱3.6 billion for the period ending December 31, 2024.

D. Silay Property

The Silay Property refers to a 431,408-sqm land located in Silay City, Negros Occidental. CREIT owns leasehold rights over the Silay Property pursuant to a lease agreement between the Company as lessee and Claudio Lopez, Inc. as lessor. The lease has a term of 19 years expiring in October 2040. The lease can be extended for another five years unless earlier terminated by either party at least six months prior to the end of the original term.

The Silay Property was leased out by the Company to Citicore Solar Negros Occidental, Inc. (Citicore Negros Occidental) for the remaining term of its leasehold rights. Citicore Negros Occidental operates a solar power plant with an installed capacity of 25MWdc on the Silay Property. This power plant was commissioned on March 8, 2016. Electricity generated by Citicore Negros Occidental's solar power plant is sold to contestable customers from various industries.

The Silay Property was valued at ₱2.7 billion for the period ending December 31, 2024.

E. Dalayap Property

The Dalayap Property is located in Brgy. Dalayap, Tarlac City. It is comprised of parcels of land with a combined area of 103,731 sqm. CREIT owns the leasehold rights over the Dalayap Property pursuant to a lease agreement entered into with Ma. Paula Cecilia David and Juan Francisco David, and a sublease

agreement with Benigno S. David and Vivencio M. Romero, Jr. The lease and sublease agreements have initial terms of 19 years, expiring in October 2040. These are renewable for another 25 years subject to the consent of the lessor. CREIT also has the right of first refusal to purchase the said parcels of land in the event the lessor or sublessor decides to sell their properties.

CREIT leased out the Dalayap Property to Citicore Solar Tarlac 2, Inc. (Citicore Tarlac 2) for the remaining term of its leasehold rights. Citicore Tarlac 2 operates a 7.55 MWdc solar power plant in the Dalayap Property. Citicore Tarlac 2's solar power plant was commissioned on February 27, 2016. The electricity generated by this power plant are contracted to the DOE as part of the fourth round of GEA-4 Program.

The Dalayap Property was valued at ₱435 million for the period ending December 31, 2024.

F. Bulacan Property

The Bulacan Property covers several parcels of land in Brgy. Pasong Bangkal, San Ildefonso, Bulacan with an aggregate area of 253,880 sqm. It is located within 30 to 40 kilometers from the planned central business district (CBD) township development in the area and the future New Manila International Airport. The Company purchased this property from Citicore Solar Bulacan, Inc. (Citicore Bulacan) in 2022.

The property is leased out to Citicore Bulacan for 25 years or until December 2046. Citicore Bulacan operates a 15MWdc solar power plant that was commissioned on March 12, 2016. The Bulacan Property is certified as FIT-eligible and is entitled to the FIT rate of ₱8.69/kwh for a period of 20 years or until March 2036. Its capacity is fully-contracted to TransCo.

The Bulacan Property was valued at ₱2.4 million for the period ending December 31, 2024.

G. South Cotabato Property

The South Cotabato Property is a 79,997-sqm parcel of land located in Brgy. Centrala, Surallah, South Cotabato. CREIT purchased the property from Citicore Solar South Cotabato, Inc. (Citicore South Cotabato) in 2022.

The South Cotabato Property is leased out to Citicore South Cotabato for 25 years or until December 2046. Citicore South Cotabato operates a 6.23MWdc FIT-eligible solar power plant that was commissioned on December 9, 2015. The said plant was also granted entitlement under the FIT Program for a period of 20 years or until December 2035. The electricity generated by Citicore South Cotabato's solar power plant is sold to TransCo.

The South Cotabato Property was valued at ₱1.0 billion for the period ending December 31, 2024.

H. Properties Acquired in 2023 (2nd and 3rd Asset Infusion)

In 2023, CREIT acquired parcels of land with an aggregate area of 512 hectares in Batangas (Tuy and Bolbok), Pampanga, and Pangasinan. These lands were said to be ideal for developing utility scale solar power plants given its proximity to the NGCP substation and proven solar irradiance resources. The acquisition was financed by the proceeds from the Company's ₱4.5 billion maiden ASEAN Green Bonds issuance.

In the same year, CREIT entered into lease agreements with Citicore Solar Batangas 1, Inc. (Citicore Batangas 1), Citicore Solar Batangas 2, Inc. (Citicore Batangas 2), Citicore Solar Pampanga 1, Inc. (Citicore Pampanga 1), Citicore Solar Pangasinan 2, Inc. (Citicore Pangasinan 2), and CREC for the lease of the recently acquired parcels of land. The lease agreements are effective for 25 years, extendable by an additional 50 years at the option of the lessor, while the lease payment is subject to an annual escalation rate of 2.5%.

These properties currently host solar power plants under construction, with a total capacity of 543 MWdc. The completion dates of the said projects, however, have been adjusted due to land acquisition issues, including having to deal with several land owners and issues on these owners' tax declaration/land titles. The Batangas projects were also affected by the delay in NGCP's Tuy-Dasmariñas transmission line. In light of this, the DOE allowed the solar plants' commercial operations dates to slide from 2025 to 2026.

Nonetheless, in 3Q2025, CREC energized Citicore Pampanga 1 and Citicore Batangas 1's solar projects, with installed capacities of 42 MWdc and 197 MWdc, respectively. Citicore Batangas 1's solar facility is complemented by a 320 MWh battery energy storage system (BESS). Moreover, Citicore Batangas 2 and Citicore Pangasinan 2's solar plants are scheduled for completion in 1H2026.

Targets and Strategies

CREIT's principal strategy is to invest in income-generating renewable energy real estate properties that meet the following criteria: (i) primarily (but not exclusively) be a site suitable for solar power plants, but may include other renewable energy properties available in the market; and (ii) located in underdeveloped areas where CREIT has completed and validated the availability of resources and the potential of such area for future township developments to drive long-term appreciating land values.

As a REIT, the Company's growth will be driven by the Sponsor's asset infusions from its pipeline of projects. In 2024, CREIT shifted its strategy towards land acquisition that will support CREC's future solar power developments. CREC is pursuing development activities with the goal of adding 1 GW of renewable energy projects per year to its portfolio from 2025 to 2029, for a total of at least 5 GW. CREC expects to achieve this through clustering strategy.²

As of end-September 2025, CREC's 12 operating solar projects had a total gross installed capacity of 524 MWdc, an improvement from the 285 MWdc in the previous review. The increase was due to the energization of the two solar projects in Pampanga and Batangas. The Sponsor has five ongoing solar projects under construction with a total gross capacity of 621 MWdc.³ Such would bring the Sponsor's total capacity to 1.15 GW. PhilRatings notes, however, that the Sponsor faced delays in achieving the projects' completion and/or commercial operations. Bulk of the additional 1 GW capacity for 2026 and 2027 is expected to be achieved through expansions of existing projects. The Sponsor has also secured projects under the GEA-4 initiative.

The lease rental rate for the Leased Properties is composed of a guaranteed annual base rental rate (independent of the performance of the lessee's power plant) and a variable rental rate (which allows the Company to benefit from improved performance on the part of its lessees). The guaranteed base rental

² Clustering is a method of developing multiple solar projects in close geographic proximity. This strategy allows CREC to develop and expand projects in areas with strong irradiation resource and transmission capacity.

³ CREIT hosts two (Bolbok and Pangasinan properties) of CREC's five ongoing solar projects.

rate is payable on equal monthly installments, while the variable rental rate is equivalent to 50% of the incremental gross revenue earned by the lessee in excess of the agreed base revenue for the fiscal year.

The guaranteed base lease accounted for 97% of the Company's total rental income in 2024. As such, CREIT expects to receive steady cash flows over the term of the contracts. While variable rent contributed minimally to the Company's rental income, it also presents a growth opportunity, as CREIT can benefit from the anticipated growth of its tenants, driven by the rising demand for renewable energy.

CREIT currently focuses on solar assets, as these take less time to develop and build and are relatively easier to manage (since such only involves cleaning of solar panels and grass cutting). Nevertheless, the Company will explore diversifying into other types of renewable energy properties.

Operating Highlights

CREIT generates cash flows from its assets in the form of lease income. As of end-September 2025, CREIT's asset portfolio (14) and its total leasable land area (7.1 million sqm) were unchanged from the previous review. The total combined capacity of CREIT's tenants, however, increased from 145 MWdc in the previous review to 384 MWdc, on account of the energization of the Sponsor's project in CREIT's Batangas and Pampanga properties.

CREIT's rental income is derived from its leasehold and freehold assets and the lease of its solar power plant. The breakdown of CREIT's rental income is shown in Figure 2.

The Company's revenues from freehold properties increased to ₱864 million or by 9.1% in 2024. Such was on account of the full-year take up of revenue from the new parcels of land acquired in 2023—particularly in Batangas and Pangasinan. Rental income from its leasehold land assets also increased, albeit at a slower rate of 2.4% to ₱739 million.

CREIT's properties in Cebu and Batangas remained the top contributors to CREIT's rental income, each accounting for approximately 20% of total rental income in 2024. Silay Property and Clark Solar Plant followed, with each having a share of 15%. The Bulacan Property also made a notable contribution of 11%.

The revenue mix/contribution per asset location and property type remained relatively the same from the previous review.

Figure 2. Breakdown of Rental Income (2023 - 2024)

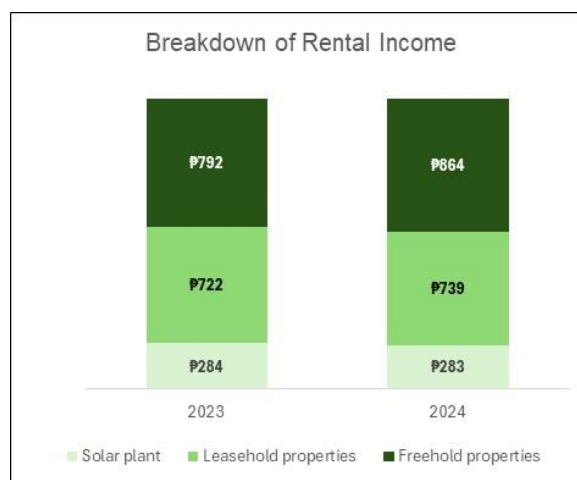
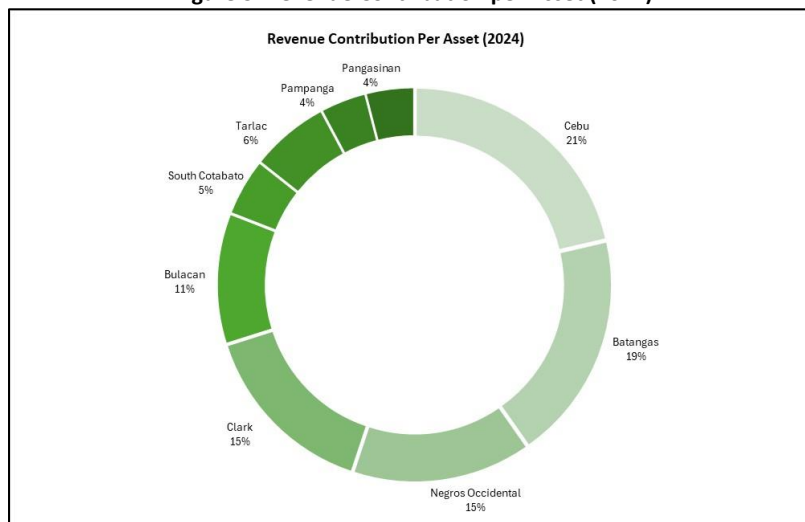


Figure 3. Revenue Contribution per Asset (2024)



Solar Power Plant Operations

In 2025, the lessees' solar power plants still posted a high average plant availability rate of 98.8%, slightly lower than 99.0% in 2024. Average plant performance ratio, on the other hand, marginally improved to 77.0%, from 76.2% in the previous year. To minimize unscheduled or unplanned internal outages, the operations teams of the lessees conduct regular preventive and predictive maintenance on major equipment in their respective plants.⁴ Average solar irradiation in 2025 was 4.6 kWh/m², lower than the 4.9 kWh/m² recorded for 9M2024.

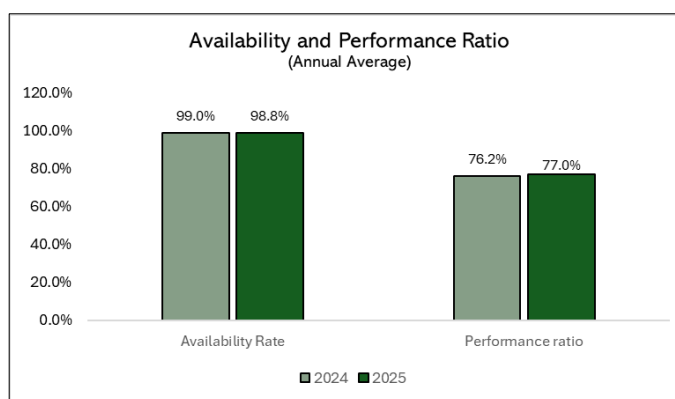


Figure 4. Availability and Performance Ratio

Customers

Given its unique business model, the leased properties have been 100% occupied by their respective lessees since 2017. As of end-September 2025, the properties had a weighted average lease expiry (WALE) of 19.7 years.

Moreover, the lessees had long-term offtake agreements with established customers. More than 70% of the total contracted capacity of its tenant's customers is expected to expire beyond 2027, while 14.7% expired in 2025. The contracted capacity that expired in 2025 have nevertheless been renewed in an update provided by CREIT, while those that will expire in 2026 is in the process of being renewed.

⁴ According to the National Renewable Energy Laboratory (NREL), the standard performance ratio for a newly built PV system averages 77%. Over time, the performance of the system reduces due to annual degradation of PV panels.

As of end-September 2025, offtake contracts of tenants’ customers had a weighted average (by contracted capacity) term of 10.6 years. This was longer than the 8.1 years of average contract term reported in the previous review.

Except for the Toledo and Silay properties, all capacities were contracted to Transco as the three plants/properties (Cotabato, Clark, and Bulacan) are under the FIT program of DOE, while Armenia & Dalayap properties were also contracted to the DOE as part of GEA 4 commitment.

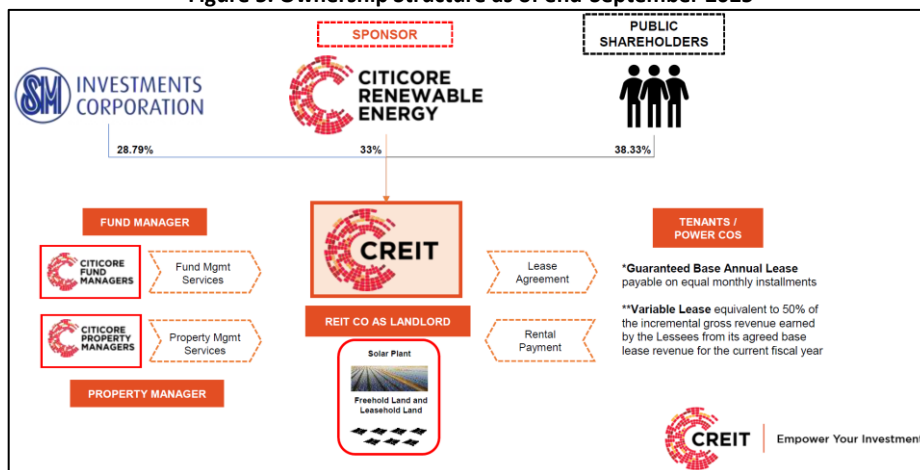
The other lessees of the Company sell the electricity generated by their respective solar power plants to contestable customers in various industries, and any excess capacity to the Wholesale Electricity Spot Market (WESM). As of end-September 2025, 82% of the Company’s total contracted capacity were under bilateral contracts (from 75% as of end-September 2024), while the remaining 18% (from 25% as of end-September 2024) were under a FIT program with TransCo.

The top customers of the lessees include TransCo, WESM, SMPH, and Gaisano Grand Malls. The aforementioned were also the top customers in the previous review. The total contracted capacity of the tenants’ power plants as of end-2025 was 256 MW.

Ownership

As of end-September 2025, CREIT was 33% owned by the Sponsor (CREC) and 29% by SMIC. The rest or 38% were owned by the general public.

Figure 5. Ownership Structure as of end-September 2025



In 2024, the Sponsor’s consolidated revenues amounted to ₱5.1 billion, a robust 39.7% increase from ₱3.7 billion in 2023. Operating profit margin (OPM) likewise improved from 29% to 31%. Moreover, CREC’s bottom line posted a double-digit (11.2%) growth, increasing from ₱910 million to ₱1.0 billion. While OPM

improved, CREC’s NPM declined from 24.7% in 2023 to 19.7% in 2024, due to the Sponsor’s share in net loss from a joint venture (JV). The net loss incurred by the JV was attributable to the higher financing costs.

Earnings before interest and taxes (EBIT) interest coverage for 2024 was 3.5x. Current ratio similarly remained more than satisfactory at 3.0x as of end-2024.

The Sponsor sustained its growth momentum in 9M2025, posting a 12.9% top line increase to ₱3.8 billion. Bottom line likewise jumped by 27.9%

to ₱966 million. As such, NPM improved from 22.3% in 9M2024 to 25.3% in 9M2025. EBIT interest coverage also increased from 3.0x to 4.4x. Current ratio declined, however, albeit to a still more-than-ample level of 2.4x as of end-September 2025.

CREC’s total debt more than doubled from ₱11.7 billion as of end-2023 to ₱26.1 billion as of end-2024. Such increase was on account of the loan availments for the construction of solar plants and the procurement of BESS. Nonetheless, the Sponsor’s total equity similarly grew twofold from ₱8.6 billion to ₱18.0 billion over the same period. As such, CREC’s DE ratio was unchanged at 1.4x as of end-2024.

As of end-September 2025, the Sponsor’s DE ratio jumped to 1.7x, as the increase in total debt outpaced the increase in equity. Total debt as of end-September 2025 amounted to ₱42.0 billion, while total equity stood at ₱24.9 billion. The increase in debt was brought about by the additional loans made by CREC to refinance its bank loans and to further support/fund solar project construction.

In March 2024, the Company’s sponsors, CREC and Citicore Tarlac 1, Inc., sold a total of 1,884,374,000 common shares of the Company at ₱2.65 per share to SMIC. As a result of this transaction, Citicore Tarlac 1 no longer owned shares in CREIT, while CREC’s ownership dropped to 33%, from approximately 62% as of end-2023. Nonetheless, CREC continues to be the Company’s largest shareholder. CREC will still oversee managing the relevant business activities including day-to-day operations.

Figure 6. Sponsor's Income Statement

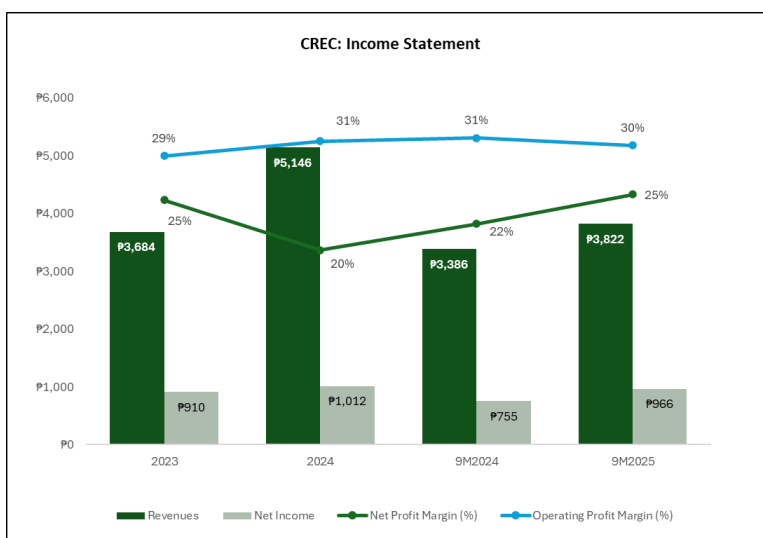
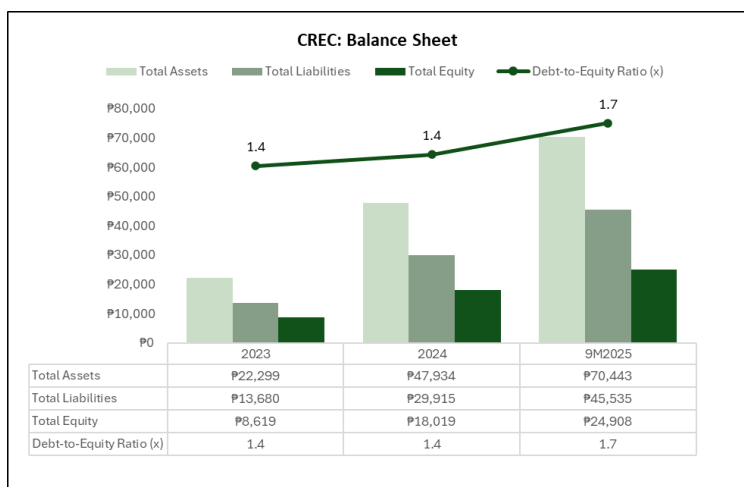


Figure 7. Sponsor's Balance Sheet



The partnership between the Citicore Group and the SM Group dates back to 2016, with Megawide serving as one of the major partners in SMPH's developments (e.g. Grass and Sea Residences). CREC's recent collaboration with SMIC aligns with SMPH's goal of making all its malls solar-powered. Through this collaboration, the Company can also leverage the SM Group's brand.

SMIC is one of the country's largest conglomerates, with businesses in retail, banking, and property. It also has portfolio investments in other sectors such as leisure properties, office buildings, commercial chains, logistics, food manufacturing, geothermal steam production, and mining. SMIC's ₱7.5 billion Series J Fixed Rate Bonds are rated PRS Aaa, with a Stable Outlook, by PhilRatings.

SMIC is ramping up its efforts in expanding its renewable energy portfolio. Currently, SMIC is focused on geothermal energy production through its energy arm, Philippine Geothermal Production Co., Inc. (PGPC). PGPC operates geothermal steam fields in Albay, Laguna, and Batangas. Moreover, SMPH, the group's property arm, had installed solar PV systems across 48 malls with a combined 77.6 MW capacity. This was an increase from 44 malls with a total of 51.6 MW capacity in the previous rating review. By the end of 2025, SMPH intended to install solar PVs with a total capacity of 100 MW in 63 malls. SMIC, through Atlas Consolidated Mining and Development Corp., also commissioned a floating solar facility in Toledo City, Cebu in August 2025. Additionally, SMIC indicated its prospect of exploring wind energy opportunities.

In 9M2025, SMIC recorded a modest (4.2%) top line increase to ₱482.3 billion, from ₱462.5 billion in 9M2024. Net income likewise posted a moderate increase (5.6%) to ₱88.8 billion over the same period, while NPM remained steady at 18%. Both banking and property segments—which accounted for 50% and 28%, respectively, of SMIC's net income—recorded growth during the period.

As of end-September 2025, SMIC's total assets stood at ₱1.8 trillion. Its capital structure remained conservative, with a DE ratio of 0.6x, consistent with levels in recent years. SMIC's financial strength, together with its extensive network and experience, could provide the Company and/or the Sponsor with the resources needed to expand their renewable energy projects.

Management

CREIT's Board of Directors handles the overall management and supervision of the Company by setting its goals, strategies, and policies, as well as regularly monitoring their implementation and effectiveness. Its executive officers and management team support the Board by preparing appropriate information and documents regarding the Company's business operations, financial condition, and results of operations.

Edgar B. Saavedra has been the Chairman of the Board of CREIT since December 2018. He is also the Chairman of CREC and its parent company, Citicore Power, Inc. (CPI). Mr. Saavedra is one of the co-founders of Megawide, where he serves as the Chairman, President, and Chief Executive Officer (CEO). Mr. Saavedra has more than 20 years of engineering experience. He received his Bachelor's Degree in Engineering from the De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.

Oliver Y. Tan is the Company's President and CEO since December 2018. He likewise holds the same positions in CREC. Mr. Tan is also a Director, Vice Chairman of the Finance Committee, and Member of the Executive Committee and Audit and Compliance Committee of Megawide. Mr. Tan concurrently serves as a Director of various companies under the Citicore Group. He is a Business Administration graduate from the Philippine School of Business Administration.

Michelle A. Magdato has served as the Company's Chief Financial Officer (CFO), Chief Risk Officer (CRO), and Treasurer since her appointment in November 2024. Ms. Magdato, a Certified Public Accountant (CPA), held various senior and managerial positions in Megawide before transitioning to the Citicore Group in 2021. She concurrently serves as the Deputy CFO of CREC.

The former Chief Investor Relations, Corporate Communications, and Branding Officer of both CREIT and CREC, Abigail Joan R. Cosico, retired effective January 1, 2026. Prior to her retirement, she also served as President of the Company's Property Manager and Treasurer of its Fund Manager. The appointment of the individual who will succeed Ms. Cosico in her roles in CREIT and CREC is currently subject to Board approval.

According to CREIT, its senior management team consists of experienced professionals with an average of over 10 years of accumulated experience in the Philippine real estate and renewable energy industries.

Significant Parties

A. Sponsor – CREC

The Sponsor of CREIT is CREC. CREC was incorporated in May 2018 as CPI's vehicle for its renewable energy investments to pursue greenfield and brownfield projects. CREC is engaged in the development and operation of renewable energy projects for solar, hydro, and wind technologies, as well as the supply of retail electricity to contestable customers.

CREC is a wholly-owned subsidiary of CPI, a renewable energy developer and a subsidiary of CHII—the ultimate parent of CREIT. CHII is also the parent company of Megawide, one of the country's largest construction companies, with assets of ₱66.0 billion as of end-September 2025. Megawide's ₱8.5 billion outstanding bonds have issue credit ratings of PRS Aa, with a Stable Outlook.

The Citicore Group boasts of a proven, albeit relatively short, track record in constructing, operating, and maintaining solar power plants of different capacities in multiple regions of the Philippines. PhilRatings notes, however, that there have been delays in the completion of its projects. CREIT can leverage CREC's strong relationships with key industry players and affiliates, as well as its extensive experience in the renewable energy market.

B. Fund Manager – Citicore Fund Managers, Inc. (CFMI)

CFMI, CREIT's Fund Manager, is a wholly-owned subsidiary of CREC. It was incorporated on July 21, 2021, and its license application was approved by the SEC on January 18, 2022. CFMI has general power of management over the assets of CREIT, pursuant to the Fund Management Agreement dated July 26, 2021. The Fund Management Agreement, which is renewable every five years, defines the relationship between CREIT and CFMI.⁵ As Fund Manager, CFMI is responsible for implementing CREIT's investment strategies and managing the latter's assets and liabilities for the benefit of the Company's shareholders. CFMI will manage the assets of CREIT with a focus on generating steady revenues and, if appropriate, increasing the Company's assets over time to enhance returns for shareholders. CFMI will set the strategic direction of CREIT and will make recommendations to the Company's Board on the acquisition, divestment or

⁵ The Fund Management agreement is expected to be renewed with CFMI.

enhancement of its assets in accordance with its investment strategy. CFMI will be the one to coordinate and carry out the research required for these purposes.

In exchange for its services, CFMI will receive equivalent to 0.5% of CREIT's guaranteed base lease, exclusive of value-added taxes. CFMI will also be entitled to: (a) an acquisition fee of 0.5% of the acquisition price of every acquisition made, exclusive of value-added taxes; and (b) a divestment fee of 0.5% of the sales price for every property divested by it on behalf of CREIT, exclusive of value-added taxes. The total amount of fees paid to CFMI shall not exceed 1% of the Net Asset Value of the properties under its management in any given year.

Management

Leonel G. Coronel is the Chairman of CFMI's Board of Directors, as well as an Independent Director of both CFMI and CREIT. Mr. Coronel is a seasoned banker with more than 50 years of experience in the banking industry. He is currently the Vice Chairman of the Philippine National Bank and has held directorship positions in various financial institutions such as DBP Daiwa Securities and RBB Microfinance Foundations. He was also a Director in other companies such as Software Ventures International Corporation, Philippine Business for Social Progress, and Bankers Association of the Philippines. Furthermore, he was an Independent Director of Megawide from 2011 to 2020. Mr. Coronel holds a Bachelor of Arts, Major in Economics degree from the Ateneo de Manila University.

Ms. Lucia Roderos is the President of CFMI, replacing Mr. Christopher A. Nadayag. Ms. Roderos also serves as CFO and CRO of CREC. Prior to joining the Citicore Group, she had a 15-year tenure at Philippine National Bank, where she held various senior management and executive roles. She has extensive experience in corporate finance, including mergers and acquisitions, greenfield project finance, and public-private partnerships, as well as significant experience dealing with both local and foreign partners. Ms. Roderos earned a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University and completed a Management Development Program at the Asian Institute of Management.

C. Property Manager – Citicore Property Managers, Inc. (CPMI)

CPMI, CREIT's Property Manager, was incorporated on August 4, 2021. It is likewise a wholly-owned subsidiary of CREC. Pursuant to the Property Management Agreement dated August 9, 2021 and which is renewable every five years, CPMI will handle the day-to-day property management functions of CREIT's properties.⁶ These functions include managing the execution of new leases and renewing or replacing expiring leases. CPMI will also oversee: (a) CREC's operation and maintenance of the Clark Solar Plant; (b) maintenance of the land premises underlying the properties; (c) formulation and implementation of policies and programs in respect of solar plant facility management, maintenance, and optimization; (d) securing and administration of routine management services, including security control, fire precautions, communication systems, and emergency management; and (e) plant operations maintenance. As Property Manager, CPMI is tasked with protecting and enhancing the assets of CREIT to deliver the desired revenues.

As stated in the Property Management Agreement, CPMI will receive an annual management fee equivalent to 1.5% of CREIT's guaranteed base lease. The management fee paid to CPMI, however, shall not exceed 1% of the Net Asset Value of the properties being managed.

⁶ The Property Management Agreement with CPMI is also expected to be renewed.

Management

Atty. Jose M. Layug, Jr. is the Chairman of the Board of Directors of CPMI. He is an Independent Director of both CPMI and CREIT. Atty. Layug has been in the energy sector for more than a decade, starting in 2010 when he joined the DOE as Undersecretary. He then served as the Chairman of the DOE's National Renewable Energy Board from 2016 to 2018. Atty. Layug has been the President of the Developers of Renewable Energy for Advancement, Inc. since 2019. He has also been a Senior Partner at Puno and Puno Law Offices since 2013 and a Dean at the University of Makati School of Law since 2018. Atty. Layug has a Masters of Law from Cornell University, as well as a Bachelor of Laws and a Bachelor of Science Degree in Business Economics from the University of the Philippines.

Ms. Cosico, CPMI's former President, retired effective January 1, 2026. Her roles in CPMI as well as CFMI were filled in February 2026, with Alreetz Santander appointed as CPMI President and Ms. Magdato appointed as CFMI Treasurer.

Mr. Santander is a project management and supply chain executive with more than 20 years of experience across the industrial, oil and gas, power, petrochemical, and renewable energy sectors. He likewise serves as President of Citicore Construction, Inc. Mr. Santander holds a Bachelor of Engineering degree in Electrical Engineering from the University of Mindanao and completed a Supply Management program under the Institute for Supply Management in 2021.

D. Appraiser – Cuervo Appraisers, Inc. (CAI)⁷

The property valuer/appraiser is an independent party responsible for the preparation of the valuation report of the REIT's properties. CAI, CREIT's real estate appraiser, was registered with the SEC on July 11, 1980. It has been duly accredited by the PSE with its accreditation valid until January 2028.⁸ It is likewise accredited by the Bangko Sentral ng Pilipinas (BSP) and the SEC.

CAI is reportedly the leading appraisal company in terms of clientele, gross revenue, and market share and is one of the longest established asset valuation companies in the Philippines. It has been in the appraising business for 46 years. CAI has offices in Manila, Cebu, Davao, Iloilo, and other satellite offices across the country.

CAI prepared the appraisal report for President Ferdinand Marcos Jr.'s Statement of Assets, Liabilities, and Net Worth (SALN) in 2024.

Environmental, Social, and Governance (ESG) Initiatives

CREIT aligns its sustainability initiatives with the Citicore Group's broader environmental, social, and governance (ESG) framework. The sustainability efforts of the Citicore Group are anchored on environment, education, and employment.

In 2023, the Citicore Group pioneered the AgroSolar Initiative, which integrates the use of land for solar energy production and agricultural or crop production. Through this program, the Group works with

⁷ <https://cuervoappraisers.com.ph/>

⁸ <https://www.pse.com.ph/ipo-team/>

farmers from local communities and provides them with additional income. The initiative is currently implemented across properties in Central and Northern Luzon and is expected to be expanded to additional locations as the Company grows its green asset portfolio and as CREC continues to roll out new solar power projects. The Group harvested a total of 12,735 kilograms of crops from its AgroSolar farms. Additionally, the Group has planted 16,950 trees through its reforestation and tree-planting activities.

The Group also promotes community safety and access to clean energy through the Pailaw Initiative, which involves the installation of solar-powered streetlights in host communities. Since the program's launch in 2023, a total of 163 solar streetlights had been installed, benefiting 15,292 households. This was initially implemented in several barangays in Tuy, Batangas, and then was expanded to Mexico, Pampanga and Calasiao, Pangasinan in 2024.

The Group also promotes education through community building and empowerment programs. Initiatives include the Usbong Scholarship Program, which provides financial assistance to help students stay in school, and Brigada Basa, a school-based literacy program aimed at improving reading skills among students and community members.

FINANCIAL REVIEW

Analysts' Note: PhilRatings' calculation for certain financial metrics may differ from that of the Company.

Profitability

2024

In 2024, CREIT's total revenues, which pertain to rental income, modestly grew by 5.0% from ₱1.8 billion in 2023 to ₱1.9 billion. Top line growth was driven by the full-year recognition of lease income from parcels of land acquired in 2023. These properties were subsequently leased to solar projects under development.

Direct costs increased at a slower pace of 1.2% from ₱103.0 million in 2023 to ₱104.3 million in 2024, attributable to higher property and fund management fees. Gross profit therefore grew by 5.2% from ₱1.7 billion to ₱1.8 billion, while GPM improved slightly from 94.3% to 94.5%.

Operating expenses increased by 67.5% from ₱6.8 million to ₱11.5 million, due to third-party services availed in preparation for planned asset infusions and the settlement of withholding taxes related to services rendered during the Company's bond and share offerings. Operating income was nevertheless still higher, up by 5.0% from ₱1.7 billion to ₱1.8 billion. OPM was unchanged at 93.9%, while EBITDA margin inched down from 97.9% to 97.6%.

Finance costs also rose by 11.9% from ₱309.4 million to ₱346.2 million, on account of the full-year recognition of coupon payments and interest accrual related to the Company's green bond issuance, including amortization of bond issue costs. In terms of other income, CREIT reported an 81.1% decline from ₱19.2 million in 2023 to ₱3.6 million in 2024 due to lower interest earnings, as excess proceeds from the green bond offering generated higher interest income in 2023 prior to being deployed for land acquisitions and related investments.

Sustaining the increasing trend in prior years, the Company posted a bottom line of ₱1.43 billion in 2024, slightly higher by 2.2% from ₱1.40 billion in 2023. NPM, however, declined from 77.8% to 75.7%. Similarly, return on average assets (ROAA) dropped from 18.8% to 14.6%.

9M2025

The Company recorded total revenues of ₱1.37 billion in 9M2025, marginally lower by 0.3% from ₱1.38 billion in the same period in 2024. This was mainly attributable to the PFRS 16 adjustments in 2024 for the Lumbangan lots (rental income: -6.6% from ₱79.8 million in 9M2024 to ₱74.6 million in 9M2025), given the revised lease term of 25 years from the original period of 21 years used for the straight-line rent calculation. The adjustment was non-cash in nature and did not affect distributable income.

Direct costs increased slightly by 1.3%, from ₱77.6 million in 9M2024 to ₱78.6 million in 9M2025, due to higher property and fund management fees. As a result, gross profit declined by 0.4% to ₱1.3 billion, while GPM remained stable at 94.3%.

Other operating expenses declined by 6.4% from ₱6.2 million in 9M2024 to ₱5.8 million in 9M2025, on account of lower third-party services incurred during the period. Similar to gross profit, operating profit was 0.4% lower at ₱1.0 billion. OPM and EBITDA margin were also unchanged at 93.9% and 97.8%, respectively.

The Company's net income amounted to ₱1.03 billion in 9M2025, slightly lower by 0.5% from ₱1.04 billion in 9M2024. NPM and ROAA also inched down to 75.1% (9M2024: 75.3%) and 13.4% (9M2024: 13.7%), respectively.

Projections

Lease contributions from additional asset infusions are expected to support top-line and bottom-line growth over the medium term. EBITDA margin is seen to be steady, amid controlled increases in costs and expenses (excluding depreciation and amortization).

Cash Flow and Liquidity

2024

In 2024, net cash from operations increased by 27.3% from ₱1.3 billion in 2023 to ₱1.7 billion. This was backed by favorable movements in operating income coupled with lower working capital requirements during the period. In contrast, net cash used in investing activities declined significantly by 98.4% to ₱66.8 million in 2024, as acquisitions of investment properties were substantially lower during the year compared with the prior period when the Company undertook major land acquisitions. The investing outflow in 2024 mainly pertained to additions to freehold land assets amounting to ₱66.8 million.

Net cash used in financing activities amounted to ₱1.7 billion in 2024, compared with net cash provided by financing activities of ₱3.0 billion in 2023. The outflow during the year was primarily attributable to dividend payments to shareholders and interest payments on the Company's outstanding green bonds and lease liabilities, in contrast to 2023 when proceeds from the bond issuance resulted in a net financing inflow. CREIT declared and paid ₱1.3 billion worth of dividends in 2024.

As a result of the foregoing, cash and cash equivalents slightly declined by 3.1% from ₱616.9 million as of end-2023 to ₱597.6 million as of end-2024. Despite such, current assets slightly rose by 2.7% to ₱906.4 billion, mainly due to higher trade and other receivables. Current liabilities increased at a slower rate of 1.5% to ₱431.90 billion. Current ratio was more than sufficient at 2.1x, unchanged from the prior year.

9M2025

CREIT continued to generate strong cash flow from its operations in 9M2025. Net cash from operations increased by 9.6% from ₱1.3 billion in 9M2024 to ₱1.4 billion in 9M2025. This was mainly attributable to favorable movements in working capital, particularly the collection of trade and other receivables.

Net cash used in investing activities amounted to ₱51.0 million in 9M2025, higher than ₱14.1 million in 9M2024, primarily on account of investment property additions during the period. Despite the increase, investing activities remained limited compared with prior years when the Company undertook larger-scale property acquisitions.

Net cash used in financing activities inched up by 1.4% to ₱1.2 billion in 9M2025. Financing outflows during the period mainly consisted of dividend payments amounting to ₱993.2 million, as well as interest payments on the Company's bonds and lease liabilities. These obligations continued to be funded through internally generated cash.

The Company's cash balance therefore grew by 15.6% to ₱690.6 million as of end-September 2025. Current assets, however, declined by 5.7% to ₱854.75 million, mainly due to lower trade and other receivables following collections during the period. Current liabilities increased slightly by 1.5% to ₱438.3 million. The aforementioned translated to a current ratio of 2.0x as of end-September 2025, which remained more than adequate to cover short-term obligations.

Projections

Operating cash is expected to remain positive over the medium term, backed by lease revenues from current properties and additional rental income from the planned portfolio expansion. Supported by growth in the cash balance, liquidity levels will also continue to be more than adequate over the same period.

Capital Structure

2024

CREIT's total liabilities increased slightly by 1.0% to ₱5.3 billion as of end-2024. The Company's outstanding green bonds issued in February 2023 remained its sole interest-bearing obligation and accounted for 84.2% of total liabilities. Total equity, on the other hand, grew by 2.5% to ₱4.6 billion as of end-2024, supported by earnings retention.

With relatively stable debt levels and modest equity growth, the Company's DE ratio remained at 1.0x as of end-2024. Liabilities-to-equity ratio was likewise unchanged at 1.2x. Solvency ratio also remained adequate at 1.9x as of end-2024.

9M2025

The Company did not incur any additional interest-bearing debt in 9M2025. CREIT's total debt therefore remained at ₱4.5 billion as of end-September 2025. Consequently, total liabilities increased marginally by 0.2% to ₱5.3 billion as of end-September 2025.

Total equity also inched up by 0.7% to ₱4.6 billion as of end-September 2025 due to higher retained earnings amounting to ₱670.8 million. Consequently, CREIT's DE ratio and liabilities-to-equity ratio were unchanged at 1.0x and 1.2x, respectively, as of end-September 2025. Solvency ratio was also kept at 1.9x.

Projections

CREIT's leverage profile is seen to improve over the medium term, amid a combination of stable debt levels and growing equity. Equity expansion will be on account of continued earnings retention and the planned property-for-share swap transaction.

Financial Flexibility

CREIT is a publicly listed company and the option to sell shares may be a source of funding should the need arise. The Company's shareholders, CREC and SMIC, are likewise listed in the PSE. CREIT, CREC, and SMIC had market capitalizations of ₱22.3 billion, ₱46.5 billion, and ₱850.4 billion respectively, as of March 3, 2026.

ECONOMY AND INDUSTRY

Economy⁹

Gross Domestic Product (GDP)

The Philippine GDP expanded by 3.0% YoY in the fourth quarter of 2025 (4Q2025). This was the slowest quarterly growth recorded since 3Q2011, excluding the contractions during the height of the COVID-19 pandemic. Growth rate for full-year 2025 was 4.4%, which is below the government's target of 5.5%–6.5%. This marks the third straight year that GDP growth fell short of the target.

Drivers of growth in 2025 were the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, 4.6%; Financial and insurance activities, 5.6%; and Public administration and defense; compulsory social security, 7.9%. For the major economic sectors, Agriculture, forestry and fishing (AFF), Industry, and Services grew by 3.1%, 1.5%, and 5.9%, respectively.

⁹ Philippine Statistics Authority

Bangko Sentral ng Pilipinas

<https://business.inquirer.net/571342/philippine-gdp-growth-down-to-3-in-q4-2025>

<https://insiderph.com/quick-look-ph-inflation-rose-for-2nd-straight-month-in-january>

<https://www.bloomberg.com/news/articles/2026-02-19/philippines-cuts-rate-as-graft-fallout-continues-to-drag-growth>

<https://www.philstar.com/business/2026/01/30/2504386/gdp-growth-slows-44-2025>

<https://business.inquirer.net/569528/imf-sees-sub-6-growth-for-ph-through-2027>

<https://www.bworldonline.com/top-stories/2025/12/09/717310/world-bank-cuts-philippine-growth-forecasts-until-2027>

Department of Economy, Planning, and Development (DEPDev) Secretary Arsenio Balisacan attributed missing the growth target to the impact of weather-related disturbances for the year and the corruption scandal surrounding flood control projects. The latter reportedly dampened investments and consumer confidence.

Household Final Consumption Expenditure (HFCE) registered a 3.8% YoY uptick in 4Q2025, supported by the increases in the following: Food and non-alcoholic beverages, 3.8%; Miscellaneous goods and services, 3.9%; Restaurant and hotels, 7.5%; Transport, 5.9%; Education, 7.2%; and Health, 6.4%. For full-year 2025, HFCE grew by 4.6%, slower than the 4.9% posted in 2024. Government Final Consumption Expenditure (GFCE) likewise inched up by 3.7% YoY in 4Q2025, slower than the 9.0% recorded in 4Q2024. Full-year GFCE growth for 2025 of 9.1% was nevertheless quicker than the 7.3% posted in 2024.

Gross capital formation (GCF), which measures investments in the economy, further fell by 10.9% YoY in 4Q2025. The drop was attributed to the 41.9% YoY contraction in the government's spending for infrastructure during the quarter. Full-year GCF declined by 2.1% in 2025, from a 7.7% growth in 2024.

Inflation and Interest Rates

Inflation in February 2026 accelerated to 2.4%, higher than the 2.0% recorded in January 2026 and 2.1% in February 2025. The February inflation figure marked the fastest pace in 13 months and remained within the BSP forecast range of 2.3% to 3.1% for the month. According to the Philippine Statistics Authority (PSA), the faster inflation print was mainly driven by higher price increases in food and non-alcoholic beverages, housing, water, electricity, gas and other fuels, and restaurants and accommodation services. The index for food and non-alcoholic beverages increased from 1.1% in January 2026 to 1.8% in February 2026, contributing significantly to the overall inflation rate. Housing, water, electricity, gas and other fuels rose from 3.3% to 3.5%, while restaurants and accommodation services increased from 4.0% to 4.4%. On the other hand, transport inflation remained in negative territory at -0.3% in February 2026 from -0.2% in January 2026, due to lower transport costs. Meanwhile, core inflation, which excludes selected volatile food and energy items, rose slightly from 2.8% in January 2026 to 2.9% in February 2026.

The BSP has reduced policy rates by a total of 125 basis points in 2025 to support economic growth amid low inflation and softer domestic demand. On February 19, 2026, the Monetary Board decided to reduce interest rates by another 25 basis points, bringing the target reverse repurchase rate to 4.25%. This is the sixth straight meeting that the BSP has cut the benchmark interest rate, and it was done to aid an economy hit by a corruption scandal. BSP Governor Eli M. Remolona Jr. said that further monetary easing would depend on the pace of economic growth and the speed at which confidence recovers. While the Monetary Board previously stated that the easing cycle was nearing its end, recent developments suggest that it remains open to further loosening. It also emphasized that it will remain vigilant, closely monitoring inflation and other economic indicators.

Outlook

Owing to the effects of the corruption scandal surrounding public infrastructure and global trade uncertainties, the Development Budget Coordination Committee (DBCC) revised downwards the growth target for 2026 from 6.0%–7.0% to 5.0%–6.0%. The growth outlook for the two succeeding years was also trimmed down, as illustrated in Table 2.

To achieve the revised forecast for 2026, Secretary Balisacan mentioned that economic growth must reach 5.0%–6.0% in 2Q2026. He further stated that the government aims to restore public trust through improvements in governance and public services, in an effort to support growth. To do so, DEPDev will be releasing an executive report outlining strategies to address governance challenges by mid-February 2026.

Table 2. Revised Economic Growth Outlooks

	Initial Forecasts	Revised Forecasts
DBCC	2026: 6.0% to 7.0% 2027: 6.0% to 8.0% 2028: 6.0% to 8.0%	2026: 5.0% to 6.0% 2027: 5.5% to 6.5% 2028: 6.0% to 7.0%
International Monetary Fund (IMF)	2026: 5.8% 2027: 6.1%	2026: 5.6% 2027: 5.8%
World Bank	2026: 5.4% 2027: 5.5%	2026: 5.3% 2027: 5.4%
ASEAN+3 Macroeconomic Research Office (AMRO)	2026: 5.5%	2026: 5.3%
Asian Development Bank (ADB)	2026: 5.7%	2026: 5.3%

In its respective World Economic Outlook reports released in January 2026, the IMF and World Bank similarly downgraded its growth forecasts for 2026 and 2027, citing the corruption scandal, the anticipated effects of weather disturbances, and the shifts in global trade policies. World Bank, whose forecasts are lower than the IMF's, mentioned that the 19% tariff imposed by the US on Philippine goods could particularly dampen growth. World Bank said that the country's growth can be boosted if policies on investments and labor are strengthened.

The latest GDP growth forecasts from the IMF, World Bank, AMRO, and the ADB for 2026 notably fall within the government's revised target for the year. Both the ADB and AMRO also stated that the country continued to be among the fastest-growing economies in Southeast Asia. Moreover, the IMF mentioned that the Philippines could potentially achieve a 6.0% growth in 2028.

Industry¹⁰

As defined in the National Renewable Energy Program (NREP) 2020-2040, the Philippine government aims to increase the share of renewable energy in power generation to 35% in 2030 and 50% in 2040. To achieve this, the country will need to install another 102 GW of electricity capacity by 2040, including: 27 GW solar, 17 GW wind, 6 GW hydro, 2.5 GW geothermal, and 364 MW biomass.¹¹ To further reach this goal, the government banned the construction of coal-fired power generation facility projects in 2020.

Based on the issued Moratorium on New Coal Power Plants in 2020, the country will no longer accept new proposals for coal-based power projects. The move is part of the country's transition from fuel-based technology utilization to cleaner energy sources, in order to ensure more sustainable growth moving forward. Existing coal-fired power plants, committed power projects, and indicative power projects with substantial permitting accomplishments, however, were still allowed to expand their facilities. The progression of these projects is expected to contribute to the continued expansion of coal generation in

¹⁰ https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/2021_power_statistics_01_summary.pdf

¹¹ <https://www.philstar.com/business/2022/10/21/2218102/philippines-poised-next-success-story-renewable-energy>

the years ahead, and therefore coal is projected to keep its position as the primary power source until 2031.¹²

Power Generation Mix

As of end-2024, coal remained the dominant power source in the country, accounting for 63% of the total generation mix, unchanged from 2023. Similarly, renewable energy's total contribution was unchanged at 22% in 2024.

Generation and Consumption

Total electricity generation and consumption reached 126,941 GWh in 2024, a 7.6% increase compared to 118,004 GWh in 2023. The residential segment continued to be the main driver of electricity consumption, accounting for 32.5% of the total consumption. It was followed by the industrial and commercial segments, with 24.5% and 22.1% shares, respectively.

Peak Demand

The country's total peak demand grew by 11.5% to 19,274 MW in 2024, higher than the peak demand of 17,331 MW in 2023. In 2024, the Luzon grid accounted for 72.7% of the total demand, while Visayas and Mindanao had shares of 13.9% and 13.4%, respectively. Compared to the previous year, the peak demand of Luzon increased by 11.7%, while Visayas and Mindanao recorded increases of 9.1% and 10.9%, respectively.

Installed and Dependable Capacity¹³

The increase in power demand was supplemented by the growth in the country's supply base. The country's power supply, in terms of total installed capacity, increased by 5.0% from 28,282 MW in 2023 to 29,706 MW in 2024. A total of 1,414 MW was added to the country's supply base in 2024. Of the total additions, 600 MW was coal-fired, 1,057 MW was solar, and 10 MW was biomass.

In terms of dependable capacity, the Philippines had 26,086 MW in 2024, up by 5.8% from 24,653 MW in 2023. Additional renewable energy sources contributed a record high 894 MW of the 1,433 MW increase in 2024. Nonetheless, coal-fired power plants still accounted for the bulk of total dependable capacity with a share of 45.5%, followed by renewable energy sources which contributed 31.2%. Power supply from the latter predominantly came from hydropower plants, accounting for 42.8% of the dependable capacity from renewable energy sources. Solar, which drove the growth in renewable energy capacity, came in second and made up a quarter (26.5%) of the total dependable capacity from renewable energy sources. Solar's dependable capacity in 2024 was at 2,154 MW. Such surpassed geothermal's dependable capacity which was at 1,708 MW in 2024, unchanged from 2023. Geothermal accounted for 21.0% of the total renewable energy capacity in 2024.

¹² <https://www.philstar.com/business/2022/04/07/2172922/philippines-ramp-clean-power-coal-remain-king-fitch-unit>

¹³ Installed Capacity refers to the amount of power a facility can generate in ideal conditions. Dependable Capacity, on the other hand, is the actual reliable output that can be expected considering other factors such as maintenance and downtime, load factors, environmental conditions, etc.

Private Sector Initiated Power Projects

As of end-2024, capacities from committed power projects in the next five years amounted to 19,341 MW. The percentage share of committed capacity from coal has dropped to single digits at 8.8% as of end-2024, from 15% in end-2023. On the other hand, the share of committed capacities from renewable energy improved from 40% to 46%. This was primarily brought by the increase in committed capacities from solar and wind, which grew from 5,052 MW and 1,234 in 2023 to 6,214 MW and 2,229 MW in 2024, respectively. Committed solar and wind projects grew at a compound annual growth rate (CAGR) of 97% and 103%, respectively, since 2020. Committed capacities from BESS, on the other hand, declined from 1,984 in 2023 to 1,898 MW in 2024.

Solar Power

The Philippines, due to its location near the equator, receives significant solar irradiance throughout the year.¹⁴ Such makes the country ideal for solar and power collection and generation. The country's high irradiance levels also make solar PV systems an appealing and viable option for solar power generation. On average, the Philippines receives approximately 4.0 kWh/m² of solar radiation per day, making it one of the sunniest regions in the world.¹⁵

Mindanao-Visayas Interconnection Project (MVIP)

MVIP, a project initiated by the National Grid Corporation of the Philippines (NGCP), is a ₱51.3 billion project that allows the transmission of electricity generated from power plants located in Mindanao to power grids in Visayas and Luzon and vice versa. MVIP has a transfer capacity of 450 MW and features 184 circuit-kilometer (ckm) High-Voltage Direct Current (HVDC) submarine transmission lines linking the power grids of Mindanao and Visayas via the Santander-Dapitan Transmission Line. It has the potential to be expanded, accommodating up to 900MW. MVIP was inaugurated and began full commercial operations in January 2024.

Green Energy Auction Program (GEAP)¹⁶

A renewable energy auction is where energy companies bid against each other for contracts to generate energy. The DOE issued a circular on the guidelines governing GEAP to facilitate the selection of eligible renewable energy plants through a competitive process. Under the GEAP guidelines, the Energy Regulatory Commission (ERC) will set a Green Energy Auction Reserve Price or “GEAR Price”, which will be the maximum price offer in PHP/kWh.

In November 2025, the DOE announced the results of GEA-4 which was conducted in September 2025. A total of 123 projects with 10,195 MW capacities were selected, including over 4,179 MW of ground-mounted solar projects, 2,284 MW of floating solar projects, around 2,518 MW of onshore wind, 1,189 MW of integrated energy storage systems (IRESS), and 25 MW of rooftop solar projects. This amount exceeds the previous award of 9,423 MW in September 2025.

¹⁴ Solar irradiance is the amount of solar radiation received per unit area at the Earth's surface.

¹⁵ https://www.mspectrum.com.ph/potential_philippine_solar_energy_industry_for_business

¹⁶ <https://www.enerdata.net/publications/daily-energy-news/philippines-awards-102-gw-gea-4-renewable-auction.html>

The largest projects include the Cauayan ground-mounted solar project, with two phases totaling 900 MW, and the Angat floating solar project, with two phases totaling 1,040 MW.

Delay in Transmission by NGCP

At the end of 2024, the ERC imposed a penalty on NGCP for delays in completing several power transmission projects, with some delays reportedly exceeding nine years. NGCP attributed such to right-of-way issues/court-ordered relocations, permitting challenges, and delays in ERC approvals. Among the affected projects is the Tuy–Dasmariñas 500-kV transmission line, which in turn impacted the completion of the Batangas 1 solar project.

NGCP is working on resolving these issues. It anticipates completing the Tuy–Dasmariñas project, along with four other major transmission projects, within 2026.

Amendments in the REIT Law¹⁷

In January 2026, the SEC issued amended rules under Memorandum Circular No. 1, Series of 2026, updating the implementing rules and regulations of the REIT Law. The aim is to further develop the market to be at par with neighboring regions. Key changes include the following:

- Expansion and diversification of REIT assets – Properties such as airport, toll roads, telecommunication towers, and data centers are now eligible income-generating assets and can be packaged into a REIT.
- Broader investment options – The eligible income-generating assets was expanded. REITs are now allowed to invest or hold shares in unlisted SPVs and incorporated JVs, rather than being limited to direct property assets
- Extended reinvestment period – The Sponsor's reinvestment of proceeds was extended from one year to two years.

These updates provide greater flexibility in structuring REIT transactions. In addition to property-for-share transactions, share-for-share swap is now an alternative option. The Company also expects to realize some cost savings from these amendments.

¹⁷ <https://www.bworldonline.com/corporate/2026/01/15/724274/reit-rule-changes-may-spur-listings-asset-diversification-analysts/>